



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

FIFTH REPORT OF THE MONITOR

November 16, 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**”) in respect of the Petitioners until August 3, 2023;
 - b. the appointment of FTI Consulting Canada Inc. as Monitor of the Petitioners (in such capacity, 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 United States 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, extended the Stay of Proceedings up to and including October 20, 2023, increased the amounts of certain priority charges granted in the Initial Order, including securing the interim financing and approved an increase in the amount of the

interim financing facility (the “**Interim Facility**”) to the maximum principal amount of \$25.0 million; 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, including a stalking horse purchase agreement among certain of the Petitioners and certain of their lenders.
5. On August 16, 2023, the US Bankruptcy Court entered an order recognizing the SISP Order and ARIO.
6. On September 19, 2023, this Honourable Court granted an order (the “**September Order**”):
 - a. removing LoanMe Trust Prime 2018-1 (the “**2018 Trust**”) and LoanMe Trust SBL 2019-1 (the “**2019 Trust**” and together with the 2018 Trust, the “**LoanMe Income Trusts**”) as Petitioners in these CCAA Proceedings;
 - b. providing for a stay of proceedings in respect of the LoanMe Income Trusts (the “**LoanMe Stay**”); and
 - c. adding LM BP Holdings, LLC as a Petitioner in these CCAA Proceedings.
7. On September 22, 2023, the Petitioners filed with the US Bankruptcy Court, a notice consistent with the September Order in respect of the LoanMe Income Trusts and the LoanMe Stay.
8. On October 5, 2023, NPI filed a motion in the US Bankruptcy Court seeking recognition of the addition of LM BP Holdings, LLC as a Petitioner in these CCAA Proceedings and certain additional relief relating to the recognition of the Initial Order. On November 2, 2023, the US Bankruptcy Court entered an order recognizing the September Order.

9. On October 13, 2023, this Honourable Court granted an order further amending and restating the ARIO (the “**Second ARIO**”) which, among other things, extended the Stay of Proceedings up to and including November 20, 2023, extended the LoanMe Stay and expanded the CRO’s powers.

10. On October 31, 2023, this Honourable Court granted the following:
 - a. an order (the “**RVO**”), which among other things approved the transactions contemplated by a transaction agreement (the “**Transaction Agreement**”) among NPI and certain subsidiaries (the “**NextPoint Entities**”) and certain of its secured lenders (the “**Purchasers**”) and vesting in a Canadian residual company all the right title and interest in and to excluded assets and liabilities for the acquired entities that were formed or incorporated in Canada, and vesting in a United States residual company (“**US ResidualCo**”) all the right title and interest in and to excluded assets and liabilities for the acquired entities that were formed or incorporated in the United States, in each case on closing of the transaction in accordance with its terms; and

 - b. an order causing all previous orders made in these proceedings to have no force and effect as against the 2019 Trust.

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 franchises (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. On November 10, 2023, the Petitioners filed a notice of application returnable November 17, 2023, for the following:

- a. an order (the “**Claims Process Order**”) approving a procedure for the identification and adjudication of claims (the “**Claims Process**”), including requiring claims be submitted by December 15, 2023. The Claims Process was originally for claims against NPLM Holdco LLC, MMS Servicing LLC, LoanMe, LLC, LoanMe, Funding, LLC, LoanMe Stores LLC, LM Retention Holdings, LLC, LM BP Holdings, LLC, InsightsLogic LLC and LM 2020 CMI I SPE, LLC (collectively, “**LoanMe**”), but on November 14, 2023, the Petitioners delivered a further application and draft form of order to include claims against NPI and NPI Holdco LLC (with LoanMe, collectively, the “**Claims Process Entities**”); and
- b. an order (the “**Stay Extension Order**”) further extending the Stay of Proceedings to December 22, 2023 (the “**Stay Extension**”).

PURPOSE

13. 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 transactions contemplated by the Transaction Agreement and RVO;
 - b. a description of the proposed Claims Process;
 - c. the Petitioners’ actual cash receipts and disbursements for the 14-week period that ended October 27, 2023 (“**Reporting Period**”), as compared to the cash flow statement included in the Third Report of the Monitor dated October 11, 2023;
 - d. an updated cash flow statement (the “**Third Cash Flow Statement**”) for the period ending December 22, 2023 (the “**Forecast Period**”), including the key assumptions on which the cash flow statement is based;
 - e. an update on disclaimer notices issued by the Petitioners;

- f. the proposed Stay Extension; and
- g. the Monitor's conclusions and recommendations.

TERMS OF REFERENCE

14. 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.
15. 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.
16. 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.
17. 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.
18. 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

19. The Transaction Agreement is subject to certain conditions precedent including, among other things, the recognition of the RVO by the US Bankruptcy Court.

20. As described above, the Petitioners' recognition hearing was continued to December 11, 2023. Accordingly, the Petitioners have not yet concluded the transactions contemplated by the Transaction Agreement and RVO.

CLAIMS PROCESS

21. The Petitioners intend to implement the wind-up of LoanMe and/or the Claims Process Entities through a plan of compromise and arrangement. To facilitate this, the Petitioners seek the Claims Process Order to establish a process for determining the nature and amounts of claims against the Claims Process Entities. Any capitalized terms used and not defined are as defined in the Claims Process Order.
22. Province and the CRO advise the Monitor that the Claim Process Entities' books and records are accurate and up-to-date. Accordingly, the Claims Process Order primarily contemplates a negative assurance claims process to minimize professional costs, with most creditors receiving claim amount notices (the "**Negative Notice Creditors**") setting out the claim that each Negative Notice Creditor has against any, or all, of the Claim Process Entities based on the books and records. A Negative Notice Creditor will not be required to file proofs of claim unless they disagree with the assessment of its claim. Negative Notice Creditors that disagree with their claim amount must submit a Proof of Claim including the amount, status and documentation for their claim.
23. For Negative Notice Creditors, the completed Proof of Claim must be received before the Claims Bar Date, or such later date as the Monitor may agree to in writing, or the creditor will be deemed to have accepted the claim as set forth in the Claim Amount Notice, without further ability to dispute the claims or otherwise assert claims against the Claims Process Entities.
24. Any creditors, or potential creditors, that do not receive a Claim Amount Notice, but wish to assert a claim, must submit a Proof of Claim before the Claims Bar Date, or such later date as the Monitor may agree to in writing. Parties that fail to submit a Proof of Claim

by the Claims Bar Date, or such later date as the Monitor may agree to in writing, will be barred from asserting claims against the Claims Process Entities.

25. Where a Proof of Claim is disputed in whole or in part, the Monitor may issue a Notice of Revision or Disallowance advising the creditor of the reasons for that decision.

26. If a creditor objects to the Notice of Revision or Disallowance, the creditor must deliver a Notice of Dispute to the Monitor within ten days of the Notice of Revision or Disallowance and within 15 days of the Notice of Dispute, file with this Honourable Court and serve on the Claims Process Entities and the Monitor a Notice of Application to have their claim determined¹.

27. The key aspects and timelines of the Claims Process are set out in the below table:

Event	Applicable Dates/Timing
Delivery of Claims Packages to Negative Notice Creditors and other creditors	After the Claims Process Order is made, and no later than Friday, November 24, 2023
Post to the Monitor’s website a copy of the Claims Process Order, the Claim Process Instruction Letter and other relevant materials	Within 2 business days of the Claims Process Order is made (on or before Tuesday, November 21)
Publish a notice in the Wall Street Journal	Within 5 business days of the Claims Process Order (on or before Friday, November 24)
Claims Bar Date	5:00 p.m. (Vancouver time) on Friday, December 15, 2023
Adjudication of claims by the Monitor	Following receipt of proofs of claim

¹ The Monitor understands that the Petitioners intend for such applications to be heard as a hearing *de novo*.

Notice of Dispute to the Notice of Revision or Disallowance by a Creditor	Within 10 days after the Notice of Revision or Disallowance
File and serve on the applicable Claims Process Entity and the Monitor a Notice of Application to have their claim determined	Within 15 days after the Notice of Dispute

28. The Monitor is to supervise the delivery and receipt of the various forms and notices and, with Claims Process Entities, review the claims submitted by creditors. The Monitor, in accordance with the Claims Process, may also, at any time:

- a. refer a claim to this Honourable Court for resolution where, in the Monitor’s discretion, that referral is preferable or necessary for the resolution or the valuation of the claim;
- b. accept the amount of claim for voting purposes (without prejudice to the Claims Process Entities’ ability to later contest the validity or amount of the claim); and
- c. settle and resolve any Disputed Claims.

29. The Monitor’s comments on the proposed Claims Process Order are as follows:

- a. the Claims Process allows for the determination of claims against the Claims Process Entities in a fair, transparent, comprehensive, and expeditious manner;
- b. with the assistance of Province, the Claims Process Entities have conducted a thorough review of their books and records to support the Claim Amount Notices for Negative Notice Creditors;
- c. any creditor that does not receive a Claim Amount Notice, or disagrees with the Claim Amount Notice received, is required to file a Proof of Claim;

- d. the Claims Bar Date provides sufficient time for potential claimants to evaluate and submit any Proof of Claim;
- e. the Claim Process provides a prescribed structure for Disputed Claims;
- f. conducting a Claims Process is necessary to facilitate a potential wind-up plan for the Claims Process Entities;
- g. in the event of a plan, the proposed timeline allows time to resolve Disputed Claims prior to any meeting of creditors; and
- h. overall, the Monitor is of the view that the Claims Process Order and applicable timelines are fair and reasonable and is appropriate in the circumstances.

CASH FLOW VARIANCE ANALYSIS

30. The Monitor has undertaken weekly reviews of the Petitioners' actual cash flows in comparison to those contained in the Second Cash Flow Statement. The Petitioners' actual cash receipts and disbursements as compared to the Second Cash Flow Statement for the period of July 25, 2023 to October 27, 2023, are summarized below:

NextPoint			
Cash Flow Variance Analysis			
Fourteen Week Period Ended October 27, 2023			
<i>(USD\$ thousands)</i>			
	Actual	Forecast	Variance
Operating Receipts			
Community Tax Operating Receipts	\$ 6,598	\$ 7,377	\$ (779)
Liberty Operating Receipts	6,644	5,721	923
Total Operating Receipts	13,242	13,098	144
Operating Disbursements			
Community Tax Operating Disbursements	(3,353)	(3,537)	\$ 184
Liberty Operating Disbursements	(11,258)	(10,568)	(691)
NextPoint Operating Disbursements	(698)	(1,356)	658
LoanMe Operating Disbursements	80	80	0
Employee Compensation	(9,412)	(9,743)	331
Total Operating Disbursements	(24,641)	(25,124)	483
Net Change in Cash from Operations	(11,399)	(12,026)	627
Non-Operating Items			
Non-Operating Receipts	2,600	3,100	(500)
Restructuring Professional Fees	(4,526)	(8,019)	3,494
Net Change in Cash from Non-Operating Items	(1,926)	(4,919)	2,994
Financing			
Interim Financing	25,000	25,000	-
Interim Financing Fees and Interest	(578)	(579)	1
Net Change in Cash from Financing	24,422	24,421	1
Net Change in Cash	11,098	7,476	3,622
Opening Cash	4,791	4,791	-
Ending Cash	\$ 15,889	\$ 12,267	\$ 3,622

31. Overall, the Petitioners realized a favourable net cash flow variance of approximately \$3.6 million. The key components of the variance are as follows:

- a. operating receipts were higher than forecast as a result of initiatives to accelerate the collection of Liberty Tax accounts receivable, partially offset by lower than forecast receipts at Community Tax;
- b. operating disbursements were lower than forecast, primarily as a result of lower employee compensation than forecast and reduced non-restructuring professional fee disbursements at NPI, partially offset by franchisee funding disbursements at Liberty Tax;

- c. non-operating receipts were \$0.5 million lower than forecast due to a timing difference in respect of the collection of proceeds from the sale of a minority interest in Trilogy Software Inc., partially offset by the receipt of the first 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. The initial service fee is payment for services and deliverables provided by JTH Financial, LLC including, but not limited to, marketing, training materials, consumer applications, consumer settlement and disclosure documents;
- d. restructuring professional fees were approximately \$3.5 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:

Professional Fee Summary						
Fourteen Week Period Ended October 27, 2023						
<i>(USD thousands)</i>						
Firm	Role	Fees	Disbursements	Taxes	Total	
Province	Financial Advisor / CRO	\$ 1,725	\$ 10	\$ -	\$ 1,735	
DLA Piper	Counsel to NextPoint	1,040	73	-	1,113	
FTI	Monitor	378	2	19	399	
Fasken	Monitor's Counsel	119	4	11	134	
Kirkland	Lender Counsel	638	17	-	656	
Osler	Lender Counsel	188	15	-	203	
Portage	Lender Financial Advisor	160	-	-	160	
Cole Schotz	Lender Counsel	51	1	-	52	
Other	Other Restructuring Professionals	13	60	-	73	
Total		\$ 4,312	\$ 184	\$ 30	\$ 4,526	

- e. overall, the Petitioners have drawn \$25.0 million under the Interim Facility and are holding a cash balance of approximately \$15.9 million.

THIRD CASH FLOW STATEMENT

32. Management has prepared the Third Cash Flow Statement for the 22-week period ending December 22, 2023. A copy of the Third Cash Flow Statement is attached as Appendix “B”.

33. A summary of the Third Cash Flow Statement is set out in the table below:

NextPoint			
Third Cash Flow Statement			
Twenty Two Week Period Ending December 22, 2023			
<i>(USD\$ thousands)</i>	Weeks 1-14	Weeks 15-22	Weeks 1-22
	Actual	Forecast	Total
Operating Receipts			
Community Tax Operating Receipts	\$ 6,598	\$ 4,693	\$ 11,291
Liberty Operating Receipts	6,644	2,319	8,963
Total Operating Receipts	13,242	7,012	20,254
Operating Disbursements			
Community Tax Operating Disbursements	(3,353)	(2,284)	(5,637)
Liberty Operating Disbursements	(11,258)	(7,681)	(18,939)
NextPoint Operating Disbursements	(698)	(1,777)	(2,475)
LoanMe Operating Disbursements	80	-	80
Employee Compensation	(9,412)	(5,323)	(14,735)
Total Operating Disbursements	(24,641)	(17,065)	(41,706)
Net Change in Cash from Operations	(11,399)	(10,053)	(21,452)
Non-Operating Items			
Non-Operating Receipts	2,600	6,000	8,600
Restructuring Professional Fees	(4,526)	(8,070)	(12,596)
Net Change in Cash from Non-Operating Items	(1,926)	(2,070)	(3,996)
Financing			
Interim Financing	25,000	-	25,000
Interim Financing Fees and Interest	(578)	(492)	(1,070)
Net Change in Cash from Financing	24,422	(492)	23,930
Net Change in Cash	11,098	(12,615)	(1,517)
Opening Cash	4,791	15,889	4,791
Ending Cash	\$ 15,889	\$ 3,274	\$ 3,274
Memo: Summary of Ending Cash by Bank Account Type			
Operating Bank Accounts	\$ 6,481	\$ 1,936	\$ 1,936
Professional Fee Escrow Bank Accounts	9,408	1,338	1,338
Ending Cash	\$ 15,889	\$ 3,274	\$ 3,274

34. The Third 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, with assumptions listed in greater detail in Appendix “**B**”;
- b. non-operating receipts are assumed to include \$6.0 million of initial service fees from Republic Bank & Trust Company. The Petitioners may collect an additional \$2.0 million during the Forecast Period relating to the sale of a minority interest in Trilogy Software Inc., which represents upside that is not reflected in the Third Cash Flow Statement;
- 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. Approximately \$3.0 million of the estimated professional fee disbursements relate to accrued but unpaid accounts; and
- d. the ending cash balance includes approximately \$1.3 million advanced under the Interim Facility and held in a segregated, escrow bank account in support of professional fees as provided for under the Interim Facility terms.

35. The Third Cash Flow Statement does not include any receipts or disbursements that may result from the closing of the Transaction Agreement which may occur during the period.

DISCLAIMER NOTICES

36. On October 27, 2023, the Petitioners, in consultation with the Monitor, determined that it was necessary and appropriate to issue disclaimer notices to the Area Developers in respect of 12 Area Developer Agreements (“**AD Agreements**”). The AD Agreements are excluded contracts under the Transaction Agreement and, pursuant to the RVO, will be transferred to US ResidualCo.

37. On November 14, 2023, US legal counsel, through a Canadian Agent, representing three Area Developers filed a notice of application (the “**AD Application**”) for an order, among other things:

- a. setting aside the Notices of Disclaimer in respect of four AD Agreements to which they are a party;
- b. making a declaration that the subject AD Agreements have not been disclaimed or resiliated;
- c. making a declaration that the subject AD Agreements and their respective franchise agreements are integrated transactions and that, to the extent the Petitioners retain the franchise agreements, the Petitioners must continue to perform their obligations under the corresponding AD Agreements; and
- d. making a declaration that the subject Area Developers are entitled to continue to use certain intellectual property notwithstanding the disclaimer or resiliation of the AD Agreements.

38. The AD Application is currently returnable December 1, 2023, but counsel for the Petitioners advises that they have held discussions with the Canadian Agent as to timing for the hearing, and by agreement has submitted a request for a hearing the week of December 18th.

39. Counsel for the Petitioners advise that they will be filing response materials to the AD Application and that the Petitioners do not agree with the facts and positions asserted by the Area Developers.

40. The Monitor may issue a further report in respect of the disputed disclaimer notices in advance of the proposed hearing date.

STAY EXTENSION

41. 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, advance the Claims Process and continue to develop its plan to wind-down the Claims Process Entities;
- b. the Third Cash Flow Statement forecasts that the Petitioners will have sufficient liquidity and will not require a further increase to the Interim Facility 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

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

All of which is respectfully submitted this November 16, 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 22-week period ending
December 22, 2023

NextPoint
Cash Flow Statement
For the 22-week period ending December 22, 2023

Week Ending (US\$ Thousands)	Notes	Weeks 1-14 27-Oct-23		Week 15 3-Nov-23		Week 16 10-Nov-23		Week 17 17-Nov-23		Week 18 24-Nov-23		Week 19 1-Dec-23		Week 20 8-Dec-23		Week 21 15-Dec-23		Week 22 22-Dec-23		Total	
		Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast		
Operating Receipts																					
[1]	Community Tax Operating Receipts	\$	6,598	\$	619	\$	495	\$	743	\$	618	\$	585	\$	468	\$	702	\$	463	\$	11,291
[2]	Liberty Operating Receipts		6,644		351		351		351		351		228		228		228		228		8,963
	Total Operating Receipts		13,242		971		847		1,094		970		813		696		930		691		20,254
Operating Disbursements																					
[3]	Community Tax Operating Disbursements		(3,353)		(311)		(269)		(269)		(331)		(317)		(275)		(275)		(239)		(5,637)
[4]	Liberty Operating Disbursements		(11,258)		(1,495)		(395)		(395)		(845)		(1,404)		(799)		(799)		(1,549)		(18,939)
[5]	NextPoint Operating Disbursements		(698)		(796)		(83)		(506)		(84)		(163)		(27)		(90)		(28)		(2,475)
[6]	LoanMe Operating Disbursements		80		-		-		-		-		-		-		-		-		80
[7]	Employee Compensation		(9,412)		(869)		(560)		(850)		(560)		(1,000)		(35)		(1,414)		(35)		(14,735)
	Total Operating Disbursements		(24,641)		(3,470)		(1,306)		(2,020)		(1,820)		(2,883)		(1,137)		(2,578)		(1,851)		(41,706)
	Net Change in Cash from Operations		(11,399)		(2,499)		(459)		(926)		(850)		(2,070)		(440)		(1,648)		(1,160)		(21,452)
Non-Operating Items																					
[8]	Non-Operating Receipts		2,600		1,500		-		1,500		-		1,500		-		1,500		-		8,600
[9]	Restructuring Professional Fees		(4,526)		(727)		(577)		(3,624)		(651)		(537)		(651)		(651)		(651)		(12,596)
	Net Change in Cash from Non-Operating Items		(1,926)		773		(577)		(2,124)		(651)		963		(651)		849		(651)		(3,996)
Financing																					
[10]	Interim Financing		25,000		-		-		-		-		-		-		-		-		25,000
[11]	Interim Financing Fees and Interest		(578)		(246)		-		-		-		(246)		-		-		-		(1,070)
	Net Change in Cash from Financing		24,422		(246)		-		-		-		(246)		-		-		-		23,930
	Net Change in Cash		11,098		(1,973)		(1,036)		(3,050)		(1,501)		(1,354)		(1,091)		(799)		(1,811)		(1,517)
	Opening Cash		4,791		15,889		13,916		12,880		9,830		8,329		6,975		5,884		5,085		4,791
	Ending Cash		15,889		13,916		12,880		9,830		8,329		6,975		5,884		5,085		3,274		3,274
Memo.: Operating Bank Accounts																					
	Opening Cash	\$	4,791	\$	6,481	\$	5,235	\$	4,776	\$	5,350	\$	4,500	\$	3,684	\$	3,244	\$	3,096	\$	4,791
	Net Change in Cash		14,519		(1,245)		(459)		574		(850)		(816)		(440)		(148)		(1,160)		9,974
	Transfer to Escrow Account		(12,829)		-		-		-		-		-		-		-		-		(12,829)
	Ending Cash	\$	6,481	\$	5,235	\$	4,776	\$	5,350	\$	4,500	\$	3,684	\$	3,244	\$	3,096	\$	1,936	\$	1,936
Memo.: Professional Fee Escrow Bank Accounts																					
	Opening Cash	\$	-	\$	9,408	\$	8,681	\$	8,104	\$	4,480	\$	3,829	\$	3,291	\$	2,640	\$	1,989	\$	-
	Net Change in Cash		(3,421)		(727)		(577)		(3,624)		(651)		(537)		(651)		(651)		(651)		(11,491)
	Transfer from Operating Account		12,829		-		-		-		-		-		-		-		-		12,829
	Ending Cash	\$	9,408	\$	8,681	\$	8,104	\$	4,480	\$	3,829	\$	3,291	\$	2,640	\$	1,989	\$	1,338	\$	1,338

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/early January 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 very limited 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, but is expected to increase beginning in late December/early January.
- [8] Non-operating receipts are assumed to include 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.
- [9] Restructuring professional fees include the fees and disbursements of the Petitioners' legal counsel, Chief Restructuring Officer, the Monitor, the Monitor's legal advisor and legal counsel to the lending syndicate.
- [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, and interest of SOFR plus 6.5% per annum.
- [12] Ending cash includes advanced amounts under the Interim Facility including amounts held in a segregated, escrow bank account in support of professional fees.