



No. S-235288  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND**

**IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF  
NEXTPOINT FINANCIAL, INC. AND THOSE PARTIES LISTED ON APPENDIX "A"**

**PETITIONERS**

**SIXTH REPORT OF THE MONITOR**

**December 15, 2023**

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## INTRODUCTION

1. On July 25, 2023, NextPoint Financial, Inc. (“**NPI**”) and 29 other petitioners (collectively, the “**Petitioners**”) were granted an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) in the Supreme Court of British Columbia Action No. S-235288, Vancouver Registry (the “**CCAA Proceedings**”).
2. The Initial Order provided for, among other things:
  - a. a stay of proceedings (the “**Stay of Proceedings**”) against the Petitioners until August 3, 2023;
  - b. the appointment of FTI Consulting Canada Inc. as Monitor of the Petitioners (the “**Monitor**”); and
  - c. the appointment of Peter Kravitz of Province Fiduciary Services, LLC (together with Province LLC, “**Province**”) as the Petitioners’ Chief Restructuring Officer (“**CRO**”).
3. On July 27, 2023, the Petitioners obtained orders in the U.S. Bankruptcy Court for the District of Delaware (the “**US Bankruptcy Court**”) under Chapter 15 of the United States Bankruptcy Code (the “**Chapter 15 Proceedings**”) recognizing the CCAA Proceedings as a foreign main proceeding and granting certain additional provisional relief relating to the recognition of the Initial Order.
4. On August 3, 2023, this Honourable Court granted the following orders:
  - a. an amended and restated Initial Order (the “**ARIO**”) which, among other things:
    - i. extended the Stay of Proceedings up to and including October 20, 2023;

- ii. increased the amounts of certain priority charges granted in the Initial Order;
  - iii. clarified the priority of a charge granted on certain property of Liberty Tax in an amount equal to the value of the indebtedness, interest, fees, liabilities and obligations to First Century Bank N.A. incurred after the granting of the Initial Order; and
  - iv. approved an increase in the amount of the interim financing facility (the “**Interim Facility**”) to the maximum principal amount of \$25.0 million and increasing the amount of the charge on the Petitioners’ property to secure the obligations under the Interim Facility; and
- b. an order (the “**SISP Order**”) approving a restructuring support agreement dated July 25, 2023, among the Petitioners and certain secured creditors and a sales and investment solicitation process (the “**SISP**”). The SISP included a stalking horse purchase agreement among certain of the Petitioners and certain of their lenders (collectively, the “**Purchasers**”).
5. On August 16, 2023, the US Bankruptcy Court entered an order recognizing and approving, among other relief, the SISP Order and ARIO.
6. On September 19, 2023, granted an order (the “**September 19 Order**”):
- a. removing LoanMe Trust Prime 2018-1 (the “**2018 Trust**”) and LoanMe Trust SBL 2019-1 (the “**2019 Trust**”) and together, the “**LoanMe Income Trusts**”) as Petitioners in these CCAA Proceedings;
  - b. providing for a limited Stay of Proceedings against the LoanMe Income Trusts (the “**LoanMe Stay**”); and
  - c. adding LM BP Holdings, LLC as a Petitioner in these CCAA Proceedings.

7. On October 13, 2023, this Honourable Court granted an order amending and restating the ARIO (the “**Second ARIO**”), as follows:
  - a. extending the Stay of Proceedings up to and including November 20, 2023;
  - b. extending the LoanMe Stay; and
  - c. expanding the powers to be exercised by the CRO.
  
8. On September 22, 2023, the Petitioners filed with the US Bankruptcy Court a notice consistent with the September 19 Order and Second ARIO in respect of the LoanMe Income Trusts and the LoanMe Stay.
  
9. On October 5, 2023, NPI filed a motion in the US Bankruptcy Court seeking recognition of LM BP Holdings, LLC as a Petitioner in these CCAA Proceedings and certain additional relief relating to the recognition of the Initial Order.
  
10. On October 31, 2023, this Honourable Court granted an order (the “**RVO**”), among other things:
  - a. approving the transactions contemplated by a transaction agreement (the “**Transaction Agreement**”) among NPI and certain subsidiaries and certain of its secured lenders (the “**Purchasers**”);
  - b. vesting in a Canadian residual company all of the right, title and interest in and to certain assets (the “**Excluded Assets**”) and liabilities (the “**Excluded Liabilities**”) of the acquired entities which were not formed or incorporated in the United States; and
  - c. vesting in a United States residual company all of the right, title and interest in and to the Excluded Assets and Excluded Liabilities of the acquired entities which were formed or incorporated in the United States.

11. On November 6, 2023, the US Bankruptcy Court conducted an initial hearing on the Petitioners' application seeking recognition of the RVO. However, certain area developers of the Liberty Tax franchisees (the "**Area Developers**") filed an objection to the recognition. Due to the lack of court availability, to allow sufficient time to argue the matter on its merits, the Petitioners continued the RVO recognition hearing to Monday, December 11, 2023.
12. Subsequent to the hearing on November 6, 2023, another area developer filed an objection to the recognition of the RVO.
13. On November 14, 2023, the Area Developers filed an application seeking an order, among other things, setting aside the Disputed Disclaimer Notices and a declaration that those area developer agreements continue.
14. On November 21, the Area Developers delivered an application seeking leave to appeal the RVO.
15. On November 23, 2023, the Court of Appeal directed that, among other things, the leave application will be heard on December 6, 2023, by a division of the Court of Appeal with materials being delivered prior to December 4 so that the appeal could also be heard on December 6, if the division considered it appropriate.
16. On November 28, 2023, the Monitor was advised by the Petitioners that BasePoint, Drake Enterprises and NextPoint had entered into a Settlement Agreement and Mutual Release with the Area Developers (the "**November Agreement**"). On December 7, 2023, the Monitor was advised that the other area developer had also reached a similar settlement (together with the November Agreement, the "**Settlement Agreements**").
17. As a condition of the Settlement Agreements, the objections to the recognition of the RVO have been withdrawn, the application to set aside the Disputed Disclaimer Notices have been adjourned generally by consent and the application for leave to Appeal has been abandoned.

18. The Monitor received a copy of the November Agreement after it had been executed by the parties. The Monitor has reviewed both Settlement Agreements and notes that they require no funding from the Petitioners. Accordingly, the Settlement Agreements do not prejudice the Petitioners' stakeholders and allow for the proceedings, and the RVO transaction, to be concluded efficiently.
19. On December 11, 2023, the US Bankruptcy Court entered an order recognizing and approving the RVO.
20. On December 14, 2023 the Petitioners filed a notice of application returnable December 18, 2023, for an order (the "**Stay Extension Order**") which provides for an extension of the Stay of Proceedings (the "**Stay Extension**") until February 16, 2023.

## **PURPOSE**

21. The purpose of this report is to provide this Honourable Court and the Petitioners' stakeholders with information with respect to:
  - a. an update on the status of the Transaction Agreement and RVO;
  - b. an update on the Claims Process;
  - c. the Petitioners' actual cash receipts and disbursements for the 19-week period that ended December 1, 2023 (the "**Reporting Period**"), as compared to the cash flow statement included in the Fifth Report of the Monitor dated November 16, 2023;
  - d. an updated cash flow statement (the "**Fourth Cash Flow Statement**") for the period ending February 16, 2023 (the "**Forecast Period**"), including the key assumptions on which the cash flow statement is based;
  - e. the Petitioners' application for the Stay Extension; and
  - f. the Monitor's conclusions and recommendations.

## **TERMS OF REFERENCE**

22. In preparing this report, the Monitor has relied upon certain information (the “**Information**”) including the Petitioners’ unaudited financial information, books and records and discussions with the CRO and management of the Petitioners (collectively, “**Management**”). The Monitor has also consulted with the financial and legal advisors of the Petitioners.
23. Except as described in this report, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
24. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
25. Future-oriented financial information reported to be relied on in preparing this report is based on Management’s assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
26. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars to be consistent with the Petitioners’ primary reporting currency.

## **STATUS OF THE TRANSACTION AGREEMENT AND RVO**

27. The Transaction Agreement is subject to certain conditions precedent including, among other things, the recognition of the RVO by the US Bankruptcy Court. On December 11, 2023, the US Bankruptcy Court entered an order recognizing and approving the RVO.



28. The Monitor is advised by the Petitioners and the Purchaser that they intend to complete the transactions contemplated by the Transaction Agreement and RVO on December 20, 2023.

## **CLAIMS PROCESS**

29. As described in the Fifth Report of the Monitor dated November 16, 2023, the Petitioners were planning to effect the wind-down of the NP Entities through a plan of compromise and arrangement. To facilitate this, the Petitioners had sought and were granted the Claims Process Order to establish a process for determining the nature and amounts of claims against the applicable entities that may have voted in respect of such a Plan of Compromise and Arrangement.

30. The key aspects and timelines of the Claims Process are described in the Fifth Report and are not repeated herein. Any capitalized terms used and not defined are as defined in the Claims Process Order.

31. Since the Claims Process Order was granted, the Monitor has taken steps to implement the Claims Process including, among other things:

- a. delivering claims packages to Negative Notice Creditors and other creditors on November 22, 2023;
- b. posting to the Monitor's website a copy of the Claims Process Order, the Claim Process Instruction Letter and other relevant materials on November 20, 2023;
- c. publishing a notice in the Wall Street Journal on November 24, 2023; and
- d. reviewing proofs of claim received.

32. Subsequent to the Fifth Report, the Petitioners determined that they will proceed with an application to distribute assets of those Petitioners not acquired pursuant to the Transaction Agreement (the "**Remaining Assets**"), rather than file a plan of compromise

and arrangement. As a result, it is no longer necessary to determine all claims for the purpose of voting on a plan of compromise and arrangement. The Claims Process Order provides that the Monitor may, but is not obligated to, review Proofs of Claim received and the Monitor will consider the necessity and appropriateness of evaluating and determining claims received and/or adjudicating any disputed claims in the circumstances.

33. Accordingly, the Monitor will not be adjudicating the proofs of claim it received at this time.

34. The Petitioners anticipate seeking further relief from this Honourable Court in the coming weeks to distribute any residual assets and cash, wind-down the NP Entities and otherwise terminate these CCAA Proceedings.

#### **CASH FLOW VARIANCE ANALYSIS**

35. The Monitor has undertaken weekly reviews of the Petitioners' actual cash flows in comparison to those contained in the Third Cash Flow Statement. The Petitioners' actual cash receipts and disbursements as compared to the Third Cash Flow Statement for the period of July 25, 2023 to December 1, 2023, are summarized below:

<b>NextPoint</b> <b>Cash Flow Variance Analysis</b> <b>Nineteen Week Period Ended December 1, 2023</b> <i>(USD\$ thousands)</i>			
	Actual	Forecast	Variance
<b>Operating Receipts</b>			
Community Tax Operating Receipts	\$ 8,818	\$ 9,659	\$ (841)
Liberty Operating Receipts	8,249	8,278	(29)
<b>Total Operating Receipts</b>	<b>17,068</b>	<b>17,937</b>	<b>(869)</b>
<b>Operating Disbursements</b>			
Community Tax Operating Disbursements	(4,266)	(4,849)	583
Liberty Operating Disbursements	(15,739)	(15,792)	53
NextPoint Operating Disbursements	(832)	(2,330)	1,498
LoanMe Operating Disbursements	86	80	6
Employee Compensation	(13,004)	(13,250)	246
<b>Total Operating Disbursements</b>	<b>(33,754)</b>	<b>(36,141)</b>	<b>2,386</b>
<b>Net Change in Cash from Operations</b>	<b>(16,687)</b>	<b>(18,204)</b>	<b>1,517</b>
<b>Non-Operating Items</b>			
Non-Operating Receipts	8,957	7,100	1,857
Restructuring Professional Fees	(8,286)	(10,642)	2,356
<b>Net Change in Cash from Non-Operating Items</b>	<b>671</b>	<b>(3,542)</b>	<b>4,213</b>
<b>Financing</b>			
Interim Financing	25,000	25,000	-
Interim Financing Fees and Interest	(1,068)	(1,070)	2
<b>Net Change in Cash from Financing</b>	<b>23,932</b>	<b>23,930</b>	<b>2</b>
<b>Net Change in Cash</b>	<b>7,916</b>	<b>2,185</b>	<b>5,732</b>
<b>Opening Cash</b>	<b>4,791</b>	<b>4,791</b>	<b>-</b>
<b>Ending Cash</b>	<b>\$ 12,707</b>	<b>\$ 6,975</b>	<b>\$ 5,732</b>

36. Overall, the Petitioners realized a favourable net cash flow variance of approximately \$5.7 million. The key components of the variance are as follows:

- a. operating receipts were lower than forecast, due to lower English channel sales at Community Tax than anticipated. Community Tax stratifies sales by either English or Spanish speaking customers, with each category of customer termed a channel;

- b. operating disbursements were lower than forecast, primarily as a result of the forecast being overly conservative with respect to employee costs at NextPoint and cost reduction measures at Community Tax;
- c. non-operating receipts were higher than forecast due to the collection of proceeds from the sale of a minority interest in Trilogy Software Inc.;
- d. restructuring professional fees were approximately \$2.4 million lower than forecast as a result of timing differences that are expected to reverse in the coming weeks. A summary of the restructuring professional fee disbursements made in the CCAA Proceedings to date is set out in the following table:

<b>Professional Fee Summary</b>					
<b>Nineteen Week Period Ended December 1, 2023</b>					
<i>(USD thousands)</i>					
<b>Firm</b>	<b>Role</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Taxes</b>	<b>Total</b>
Province	Financial Advisor / CRO	\$ 2,438	\$ 17	\$ -	\$ 2,455
DLA Piper	Counsel to NextPoint	2,157	92	-	2,249
FTI	Monitor	542	2	27	571
Fasken	Monitor's Counsel	281	5	30	316
Chapman	Monitor's Counsel	54	-	-	54
Kirkland	Lender Counsel	912	18	-	930
Osler	Lender Counsel	709	20	-	729
Portage	Lender Financial Advisor	249	-	-	249
Cole Schotz	Lender Counsel	83	1	-	84
Other	Other Restructuring Professionals	72	577	-	649
<b>Total</b>		<b>\$ 7,496</b>	<b>\$ 733</b>	<b>\$ 57</b>	<b>\$ 8,286</b>

- e. overall, the Petitioners have drawn \$25.0 million under the Interim Facility and are holding a cash balance of approximately \$12.7 million. \$7.1 million of this is held across general operating accounts with the balance of \$5.6 million held in the professional fee escrow accounts.

#### **FOURTH CASH FLOW STATEMENT**

37. Management has prepared the Fourth Cash Flow Statement for the 30-week period ending February 16, 2023. A copy of the Fourth Cash Flow Statement is attached as Appendix “B”.

38. A summary of the Fourth Cash Flow Statement is set out in the table below:

NextPoint				
Fourth Cash Flow Statement				
Thirty Week Period Ending February 16, 2023				
	Weeks 1-19	Weeks 20-22	Weeks 23-30	Weeks 1-30
	Actual	Forecast	Forecast	
<i>(USD\$ thousands)</i>		To Close	To Completion	Total
<b>Operating Receipts</b>				
Community Tax Operating Receipts	\$ 8,818	\$ 1,388	\$ -	\$ 10,206
Liberty Operating Receipts	8,249	685	-	8,935
<b>Total Operating Receipts</b>	<b>17,068</b>	<b>2,073</b>	<b>-</b>	<b>19,140</b>
<b>Operating Disbursements</b>				
Community Tax Operating Disbursements	(4,266)	(801)	-	(5,066)
Liberty Operating Disbursements	(15,739)	(2,552)	-	(18,291)
NextPoint Operating Disbursements	(832)	(82)	-	(914)
LoanMe Operating Disbursements	86	-	-	86
Employee Compensation	(13,004)	(1,485)	-	(14,488)
<b>Total Operating Disbursements</b>	<b>(33,754)</b>	<b>(4,920)</b>	<b>-</b>	<b>(38,674)</b>
<b>Net Change in Cash from Operations</b>	<b>(16,687)</b>	<b>(2,847)</b>	<b>-</b>	<b>(19,533)</b>
<b>Non-Operating Items</b>				
Non-Operating Receipts	8,957	1,601	-	10,559
Restructuring Professional Fees	(8,286)	(3,003)	(2,195)	(13,484)
<b>Net Change in Cash from Non-Operating Items</b>	<b>671</b>	<b>(1,402)</b>	<b>(2,195)</b>	<b>(2,926)</b>
<b>Financing</b>				
Interim Financing	25,000	-	-	25,000
Interim Financing Fees and Interest	(1,068)	(425)	-	(1,493)
<b>Net Change in Cash from Financing</b>	<b>23,932</b>	<b>(425)</b>	<b>-</b>	<b>23,507</b>
<b>Closing Transactions</b>				
Transfer to Purchaser	-	(3,989)	-	(3,989)
CRO Success Fee	-	(1,000)	-	(1,000)
<b>Net Change in Cash from Closing Transactions</b>	<b>-</b>	<b>(4,989)</b>	<b>-</b>	<b>(4,989)</b>
<b>Net Change in Cash</b>	<b>7,916</b>	<b>(9,663)</b>	<b>(2,195)</b>	<b>(3,942)</b>
<b>Opening Cash</b>	<b>4,791</b>	<b>12,707</b>	<b>3,044</b>	<b>4,791</b>
<b>Ending Cash</b>	<b>\$ 12,707</b>	<b>\$ 3,044</b>	<b>\$ 849</b>	<b>\$ 849</b>
<b>Memo: Summary of Ending Cash by Bank Account Type</b>				
Operating Bank Accounts	\$ 7,060	\$ 849	\$ 849	\$ 849
Professional Fee Escrow Bank Accounts	5,647	2,195	-	-
<b>Ending Cash</b>	<b>\$ 12,707</b>	<b>\$ 3,044</b>	<b>\$ 849</b>	<b>\$ 849</b>

39. The Fourth Cash Flow Statement is based on the following key assumptions:

- a. operating receipts and disbursements are assumed to be largely consistent with recent performance and typical seasonality for the applicable business lines through to close, with assumptions listed in greater detail in Appendix “B”;
- b. non-operating receipts are assumed to include \$1.5 million of initial service fees from Republic Bank & Trust Company under a marketing and services agreement, as well as a sweep of cash held in LoanMe settlement accounts;
- c. restructuring professional fees include the CRO, the Petitioners’ legal counsel, the Monitor, the Monitor’s legal counsel, the Interim Lenders’ advisors and legal counsel and other professionals to close. The Monitor is advised by the Petitioners that BasePoint has agreed to pay their legal counsel costs directly for the remainder of the CCAA Proceedings. Professional fees to completion of the CCAA Proceedings were estimated based on the assumption that a Plan of Compromise and Arrangement would be implemented with respect to the NP Entities and it is anticipated there will be favourable variances under the revised wind-down approach;
- d. interim financing fees and interest includes both interest pro-rated to close and the exit fee, being 1% of the total interim financing commitment;
- e. the CRO is entitled to a success fee of \$1.0 million upon closing of the Transaction Agreement; and
- f. any residual cash not held by either of NextPoint or LoanMe, or required to be held in escrow for wind down, is to be transferred to the Purchasers upon closing of the Transaction Agreement.

## **STAY EXTENSION**

40. The Monitor’s comments with respect to the Petitioners’ application for the Stay Extension are as follows:

- a. the Stay Extension will allow the Petitioners time to work to close the transactions contemplated by the Transaction Agreement and RVO and take such measures as necessary and desirable to wind-down its business and affairs;
- b. the Fourth Cash Flow Statement forecasts that the Petitioners will have sufficient liquidity during the proposed Stay Extension;
- c. there will be no material prejudice to the Petitioners' creditors and other stakeholders as a result of the Stay Extension; and
- d. the Petitioners are acting in good faith and with due diligence.

### **CONCLUSIONS AND RECOMMENDATIONS**

41. The Stay Extension Order will allow for the Petitioners to consummate the Transaction Agreement and conduct an orderly wind-down of their affairs.

42. Based on the forgoing, the Monitor respectfully recommends that this Honourable Court grant the Stay Extension Order.

\*\*\*\*\*

All of which is respectfully submitted this 15<sup>th</sup> day of December, 2023.

**FTI Consulting Canada Inc.**  
in its capacity as Monitor of the Petitioners



Tom Powell  
Senior Managing Director



Craig Munro  
Managing Director

# **Appendix A**

## List of Petitioners



1. NextPoint Financial, Inc.
2. NPI Holdco LLC

**Liberty Tax Entities**

3. LT Holdco, LLC
4. LT Intermediate Holdco, LLC
5. SiempreTax+ LLC
6. JTH Tax LLC
7. Liberty Tax Holding Corporation
8. Liberty Tax Service, Inc.
9. JTH Financial, LLC
10. JTH Properties 1632, LLC
11. Liberty Credit Repair, LLC
12. Wefile LLC
13. JTH Tax Office Properties, LLC
14. LTS Software LLC
15. JTH Court Plaza, LLC
16. 360 Accounting Solutions, LLC
17. LTS Properties, LLC

**Community Tax Entities**

18. CTAX Acquisition LLC
19. Community Tax Puerto Rico LLC
20. Community Tax LLC

**LoanMe Entities**

21. NPLM Holdco LLC
22. MMS Servicing LLC
23. LoanMe, LLC
24. LoanMe Funding, LLC
25. LM Retention Holdings, LLC
26. LoanMe Stores LLC
27. InsightsLogic LLC
28. LM 2020 CM I SPE, LLC
29. LM BP Holdings, LLC

## **Appendix B**

Cash Flow Statement for the 30-week period ending  
February 16, 2024

**NextPoint**  
Cash Flow Statement  
For the 30-week period ending February 16, 2024

Week Ending (USD\$ thousands)	Weeks 1-19		Week 20	Week 21	Week 22	Week 23	Week 24	Week 25	Week 26	Week 27	Week 28	Week 29	Week 30	Total
	1-Dec-23	Actual	8-Dec-23	15-Dec-23	22-Dec-23	29-Dec-23	5-Jan-24	12-Jan-24	19-Jan-24	26-Jan-24	2-Feb-24	9-Feb-24	16-Feb-24	
	Notes	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
<b>Operating Receipts</b>														
Community Tax Operating Receipts	[1]	\$ 8,818	\$ 463	\$ 463	\$ 463	\$ 463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,206
Liberty Operating Receipts	[2]	8,249	228	228	228	228	-	-	-	-	-	-	-	8,935
<b>Total Operating Receipts</b>		<b>17,068</b>	<b>691</b>	<b>691</b>	<b>691</b>	<b>691</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,140</b>
<b>Operating Disbursements</b>														
Community Tax Operating Disbursements	[3]	(4,266)	(324)	(239)	(239)	(239)	-	-	-	-	-	-	-	(5,066)
Liberty Operating Disbursements	[4]	(15,739)	(799)	(804)	(949)	(949)	-	-	-	-	-	-	-	(18,291)
NextPoint Operating Disbursements	[5]	(832)	(27)	(27)	(28)	(28)	-	-	-	-	-	-	-	(914)
LoanMe Operating Disbursements	[6]	86	-	-	-	-	-	-	-	-	-	-	-	86
Employee Compensation	[7]	(13,004)	(35)	(1,414)	(35)	(35)	-	-	-	-	-	-	-	(14,488)
<b>Total Operating Disbursements</b>		<b>(33,754)</b>	<b>(1,185)</b>	<b>(2,484)</b>	<b>(1,251)</b>	<b>(1,251)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(38,674)</b>
<b>Net Change in Cash from Operations</b>		<b>(16,687)</b>	<b>(494)</b>	<b>(1,793)</b>	<b>(560)</b>	<b>(560)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,533)</b>
<b>Non-Operating Items</b>														
Non-Operating Receipts	[8]	8,957	-	1,500	101	101	-	-	-	-	-	-	-	10,559
Restructuring Professional Fees (Excluding CRO Success Fee)	[9]	(8,286)	(524)	(1,935)	(544)	(544)	(274)	(274)	(274)	(274)	(274)	(274)	(274)	(13,484)
<b>Net Change in Cash from Non-Operating Items</b>		<b>671</b>	<b>(524)</b>	<b>(435)</b>	<b>(443)</b>	<b>(443)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(2,926)</b>
<b>Financing</b>														
Interim Financing	[10]	25,000	-	-	-	-	-	-	-	-	-	-	-	25,000
Interim Financing Fees and Interest	[11]	(1,068)	-	-	(425)	(425)	-	-	-	-	-	-	-	(1,493)
<b>Net Change in Cash from Financing</b>		<b>23,932</b>	<b>-</b>	<b>-</b>	<b>(425)</b>	<b>(425)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,507</b>
<b>Closing Transactions</b>														
Transfer to Purchaser	[12]	-	-	-	(3,989)	(3,989)	-	-	-	-	-	-	-	(3,989)
CRO Success Fee	[13]	-	-	-	(1,000)	(1,000)	-	-	-	-	-	-	-	(1,000)
<b>Net Change in Cash from Closing Transactions</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,989)</b>	<b>(4,989)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,989)</b>
<b>Net Change in Cash</b>		<b>7,916</b>	<b>(1,018)</b>	<b>(2,228)</b>	<b>(6,417)</b>	<b>(6,417)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(3,942)</b>
<b>Opening Cash</b>		<b>4,791</b>	<b>12,707</b>	<b>11,689</b>	<b>9,461</b>	<b>3,044</b>	<b>2,770</b>	<b>2,495</b>	<b>2,221</b>	<b>1,946</b>	<b>1,672</b>	<b>1,398</b>	<b>1,123</b>	<b>4,791</b>
<b>Ending Cash</b>	[14]	<b>\$ 12,707</b>	<b>\$ 11,689</b>	<b>\$ 9,461</b>	<b>\$ 3,044</b>	<b>\$ 2,770</b>	<b>\$ 2,495</b>	<b>\$ 2,221</b>	<b>\$ 1,946</b>	<b>\$ 1,672</b>	<b>\$ 1,398</b>	<b>\$ 1,123</b>	<b>\$ 849</b>	<b>\$ 849</b>
<b>Memo.: Operating Bank Accounts</b>														
<b>Opening Cash</b>		<b>\$ 4,791</b>	<b>\$ 7,060</b>	<b>\$ 6,566</b>	<b>\$ 6,273</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 4,791</b>
<b>Net Change in Cash</b>		<b>15,098</b>	<b>(494)</b>	<b>(293)</b>	<b>(4,873)</b>	<b>(4,873)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,438</b>
<b>Transfer to Escrow Account</b>		<b>(12,829)</b>	<b>-</b>	<b>-</b>	<b>(551)</b>	<b>(551)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,380)</b>
<b>Ending Cash</b>		<b>\$ 7,060</b>	<b>\$ 6,566</b>	<b>\$ 6,273</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>	<b>\$ 849</b>
<b>Of which:</b>														
NextPoint Remaining Cash		-	48	48	48	48	48	48	48	48	48	48	48	48
LoanMe Remaining Cash		-	201	201	201	201	201	201	201	201	201	201	201	201
Escrowed Cash for Wind Down		-	600	600	600	600	600	600	600	600	600	600	600	600
<b>Memo.: Professional Fee Escrow Bank Accounts</b>														
<b>Opening Cash</b>		<b>\$ -</b>	<b>\$ 5,647</b>	<b>\$ 5,123</b>	<b>\$ 3,189</b>	<b>\$ 2,195</b>	<b>\$ 1,921</b>	<b>\$ 1,646</b>	<b>\$ 1,372</b>	<b>\$ 1,098</b>	<b>\$ 823</b>	<b>\$ 549</b>	<b>\$ 274</b>	<b>\$ -</b>
<b>Net Change in Cash</b>		<b>(7,182)</b>	<b>(524)</b>	<b>(1,935)</b>	<b>(1,544)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(274)</b>	<b>(13,380)</b>
<b>Transfer from Operating Account</b>		<b>12,829</b>	<b>-</b>	<b>-</b>	<b>551</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,380</b>
<b>Ending Cash</b>		<b>\$ 5,647</b>	<b>\$ 5,123</b>	<b>\$ 3,189</b>	<b>\$ 2,195</b>	<b>\$ 1,921</b>	<b>\$ 1,646</b>	<b>\$ 1,372</b>	<b>\$ 1,098</b>	<b>\$ 823</b>	<b>\$ 549</b>	<b>\$ 274</b>	<b>\$ -</b>	<b>\$ -</b>

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Peter Kravitz, Chief Restructuring Officer  
Nextpoint Financial Inc.

**Notes:**

Management has prepared this Cash Flow Statement solely for the purposes of determining the liquidity requirements of NextPoint during the CCAA Proceedings. The Cash Flow Statement is based on the probable and hypothetical assumptions detailed below. Actual results will likely vary from performance projected and such variations may be material.

- [1] Community Tax operating receipts are forecast based on 2022 actuals, adjusted for differences in Internal Revenue Service (IRS) activity in pursuing collections, with the accompanying impact on demand for debt resolution work.
- [2] Liberty Tax operating receipts are primarily derived from collections relating to financial products and royalties from franchisees, and are assumed to be consistent with current run rates and seasonality. The December period forecasted is the low point in the year for Liberty Tax operating receipts.
- [3] The most material component of Community Tax operating disbursements is advertising expenses which are critical to the Petitioners for customer relationship and revenue origination.
- [4] Liberty Tax operating disbursements relates to software licenses, rent, utilities and general accounts payable.
- [5] NextPoint operating disbursements are primarily comprised of corporate overhead costs, adjusted for recent restructuring initiatives.
- [6] LoanMe operating disbursements are forecast to be nil as the entity is in the process of being wound down.
- [7] Employee compensation consists of total payroll and benefits on a consolidated basis between the NextPoint, Liberty Tax, and Community Tax. Compensation is at its low point currently with the limited amount of temporary employees.
- [8] Non-operating receipts are assumed to include an installment of the initial service fee from Republic Bank & Trust Company related to Liberty Tax's refund-based loans product, and pursuant to the Republic Facility Agreement as defined in the affidavit of Peter Kravitz sworn July 25, 2023, as well as a sweep of cash held in LoanMe settlement accounts not previously reported as part of closing cash.
- [9] Restructuring professional fees include the fees and disbursements of the Petitioners' legal counsel, Chief Restructuring Officer, the Monitor, the Monitor's legal counsel, and the financial advisor and legal counsel to the lending syndicate. It is understood an agreement has been reached between BasePoint and their legal counsel for the bilateral payment of their fees going forwards. Fees for other professionals from close to completion were estimated on the assumption a LoanMe Plan of Arrangement would be implemented, and so it is anticipated there will be favourable variances through to completion with a reduced amount of professional input required.
- [10] Interim financing of \$25.0m has been advanced over the forecast period.
- [11] Interim financing fees and interest include a commitment fee of 1% payable in full on the date of the initial advance, interest of SOFR plus 6.5% per annum and an exit fee of 1% of total commitment.
- [12] Any residual cash not held by either of NextPoint or LoanMe, or required to be held in escrow for wind down (specifically \$600,000 plus forecast professional fee amounts to completion), is to be transferred to the Purchasers.
- [13] A success fee of \$1.0m is to be paid to the CRO upon closing.
- [14] Ending cash includes advanced amounts under the Interim Facility including amounts held in a segregated, escrow bank account in support of professional fees.