



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 SCHEDULE "A"**

PETITIONERS

PRE-FILING REPORT OF THE PROPOSED MONITOR

July 25, 2023

PRE-FILING REPORT OF THE PROPOSED MONITOR

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INTRODUCTION

1. FTI Consulting Canada Inc. (“**FTI**” or the “**Proposed Monitor**”) has been advised that NextPoint Financial, Inc. and those 29 other petitioners listed in attached Appendix “**A**” (collectively, “**NextPoint**” or the “**Petitioners**”) intend to make an application for an initial order (the “**Initial Order**”) to commence proceedings (the “**CCAA Proceedings**”) under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and establish an initial stay of proceedings (the “**Stay of Proceedings**”) in favour of the Petitioners.
2. The Proposed Monitor understands that NextPoint also plans to seek recognition and approval of the CCAA Proceedings as a foreign main proceeding under Chapter 15 of the United States Bankruptcy Code (the “**Chapter 15 Proceedings**”).

PURPOSE

3. The purpose of this report is to provide this Honourable Court and the Petitioners’ stakeholders with information with respect to the following:
 - a. the background of the Petitioners and the causes of their insolvency;
 - b. the qualifications of FTI to act as Monitor in the CCAA Proceedings, if appointed;
 - c. an overview of the Petitioners’ cash management system;
 - d. the appointment of Peter Kravitz of Province Fiduciary Services, LLC as NextPoint’s Chief Restructuring Officer (“**CRO**”);
 - e. the terms of an interim financing facility (the “**Interim Facility**”) to fund the continuation of NextPoint’s businesses and preserve its assets through the anticipated duration of the CCAA Proceedings;

- f. a cash flow statement (the “**Cash Flow Statement**”) for the 13-week period ending October 20, 2023 (the “**Forecast Period**”) as well as the key assumptions on which the Cash Flow Statement is based;
- g. the amount and priority of the proposed Court-ordered charges;
- h. the planned Chapter 15 Proceedings; and
- i. the Proposed Monitor’s conclusions and recommendations.

TERMS OF REFERENCE

- 4. In preparing this report, the Proposed Monitor has relied upon certain information (the “**Information**”) including the Petitioners’ unaudited financial information, books and records and discussions with senior management and advisors of NextPoint (collectively, “**Management**”).
- 5. Except as described in this report, the Proposed 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.
- 6. The Proposed 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.
- 7. 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.
- 8. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars to be consistent with the Petitioners’ primary reporting currency.

OVERVIEW OF NEXTPOINT AND CAUSES OF INSOLVENCY

9. NextPoint Financial, Inc., the ultimate parent of NextPoint, is a publicly listed company incorporated pursuant to the laws of British Columbia and with a registered office in Vancouver, British Columbia. It has direct and indirect ownership of 30 subsidiaries spanning several jurisdictions in Canada and the United States.

Operations

10. NextPoint provides financial and tax services for small businesses and consumers under three primary business lines:
 - a. a tax preparation and settlement business (“**Liberty Tax**”);
 - b. a tax debt resolution service (“**Community Tax**”); and
 - c. a lending and loan marketing business which has been winding down operations since June 2022 (“**LoanMe**”).
11. Liberty Tax operates over 250 locations in Canada and 2,300 locations in the United States. The majority of its locations are franchises with a limited number of company-owned locations. Its business is highly seasonal, with the majority of its business conducted during the tax season of December 15 to April 30.
12. Community Tax represents customers requiring help with delinquent debt owed to the United States Internal Revenue Service (“**IRS**”) including negotiating with the IRS to reduce a customer’s debt, secure more time to repay the debt or establish a favourable installment plan.
13. LoanMe is a personal and small business loan lender in the United States which conducts its business entirely over the internet, by telephone or by facsimile. While LoanMe

continues to administer outstanding loans, it ceased all loan originations in June 2022 and is expected to be wound down.

Debt Structure

14. NextPoint has reported secured debt obligations totaling approximately \$271.1 million as of July 14, 2023 including:

a. \$211.1 million owed to BP Commercial Funding Trust (“**BPC**”) including:

i. a \$125.7 million revolving line of credit;

ii. \$75.4 million term loan from Liberty Tax; and

iii. \$10.0 million note payable from Community Tax;

b. \$45.0 million owed to Drake Enterprises Ltd. for a note payable from Community Tax; and

c. \$15.0 million owed to Frontier Capital Group for a note payable from Community Tax.

15. NextPoint’s capital structure is described in detail in the Affidavit of P. Kravitz dated July 25, 2023 (the “**Kravitz Affidavit**”).

Causes of Insolvency

16. The three primary causes of NextPoint’s financial difficulties are as follows:

a. an unsustainable capital structure;

b. a decline in tax enforcement steps taken by tax authorities in response to COVID-19 resulting in lower revenues for both Liberty Tax and Community Tax; and

- c. the depletion of NextPoint's cash reserves and significant debt obligations incurred in respect of the purchase of LoanMe.

17. The business and affairs of the Petitioners and the causes of their insolvency are described in further detail in the Kravitz Affidavit.

PROPOSED MONITOR

18. FTI is a trustee within the meaning of section 2 of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as Monitor of NextPoint pursuant to section 11.7 (2) of the CCAA.

19. The senior FTI personnel with carriage of the matter are Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees and have experience acting in restructuring matters of this nature and scale.

20. Since being engaged by NextPoint, FTI has become familiar with the business and operations of the Petitioners and the key stakeholders in the proposed CCAA Proceedings and is in a position to immediately act as Monitor if appointed by this Court.

CASH MANAGEMENT SYSTEM

21. NextPoint currently maintains a centralized cash management system including accounts at seven chartered banks in Canada and the United States to consolidate and administer the funds generated by its operating divisions, as described more fully in the Kravitz Affidavit.

22. Maintaining the Petitioners' existing cash management systems will facilitate the continuation of NextPoint's businesses and operations, the Proposed Monitor supports their continued use during these CCAA Proceedings.

APPOINTMENT OF THE CRO

23. In May 2023, the Board of Directors of NextPoint retained Province, LLC to assist NextPoint with its financial affairs, assess its operations and evaluate potential restructuring alternatives. It was subsequently determined that the engagement of a CRO would enhance the Petitioners' prospects of a successful restructuring and supplement the Management team following the departure of NextPoint's Chief Financial Officer in July 2023.
24. On July 1, 2023, NextPoint entered into an agreement (the "**CRO Agreement**") with Province Fiduciary Services, LLC (together with Province LLC, "**Province**") to retain Mr. Peter Kravitz as CRO of NextPoint with the support of additional professional resources provided by Province. A copy of the CRO Agreement is attached as Appendix "**B**".
25. The key services to be provided by the CRO are as follows:
 - a. directing, in collaboration with Management, the operations of the business of NextPoint as they relate to the restructuring including, without limitation, being designated as the responsible person, foreign representative, and/or an authorized signatory on any matters, including bank accounts of NextPoint;
 - b. directing the preparation of up to date critical financial information;
 - c. approving all material cash disbursements, including capital expenditures, as and if reasonably needed, in order to preserve NextPoint's assets;
 - d. assisting with and overseeing the sale of NextPoint's assets, including any marketing process relating thereto;

- e. supervising and directing the management of vendor, supplier, lender, employee and customer communications, receivables, payables and relationships as needed to maintain NextPoint's value;
- f. retaining or terminating employees or contractors;
- g. retaining or terminating professionals subject to the direction of the Board, including the retention and/or termination of counsel;
- h. participating in meetings with third parties and their respective representatives on all material matters related to NextPoint's business;
- i. communicating with counsel in respect of pending or future legal matters in which NextPoint is a party in interest and negotiating a resolution of any such matters, solely as directed by the Board;
- j. assisting NextPoint in the execution of the restructuring of NextPoint's capital structure;
- k. assisting in the investigation of claims or potential claims or defences available to NextPoint;
- l. communicating with governmental bodies relative to the activities of NextPoint and its affiliates;
- m. communicating with the Proposed Monitor, Trustee or other court-appointed third party in connection with insolvency proceedings in Canada or the United States;
- n. acting as the foreign representative in connection with Chapter 15 Proceedings;

- o. assisting with the consummation of borrowing, lending or other financing or refinancing of NextPoint or its assets, including the pledging of NextPoint's assets relative thereto; and
 - p. taking such actions as may be required pursuant to this Court's orders.
26. The CRO Agreement provides for the following fees to be paid to Province in respect of the engagement:
- a. a monthly fee of \$80,000 plus expenses (the "**Monthly Fee**");
 - b. transaction fees at the discretion of the Board of Directors upon a successful restructuring transaction (the "**Transaction Fee**"); and
 - c. the hourly fees and expenses of the supporting professionals.
27. In aggregate, the Petitioners are forecasting to incur fees payable to Province of approximately \$700,000 per month during the Forecast Period.
28. The Initial Order provides for, among other things, the following in respect of the CRO:
- a. confirmation of the CRO appointment, approval of the CRO Agreement and approval of the fees and expenses contemplated therein, with the Transaction Fee subject to further approval by this Court;
 - b. a declaration that Province and the CRO shall not incur any liability in respect of its appointment, save and except for any gross negligence or willful misconduct;
 - c. a declaration that no action shall be commenced against or in respect of the CRO without written consent of the CRO or with leave of this Court;

- d. a declaration that the obligations of the Petitioners to Province and the CRO pursuant to the CRO Agreement, are not claims that can be compromised in any restructuring of NextPoint; and
 - e. a charge to the benefit of the Province and the CRO (the “**CRO Charge**”), which shall not exceed C\$500,000, to secure the Monthly Fee and other amounts payable to Province and the CRO under the CRO Agreement, other than the Transaction Fee.
29. The Proposed Monitor has reviewed the terms of the CRO Agreement and supports the confirmation of the appointment of the CRO to continue to provide NextPoint with the necessary expertise to manage a complex restructuring in the context of the CCAA Proceedings to the benefit of all stakeholders.

INTERIM FACILITY

30. As reflected in the Cash Flow Statement, the Petitioners are unable to pay current and ongoing restructuring expenses without a significant cash infusion in the coming weeks. Accordingly, the Petitioners, in conjunction with the CRO, have arranged for the Interim Facility to fund the continuation of NextPoint’s businesses and preserve its assets through the anticipated duration of the CCAA Proceedings.
31. While the Petitioners and the CRO have had discussions with alternative parties regarding the provision of interim financing, BPC and Drake (collectively, the “**Interim Lenders**”) are existing secured lenders to the Petitioners and are the most practical parties to provide the required short-term financing.
32. The key commercial terms of the proposed Interim Facility are as follows:
- a. NPI Holdco LLC as borrower (the “**Borrower**”) will borrow up to \$25.0 million and an entity appointed by BPC will act as administrative agent (in such capacity, the “**Interim Agent**”);

- b. BPC shall have an initial commitment of \$15.8 million and Drake shall have an initial commitment of \$9.2 million;
- c. the individual Petitioners will guarantee the obligation of the Borrower;
- d. the Interim Facility will be advanced as a senior secured, fully funded, superpriority, debtor-in-possession, interim, non-revolving credit facility;
- e. the Interim Facility shall be deposited into a deposit account under the exclusive domain and control of the Interim Agent and may be drawn by way of multiple advances, each in the principal amount of not less than \$500,000;
- f. the Interim Facility is conditional upon, among other things, the granting of a charge on the Petitioners' collateral as security for all obligations under the Interim Facility (the "**Interim Lender's Charge**");
- g. upon entry of the Initial Order, the Interim Agent shall make an initial advance to the Borrower, to be deposited in a segregated escrow bank account;
- h. interest shall be payable on the Facility Amount at a rate equal to the Secured Overnight Financing Rate then in effect on such day plus 6.5% per annum, compounded monthly. All overdue amounts shall bear interest plus 2% per annum;
- i. each of BPC and Drake shall receive a commitment fee of 1% of their respective commitments, payable at the initial advance date or as a net funded amount from the initial advance;
- j. when the Interim Facility is terminated, the Borrower shall pay to each of BPC and Drake an exit fee of 1% of their respective initial commitments;

- k. upon entry of an Amended Initial Order in the CCAA Proceedings, the Interim Agent shall make an advance to the Borrower, to be deposited in a segregated escrow bank account, in an amount of approximately \$13.9 million, to be held in trust for the benefit of the professional persons included in the DIP Budget (as subsequently defined);
- l. the Interim Facility shall be due and repayable in full on the earlier of:
 - i. the occurrence of any event of default which is continuing and has not been cured;
 - ii. the completion of a restructuring transaction;
 - iii. the closing of a successful bid under the sale and investment solicitation process that the Petitioners are planning to undertake in the context of the CCAA Proceedings;
 - iv. the sale of all or substantially all of the Petitioners' collateral; and
 - v. the outside date of November 30, 2023;
- m. the borrower is to deliver cash flow variance reporting against an agreed summary budget (the "**DIP Budget**") by Friday of every second week, setting forth the actual receipts and disbursements for the preceding two weeks (each, a "**Testing Period**"). The Petitioners' actual cash flows must comply with the DIP Budget, subject to permitted adverse variances of not more than negative 10% in respect of cumulative receipts and positive 10% in respect of cumulative aggregate disbursements of the actual cash flow against the DIP Budget for any Testing Period.

33. The Proposed Monitor has considered NextPoint's application for approval of the Interim Facility and Interim Agent's Charge and has the following comments:

- a. the Petitioners are in urgent need of funding to support their ordinary course operations and the restructuring costs associated with the CCAA Proceedings and Chapter 15 Proceedings;
- b. absent interim financing, the Petitioners will be unable to carry on their business operations which would result in a deterioration of the value of their operations and businesses;
- c. the Interim Facility will provide sufficient liquidity for NextPoint to pursue its restructuring initiatives as set out in the Kravitz Affidavit;
- d. the interest and fees payable to the Interim Lenders under the Interim Facility have been heavily negotiated by the CRO on behalf of the Petitioners and are within the range of market comparable transactions for debtor-in-possession interim financings in recent CCAA Proceedings; and
- e. as set out in the Cash Flow Statement, the Petitioners require an advance of \$4.0 million during the first ten days of the CCAA Proceedings which is required to fund a net cash shortfall of approximately \$2.0 million for the period ending August 4, 2023 and an employee payroll to be funded early the following week of approximately \$1.7 million in order to avoid disruption to the Petitioners' operations.

34. Overall, it is the Proposed Monitor's view that the Interim Facility is necessary for the funding of the Petitioners' operations and restructuring costs in the near term and will enhance the Petitioners' prospects of achieving a successful restructuring. Accordingly, the Proposed Monitor supports NextPoint's application for approval of the Interim Facility.

AMOUNT AND PRIORITY OF COURT ORDERED CHARGES

35. The Initial Order provides for certain Court-ordered charges to rank in priority to all other charges and security interests against the Petitioners. The proposed charges include:
- a. an administration charge (the “**Administration Charge**”);
 - b. the CRO Charge;
 - c. a charge to secure the Interim Facility (the “**Interim Lender’s Charge**”);
 - d. a directors’ and officers’ charge (the “**Directors’ Charge**”); and
 - e. an intercompany charge (the “**Intercompany Charge**”).

Administration Charge

36. The proposed Initial Order provides for an Administration Charge to secure the fees and disbursements incurred by counsel to the Petitioners, the Proposed Monitor and the Proposed Monitor’s counsel in connection with services rendered to the Petitioners before and after the commencement of the CCAA Proceedings. The Administration Charge will not exceed C\$1.0 million and will rank *pari passu* with the CRO Charge described below.
37. The Proposed Monitor believes it is appropriate for the beneficiaries to be afforded the Administration Charge as they will be undertaking a necessary and integral role in the CCAA Proceedings.
38. The Proposed Monitor has reviewed the underlying assumptions upon which the Petitioners have based the quantum of the proposed Administration Charge, the anticipated complexity of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge during the first ten days of the CCAA

Proceedings and is of the view that the proposed quantum of the Administration Charge is reasonable and appropriate in the circumstances.

CRO Charge

39. The proposed CRO Charge provides that Province and the CRO be entitled to the CRO Charge to secure the Monthly Fee and other amounts payable to Province and the CRO, other than the Transaction Fee. The CRO Charge will not exceed C\$500,000 and will rank *pari passu* with the Administration Charge.
40. The Proposed Monitor believes it is appropriate and necessary for Province and the CRO to be afforded the CRO Charge and that the quantum of the CRO Charge is reasonable in consideration of the fees forecast to be incurred by Province during the first ten days of the CCAA Proceedings.

Interim Lender's Charge

41. The proposed Initial Order provides for a charge securing borrowing under the Interim Facility to rank subordinate to the Administration Charge and CRO Charge.
42. The Proposed Monitor has considered the terms and the need for the proposed interim financing and understands that the Interim Lenders are not prepared to advance funds under the Interim Facility without the benefit of the Interim Lender's Charge. Without the funds from the Interim Facility, NextPoint would be unable to undertake an organized restructuring in these CCAA Proceedings, which would be to the detriment of all stakeholders. Accordingly, the Proposed Monitor is of the view that the Applicants' request for the Interim Lender's Charge is reasonable and appropriate in the circumstances.

Directors' Charge

43. The Initial Order provides for the Directors' Charge over the property of NextPoint in favour of the directors and officers of the Petitioners as security for the indemnity contained in the Initial Order in respect of specified obligations and liabilities that the directors may incur after commencement of the CCAA Proceedings. The Directors' Charge will not exceed C\$500,000 and will rank subordinate to the Administration Charge, CRO Charge, and the Interim Lender's Charge.
44. As described in the Kravitz Affidavit, the Petitioners maintain certain insurance coverage for the directors, but the current coverage levels appear modest for an enterprise of this size and complexity and may not fully cover the potential statutory or other liabilities of the beneficiaries of the Directors' Charge. The Proposed Monitor notes that the directors will only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any existing insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the directors are entitled to be indemnified pursuant to the provisions of the proposed Initial Order.
45. It is the Proposed Monitor's view that the continued support of the directors and officers of the Petitioners during the CCAA Proceedings will be beneficial to the Petitioners' efforts to preserve value and maximize recoveries for stakeholders through completion of the CCAA Proceedings. The Proposed Monitor has considered the existing insurance coverage and risk profile of the Petitioners while operating a cross-border enterprise in a potentially litigious sector and is of the view that the quantum and priority of the Directors' Charge are reasonable and appropriate in the circumstances.

Intercompany Charge

46. The Initial Order provides that to the extent that any Petitioner (an "**Intercompany Lender**") after the date of the Initial Order makes any payment to or on behalf of, or incurs any obligation on behalf of, or discharges any obligation of, another Petitioner (the "**Debtor Petitioner**"), such Intercompany Lender is to be granted an Intercompany Charge over the property of the Debtor Petitioner in the amount of such payment,

obligation or transfer. The Intercompany Charge shall be subordinate to the Administration Charge, CRO Charge, Interim Lender's Charge and Directors' Charge.

47. The Intercompany Charge will allow the Petitioners to make intercompany payments and incur obligations on behalf of other Petitioners where necessary while protecting the separate stakeholder constituencies of each of the Petitioners. Accordingly, the Proposed Monitor is of the view that such a charge is necessary and reasonable in the circumstances.

CASH FLOW STATEMENT

48. The Petitioners have prepared the Cash Flow Statement to set out the liquidity requirements of NextPoint during the Forecast Period of the 13 weeks ending October 20, 2023. A copy of the Cash Flow Statement is attached as Appendix "C".

49. The Cash Flow Statement is summarized in the following table:

NextPoint Cash Flow Statement (USDS thousands)	Initial Stay Period		
	Weeks 1-2 Forecast	Weeks 3-13 Forecast	Weeks 1-13 Total
Operating Receipts			
Community Tax Operating Receipts	\$ 976	\$ 6,304	\$ 7,279
Liberty Operating Receipts	711	3,766	4,477
Total Operating Receipts	1,686	10,070	11,756
Operating Disbursements			
Community Tax Operating Disbursements	(586)	(2,955)	(3,541)
Liberty Operating Disbursements	(3,146)	(6,685)	(9,832)
NextPoint Operating Disbursements	(460)	(1,734)	(2,194)
LoanMe Operating Disbursements	(2)	(5)	(7)
Employee Compensation	(1,830)	(9,966)	(11,796)
Total Operating Disbursements	(6,025)	(21,345)	(27,370)
Net Change in Cash from Operations	(4,338)	(11,275)	(15,613)
Non-Operating Items			
Non-Operating Receipts	-	3,100	3,100
Restructuring Professional Fees	(1,958)	(7,332)	(9,290)
Net Change in Cash from Non-Operating Items	(1,958)	(4,232)	(6,190)
Financing			
Intercompany Receipts / (Disbursements)	4,000	21,000	25,000
Other Financing	(296)	(479)	(776)
Net Change in Cash from Financing	3,704	20,521	24,224
Net Change in Cash	(2,593)	5,014	2,421
Opening Cash	4,791	2,198	4,791
Ending Cash	\$ 2,198	\$ 7,212	\$ 7,212

50. The 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 “C”;
- b. non-operating receipts are assumed to include a \$2 million receipt from the sale of a minority interest granted as consideration in the sale of Trilogy Software Inc., in addition to a \$1.1 million litigation settlement;

- c. an advance under the Interim Facility of \$4.0 million is required during the first ten days of the CCAA Proceedings to fund a net cash shortfall of approximately \$2.0 million and an employee payroll to be funded immediately following the 10 day period of approximately \$1.7 million in order to avoid disruption to the Petitioners' operations;
- d. 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; and
- e. ending cash includes amounts that may be 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.

51. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1, the Proposed Monitor hereby reports as follows:

- a. the Cash Flow Statement has been prepared by Management for the purpose described in the notes to the Cash Flow Statement, using the probable assumptions and the hypothetical assumptions set out in notes 1 to 12 thereof;
- b. the Proposed Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied by Management and employees of the Petitioners. Since hypothetical assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Proposed Monitor has also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Statement;
- c. based on its review, nothing has come to the attention of the Proposed Monitor that causes it to believe that, in all material respects:

- i. the hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
 - ii. as at the date of this report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Petitioners or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or
 - iii. the Cash Flow Statement does not reflect the probable and hypothetical assumptions;
- d. since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Statement will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information present in this Report, or relied upon by the Proposed Monitor in preparing this Report; and
- e. the Cash Flow Statement has been prepared solely for the purposes described in the notes to the Cash Flow Statement and readers are cautioned that it may not be appropriate for other purposes.

CHAPTER 15 PROCEEDINGS

52. The proposed Initial Order authorizes and empowers each of the Petitioners and the Monitor to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of the Initial Order and for assistance in carrying out the terms of the Initial Order. It further authorizes the CRO to act as a representative for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of the Petitioners in respect of the Chapter 15 Proceedings.

53. The Petitioners are planning to commence the Chapter 15 Proceedings as soon as possible, which the Proposed Monitor agrees is necessary to preserve the going concern value of NextPoint's businesses.

54. The Proposed Monitor has reviewed the Petitioners' circumstances, including facts set out in the Kravitz Affidavit, and agrees that Canada is the centre of main interest for NextPoint.

CONCLUSIONS AND RECOMMENDATIONS

55. The Initial Order, in conjunction with the anticipated Chapter 15 Proceedings, will provide the Petitioners with stability and, through the Interim Facility, the required liquidity to preserve value while they implement a restructuring strategy.

56. As described in the Kravitz Affidavit, the Petitioners plan to seek various relief at a subsequent hearing in the coming weeks, including the approval of a sale and investment solicitation process and a stalking horse purchase agreement. If appointed, the Proposed Monitor plans to provide comments on this relief in a further report.

All of which is respectfully submitted this July 25, 2023.

FTI Consulting Canada Inc.
in its capacity as Proposed Monitor of NextPoint


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 Trust Prime 2018-1
27. LoanMe Trust SBL 2019-1
28. LoanMe Stores LLC
29. InsightsLogic LLC
30. LM 2020 CM I SPE, LLC

Appendix B

CRO Engagement Letter

PROVINCE FIDUCIARY SERVICES, LLC, a subsidiary of

PROVINCE

PRIVATE AND CONFIDENTIAL

July 1, 2023

VIA EMAIL ONLY

Scott Terrell
Interim Chief Executive Officer
NextPoint Financial Inc.
500 Grapevine HYW, Suite 402
Hurst, Texas 76054

In re: Engagement of Peter Kravitz of Province Fiduciary Services (CRO Engagement)

Dear Mr. Terrell:

This letter (the “Agreement”) sets forth the terms and conditions regarding the engagement of Province Fiduciary Services, LLC, a Nevada limited liability company (“Province”) by NextPoint Financial Inc., f/k/a NextPoint Acquisition Corp., along with each of its direct and indirect controlled affiliates (jointly and severally, the “Company¹” or “You”), including the scope of the services to be performed and the basis of compensation for those services, all on the terms and conditions stated herein. This Agreement shall, subject to the terms and conditions stated herein, be effective for all purposes as of the date indicated above (the “Effective Date”).

Pursuant hereto, Province shall supply the Company with a Chief Restructuring Officer (a “CRO”) who shall serve at the direction of the Company’s board as directed from time to time, who shall utilize supporting personnel (the “Support Staff”) of Province, LLC pursuant to that certain Engagement Agreement by and between the Company and Province, LLC dated as of May 23, 2023 (the “Province FA Engagement Letter”) which shall remain in full force and effect pursuant to its terms) in his role as CRO. Province professional Peter Kravitz is hereby designated by Province to fill the role of CRO during the remainder of the term hereof or until his resignation, whichever first occurs (collectively, the “Services”).

1. **Scope of Services and Company Duties:** Province’s responsibilities will be to provide You with the CRO who will provide the Services as outlined in this Agreement and work

¹ The definition of the Company shall include, but not be limited to, NextPoint Holdco LLC, NPLM Holdco LLC, LoanMe, LLC, LoanMe Funding, LLC, LM Retention Holdings LLC, LoanMe Trust SBL 2019-1, LM BP Holdings LLC, InsightsLogic LLC, LM 2016 NLP SPE LLC, LM 2014 BP III SPE LLC, LM 2017 MP I SPE LLC, LM 2014 HC SPE LLC, LM 2020 CM I SPE LLC, LM 2015 NLP SPE LLC, LM 2014 BP SPE LLC, LM 2014 BP II SPE LLC, LM 2015 BP I SPE LLC, LT Holdco LLC, LT Holdco Intermediate LLC, SiempreTax LLC, JTH Tax LLC, JTH Financial, LLC, JTH Properties 1632, LLC, Wefile, LLC, Liberty Credit Repair LLC, JTH Tax Office Properties LLC, LTS Software LLC, JTH Court Plaza LLC, LTS Properties LLC, Liberty Tax Service Inc. Canada, CTAX Acquisition LLC, Community Tax Puerto Rico LLC, and Community Tax LLC.

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collaboratively with the Support Staff, members of the senior management team and the Company's advisors. Province will keep You reasonably informed of the progress of the matters we are handling and reasonably respond to Your inquiries. You understand the need for truthful, complete and accurate information. You also understand the need to cooperate and to keep us informed on a timely basis of any developments that may impact the Services.

The Services to be provided by the CRO and Support Staff at Province, LLC during the term hereof shall include, among other things, the following: reviewing and analyzing the value of the Company's non-cash assets and operations; formulating and advising on strategies to preserve and maximize the value of the Company's assets and operations; assisting with the formulation of a communication strategy with the Company's stakeholders, including creditors and shareholders; communicating and assisting in negotiations with various stakeholders, including creditors and other parties as necessary; preparing financial models for underlying assets and assessment of cash requirements; assisting with the development of a cash flow budget and variance analysis; assisting with the preparation of insolvency filings in both the US and Canada, reports, and schedules, if required; attending meetings with the Company, its counsel, and other stakeholders as required; analyzing any merger, divestiture, joint venture, sale, or investment transaction, including the proposed structure and form thereof; analyzing any new debt or equity capital, including advice on the nature and terms of new securities; assisting the Company in developing, evaluating, structuring, and negotiating the terms and conditions of a restructuring, plan of reorganization, or sale transaction; preparing financial analysis on recovery alternatives to all stakeholders; providing expert testimony, litigation support, and/or affidavit evidence to support insolvency filings in both the US and Canada; and providing general oversight of any restructuring. The Services, which shall be performed by Mr. Kravitz and the Support Staff working collaboratively with members of the senior management team of the Company and the Company's advisors, may include the following additional nonexhaustive itemization of Services, powers and duties:

- directing, in collaboration with the members of the senior management team, the operations of the business of the Company as they relate to the restructuring including, without limitation, being designated by the board of directors of the Company as the responsible person, foreign representative and/or an authorized signatory on any matters, including bank accounts of the Company;
- directing the preparation of financial information relative to the Company;
- approving all material cash disbursements, including capital expenditures, as and if reasonably needed, in order to maximize, protect and preserve the assets of the Company;
- assisting with and overseeing the sale of assets of the Company, including any marketing process relating thereto, which may be a Material Transaction (as defined below);
- supervising and directing management of vendor, supplier, lender, employee and customer communications, receivables, payables and relationships as needed to maintain Company's value;
- retaining or terminating any employees or contractors of the Company;

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- retaining or terminating any professionals of the Company solely at the direction of the board of directors of the Company, including the retention and/or termination of counsel;
- participating in meetings with third parties and their respective representatives on all material matters related to Company's business;
- communicating with counsel in respect of any pending or future legal matters in which the Company is a party in interest and negotiating a resolution of any such matters, solely as directed by the board of directors of the Company;
- taking any and all actions necessary to fulfill the responsibilities set forth above, including executing all necessary documentation on behalf of Company to effectuate same;
- communicating with any steering, *ad hoc* or other creditor/equity committees, investor groups, creditors, lenders, and the like, related to the Company;
- assisting the Company in the execution of any restructuring of the capital stack of the Company;
- assisting in the investigation of any claims or potential claims or defenses available to the Company;
- communicating with any governmental bodies relative to the activities of the Company and its affiliates;
- communicating with any Monitor, Trustee or other court-appointed third party in connection insolvency proceedings in the US or Canada;
- acting as the foreign representative in connection with foreign non-main proceeding under Chapter 15 of Title 11 of the United States Code (the "Bankruptcy Code") commenced by the Company in the US to support a foreign main proceeding commenced by the Company under the *Companies Creditors Arrangement Act* (the "CCAA") in Canada; and
- assisting with the consummation of any borrowing, lending or other financing or refinancing of the Company or its assets, including the pledging of the assets of the Company relative thereto.

2. Fees and Billing Practices: All payments as described in this letter, shall be made via wire transfer or via check and become the property of Province immediately upon receipt by Province and may be used by Province at any time without restriction.

For this engagement, the Company will compensate Province for its Services as follows:

- a. Hourly Fees. Province, LLC shall continue to invoice for and receive fees for the services rendered and to be rendered by Support Staff pursuant to the Province FA Engagement Letter; *provided, however*, as of the Effective Date Peter Kravitz shall no longer bill any hourly time pursuant to said Province FA Engagement Letter, as

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all of his individual efforts in support of the Company shall be compensated pursuant to the Monthly Fees and Transaction Fee described below.

- b. Monthly Fees. Upon the Effective Date, and on each monthly anniversary of the Effective Date (or the next business day if such date would fall on a public holiday or weekend) during the term of this Agreement, the Company shall pay Province in advance, without notice or invoice, a nonrefundable cash fee of \$80,000.00 (each a “Monthly Fee”). If this Agreement is terminated as provided herein, the Company agrees to pay to Province, on the effective date of such termination, the unpaid amount of the Monthly Fees, if any, due as of the termination date as prorated for any partial month.
- c. Transaction Fee. In addition to any other fees provided for herein, the Company may, in the Board’s discretion and based upon the CRO’s performance hereunder, award Province a restructuring transaction fee (a “Transaction Fee”) upon the consummation by the Company of any Transaction.

As used herein, the term “Transaction” shall mean any one or more of the following, whether or not on an out-of-court basis or on an in-court basis (whether in any Canadian, United States, or foreign jurisdiction) pursuant to a plan of reorganization or a similar legal concept under any foreign legal insolvency proceeding of the Company (a “Plan”) confirmed, sanctioned, or otherwise approved in connection with any case or cases commenced by or against the Company, any of its subsidiaries, its parent company(ies), or any combination thereof, whether individually or on a consolidated basis and whether proposed by the Company or any other party: (a) any merger, acquisition (via credit bid or otherwise), consolidation, reorganization, recapitalization, financing, refinancing, business combination, directly or indirectly, or other transaction wherein the assets, equities or value in the Company (or a material portion thereof, whether by asset sale or otherwise) is acquired by, or combined with, any person, group of persons, partnership, corporation or other entity, whether in a single transaction, multiple transactions or a series of transactions; (b) any restructuring, reorganization, equitization, exchange offer, tender offer, amend and extend, refinancing, repayment, cancellation or similar transaction, whether or not pursuant to a Plan, related to the Company; or (c) any other transaction similar to any of the foregoing that materially involves either the Company or a material portion of the Company’s assets or equities. For the avoidance of doubt, a Transaction includes any transaction or series of transactions consummated in or out of court that results in any of clauses (a), (b), or (c) outlined above.

3. [Intentionally Omitted]

4. Costs and Other Charges: In general, Province will incur various costs and expenses in the normal course of performing under this Agreement. Costs and expenses commonly include, but are not limited to: reasonable lodging, travel costs, postage, meals, parking, research service fees, legal fees, photocopying and other reproduction and binding costs, messenger and other delivery fees, express mail, information retrieval services, temporary clerical assistance and other similar items. All such costs and expenses will be itemized and charged to the Company at Province’s actual cost.

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5. Conflicts: Because Province and its affiliates and subsidiaries comprise a consulting firm that serves clients on an international basis in numerous cases, both in and out of court, it is possible that Province may have rendered or will render services to, or have business associations with, other entities or people which had or have or may have relationships with the Company, including creditors of the Company. Province shall not represent the interests of any person disclosed in writing by You as being adverse to the Company.

6. Discharge, Withdrawal, Termination: Province has the right to withdraw from this engagement, in whole or in part, with twenty-one (21) days written notice for any reason or no reason at all, which shall also constitute a withdrawal and termination of the Province FA Engagement Letter. Reasons for Province's withdrawal may include, but are not limited to, Your breach of this Agreement, Your refusal to cooperate with or to follow advice or a representation of You that is unlawful or unethical. You shall have the right to terminate this engagement at any time by providing Province, care of Peter Kravitz, with twenty-one (21) days written notice of same.

7. Disclaimer of Guarantee: Nothing in this Agreement should be construed as a promise or guarantee about the outcome of any of our efforts. Our comments about the outcome or likely results of any effort are expressions of personal opinion only and are not representations or warranties and do not otherwise bind us.

8. Indemnification:

i. The Company agrees to indemnify and hold the Province, along with each of its direct and indirect parents and subsidiaries and each of their officers, managers, directors, employees and agents (each, an "Indemnified Party" and collectively, the "Indemnified Parties") harmless against any and all losses, claims, damages, liabilities, penalties, obligations, disbursements and expenses, including the cost (reasonable and documented fees and disbursements) for counsel or others (including employees or consultants of Province, based on their then current hourly billing rates) in investigating, preparing or defending any action or claim, whether or not in connection with litigation in which any Indemnified Party is a party, or enforcing the Agreement (including these indemnity provisions), as and when incurred, caused by, relating to, based upon or arising out of (directly or indirectly) the Indemnified Parties' acceptance of or the performance or nonperformance of their obligations under the Agreement; provided, however, such indemnity shall not apply to any such loss, claim, damage, liability or expense to the extent it is found by a court of competent jurisdiction to have resulted primarily from such Indemnified Party's bad faith, gross negligence or willful misconduct.

ii. The Company also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company for or in connection with the Agreement of Province, except to the extent that any such liability for losses, claims, damages, liabilities or expenses that are found by a court of competent jurisdiction, pursuant to a final, non-appealable order or judgment, to have resulted primarily from such Indemnified Party's bad faith, gross negligence or willful misconduct. The Company further agrees that it will not, without the prior consent of an Indemnified Party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which such Indemnified Party seeks indemnification hereunder (whether or not such Indemnified Party

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is an actual party to such claim, action, suit or proceeding) unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all liabilities arising out of such claim, action, suit or proceeding.

iii. In the event that, at any time whether before or after termination of the Agreement, as a result of or in connection with the Agreement or Province's and its personnel's role under the Agreement, Province or any Indemnified Party is required to produce any of its personnel (including former employees or consultants) or is required to produce, review or organize any material within such Indemnified Party's possession or control pursuant to a subpoena or other legal process, the Company will reimburse the Indemnified Party for its reasonable and properly documented out-of-pocket expenses, including the reasonable and documented fees and expenses of its counsel, and will compensate the Indemnified Party for the time expended by its personnel based on such personnel's then current hourly rate.

iv. The Indemnified Party will promptly provide notice to the Company of any pending action or proceeding that they become aware of, provided however, that any failure by such Indemnified Party to notify the Company will not relieve the Company from its obligations hereunder, except to the extent that such failure shall have actually prejudiced the defense of such action.

v. The Company shall promptly pay expenses reasonably incurred by any Indemnified Party in defending, participating in, or settling any action, proceeding or investigation in which such Indemnified Party is a party or is threatened to be made a party or otherwise is participating in by reason of the Engagement under the Agreement, and which action, proceeding or investigation would otherwise be subject to the indemnification under this Agreement, upon submission of invoices thereof.

vi. The Company will be liable to pay the amount of any settlement of any claim against an Indemnified Party, when such settlement is made with the Company's written consent.

vii. Neither termination of the Agreement nor termination of Province's engagement shall affect these indemnification provisions, which shall hereafter survive in full force and effect.

9. Information. Company's management shall be responsible for providing the information necessary for Province's review and analysis. The accuracy and completeness of such information, upon which we rely and which will form the basis of any plan that we help prepare, are the responsibility of Company.

10. Governing Law; Venue: This Agreement shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein. During the pendency of any in-court insolvency proceeding, the Canadian court presiding over same shall have exclusive jurisdiction of any proceedings related to this Agreement by and between the parties.

11. Service Limitations: Company acknowledges and agrees that Province is not being requested to perform an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to the rules of the AICPA, SEC or other state or national professional or regulatory body. Additionally, while Mr. Kravitz is a lawyer, he shall not provide

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any legal advice to the Company, and the Company shall rely on its own legal professionals for such legal advice.

12. No Third-Party Beneficiary: Company acknowledges that all advice (written or oral) provided by Province in connection with this engagement is intended solely for the benefit and use of Company in considering the matters to which this engagement relates. No such advice shall be used for any other purpose or reproduced, disseminated, quoted or referred to at any time in any manner or for any purpose other than accomplishing the tasks referred to herein without Province's prior approval (which shall not be unreasonably withheld), except as required by law.

13. Confidentiality: Province agrees to keep confidential all information obtained from the Company and not to disclose to any other person or entity (other than Province employees), or use for any purpose other than specified herein, any information pertaining to the Company or any affiliate thereof which is either non-public, confidential or proprietary in nature ("Information") that it obtains or is given access to during the performance of the services provided hereunder. The foregoing is not intended to nor shall be construed as prohibiting Province from disclosure pursuant to a valid subpoena or court order, which Province shall disclose to the Company as promptly as possible. If Province becomes legally compelled to disclose any confidential Information pursuant to a valid subpoena or court order, Province shall furnish only that portion of the Information that is required to be disclosed as advised by counsel. Furthermore, Province may make reasonable and customary disclosures of Information in connection with discharging the responsibilities of a financial advisor or Chief Restructuring Officer, as applicable. In addition, Province will have the right to disclose to others in the normal course of business its involvement with the Company subject to applicable disclosure rules.

The Company acknowledges that all information (written or oral) generated by Province in connection herewith is intended solely for the benefit and use of the Company. The Company agrees that no such information shall be used for any other purpose or reproduced, disseminated, quoted or referred to with attribution to Province at any time in any manner or for any purpose other than accomplishing the tasks referred to herein, without Province's prior approval (which shall not be unreasonably withheld) except as required by law.

14. Insolvency Court Approvals: Within a reasonable time following the filing of any bankruptcy or insolvency matter, the Company shall apply to the court presiding thereover for:

- a. an order confirming Peter Kravitz's appointment as CRO in the CCAA proceedings with the usual protections provided to CRO's appointed in similar CCAA proceedings, including using reasonable efforts to obtain priority charges for the fees set forth herein; and
- b. appointment of Peter Kravitz as a "foreign representative" by the Company and authorized in the CCAA proceedings to administer the reorganization of the Company's assets and affairs and to act as a representative in connection with any foreign ancillary proceedings, including a Chapter 15 proceeding.

The Company shall supply Province with a draft of any such retention application and any proposed CRO related order in the CCAA authorizing Province's retention sufficiently in advance of the filing of such application and proposed order to enable Province and its counsel to review

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and comment thereon. The retention application and the proposed final CRO related orders in Canada authorizing Province's retention must be acceptable to Province in its sole discretion.

15. Entire Agreement: Unless otherwise agreed in writing between us, all other matters referred to us by the Company for representation shall be governed by the terms of this Agreement, and any other attached scheduled or amendments. This Agreement contains all terms of the agreement between the parties and may not be modified except in writing signed by both of us.

16. Liability Limitation. No party hereunder shall be liable to the other for any special, consequential or punitive damages. Notwithstanding any other provision of this Agreement, no Indemnified Party shall be liable for any consequential damages resulting from any management decisions by Company.

If this letter accurately reflects our Agreement, please sign and return it to us. If you have any questions concerning the provisions of this Agreement, we invite your inquiries. We look forward to working with you.

Very truly yours,

DocuSigned by:


8B0G54C8C5684E0
Peter Kravitz, *solely in his capacity as*
Principal of Province

Accepted and Agreed by the Company:

NEXTPPOINT FINANCIAL INC.

By:

DocuSigned by:


75D875C3FE8D475
Scott Ferrell, Interim Chief Executive Officer

Appendix C

Cash Flow Statement for the 13-week period ending
October 20, 2023

NextPoint
Cash Flow Statement
For the 13-week period ending October 20, 2023

(US\$ thousands)	Week Ending	Notes	Week 1 28-Jul-23 Forecast	Week 2 4-Aug-23 Forecast	Week 3 11-Aug-23 Forecast	Week 4 18-Aug-23 Forecast	Week 5 25-Aug-23 Forecast	Week 6 1-Sep-23 Forecast	Week 7 8-Sep-23 Forecast	Week 8 15-Sep-23 Forecast	Week 9 22-Sep-23 Forecast	Week 10 29-Sep-23 Forecast	Week 11 6-Oct-23 Forecast	Week 12 13-Oct-23 Forecast	Week 13 20-Oct-23 Forecast	Total
Operating Receipts																
Community Tax Operating Receipts	[1]	\$	490	\$ 486	\$ 364	\$ 546	\$ 486	\$ 546	\$ 591	\$ 473	\$ 710	\$ 591	\$ 665	\$ 532	\$ 798	\$ 7,279
Liberty Operating Receipts	[2]		446	265	265	265	265	265	271	271	271	271	541	541	541	4,477
Total Operating Receipts			936	750	629	811	750	811	862	744	981	862	1,206	1,073	1,339	11,756
Operating Disbursements																
Community Tax Operating Disbursements	[3]		(343)	(243)	(201)	(201)	(201)	(285)	(311)	(269)	(269)	(331)	(323)	(281)	(281)	(3,541)
Liberty Operating Disbursements	[4]		(1,472)	(1,674)	(388)	(426)	(347)	(1,118)	(2,134)	(606)	(606)	1,222	(1,436)	(423)	(423)	(9,832)
NextPoint Operating Disbursements	[5]		(106)	(354)	(65)	(65)	(65)	(66)	(428)	(139)	(139)	(142)	(401)	(112)	(112)	(2,194)
LoanMe Operating Disbursements	[6]		-	(2)	-	-	-	-	(2)	-	-	-	(2)	-	-	(7)
Employee Compensation	[7]		(1,830)	-	(1,687)	-	(1,687)	-	(1,595)	-	(1,595)	-	(1,501)	-	(1,901)	(11,796)
Total Operating Disbursements			(3,751)	(2,274)	(2,341)	(692)	(2,300)	(1,469)	(4,471)	(1,014)	(2,610)	750	(3,664)	(817)	(2,717)	(27,370)
Net Change in Cash from Operations			(2,815)	(1,523)	(1,712)	120	(1,549)	(658)	(3,609)	(270)	(1,629)	1,612	(2,458)	257	(1,378)	(15,613)
Non-Operating Items																
Non-Operating Receipts	[8]		-	-	1,100	-	2,000	-	-	-	-	-	-	-	-	3,100
Restructuring Professional Fees	[9]		-	(1,958)	(598)	(598)	(598)	(598)	(663)	(663)	(663)	(663)	(663)	(963)	(663)	(9,290)
Net Change in Cash from Non-Operating Items			-	(1,958)	503	(598)	1,403	(598)	(663)	(663)	(663)	(663)	(663)	(963)	(663)	(6,190)
Financing																
Interim Financing	[10]		4,000	-	13,934	-	3,000	-	-	-	4,066	-	-	-	-	25,000
Interim Financing Fees and Interest	[11]		(250)	(46)	-	-	-	(240)	-	-	-	-	(240)	-	-	(776)
Net Change in Cash from Financing			3,750	(46)	13,934	-	3,000	(240)	-	-	4,066	-	(240)	-	-	24,224
Net Change in Cash			935	(3,528)	12,724	(478)	2,853	(1,495)	(4,272)	(933)	1,774	949	(3,360)	(706)	(2,041)	2,421
Opening Cash			4,791	5,726	2,198	14,922	14,444	17,298	15,802	11,530	10,597	12,371	13,320	9,959	9,253	4,791
Ending Cash	[12]	\$	5,726	\$ 2,198	\$ 14,922	\$ 14,444	\$ 17,298	\$ 15,802	\$ 11,530	\$ 10,597	\$ 12,371	\$ 13,320	\$ 9,959	\$ 9,253	\$ 7,212	\$ 7,212

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.
- [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.
- [8] Non-operating receipts are assumed to include a \$2 million receipt from the sale of a minority interest granted as consideration in the sale of Trilog Software Inc., in addition to a \$1.1 million litigation settlement that is due by August 4th, 2023.
- [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.
- [10] Interim financing of \$25.0m is anticipated to be 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 that may be held in a segregated, escrow bank account in support of professional fees.