



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

FIRST REPORT OF THE MONITOR

August 2, 2023

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INTRODUCTION

1. On July 25, 2023, NextPoint Financial, Inc. and 29 other petitioners (collectively, “**NextPoint**” or 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. Under the Initial Order, among other things, the Petitioners were granted a stay of proceedings (the “**Stay of Proceedings**”) until August 4, 2023, and FTI Consulting Canada Inc. was appointed Monitor of the Petitioners (the “**Monitor**”).
3. On July 27, 2023, NextPoint obtained orders in the U.S. Bankruptcy Court for the District of Delaware under Chapter 15 of the United States Bankruptcy Code 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 July 27, 2023, the Petitioners filed a notice of application returnable August 3, 2023, for the following orders:
 - a. an amended and restated Initial Order (the “**ARIO**”) which, among other things:
 - i. extends the Stay of Proceedings up to and including October 20, 2023 (the “**Stay Extension**”);
 - ii. increases the amounts of certain priority charges granted in the Initial Order (collectively, the “**Court-Ordered Charges**”);
 - iii. clarifies the priority of a charge granted on certain property of Liberty Tax in an amount equal to the value of the indebtedness, interest, fees, liabilities and obligations to First Century Bank N.A. incurred after the granting of the Initial Order (the “**Franchisee Lender Charge**”); and

- iv. approves an increase in the amount of the interim financing facility (the “**Interim Facility**”) to the maximum principal amount of \$25.0 million and correspondingly increasing the amount of the charge on the Petitioners’ property to secure the obligations under the Interim Facility (the “**Interim Lender’s Charge**”); and
- b. an order (the “**SISP Order**”) approving a restructuring support agreement dated July 25, 2023 (the “**RSA**”) and a sale and investment solicitation process (the “**SISP**”), including a stalking horse purchase agreement (the “**Stalking Horse Bid**”) dated July 25, 2023 among the Petitioners and certain of their lenders (the “**Stalking Horse Bidder**”) under a credit agreement defined as the BP NP-Liberty Credit Agreement.

PURPOSE

- 5. The purpose of this report is to provide this Honourable Court and the Petitioners’ stakeholders with information with respect to the following:
 - a. the activities of the Monitor since the granting of the Initial Order;
 - b. the key commercial terms of the RSA among various wholly-owned funding trusts of Basepoint Capital (the “**BP Lenders**”), Drake Enterprises Ltd. (“**Drake**”) and certain of the Petitioners (collectively with the BP Lenders and Drake, the “**RSA Parties**”);
 - c. the components and timelines of the proposed SISP;
 - d. the key commercial terms of the proposed Stalking Horse Bid;
 - e. the proposed revisions to the amounts and priorities of the Court-Ordered Charges (including the increase to the Interim Facility);
 - f. NextPoint’s application for the Stay Extension;

- g. a letter received by the Board of Directors of NextPoint Financial, Inc. on July 25, 2023 from Cannell Capital LLC on behalf of certain holders of common shares of NextPoint (the “**Shareholder Letter**”) and the reply letter by the Petitioners dated July 31, 2023 (the “**Reply Letter**”); and
- h. the Monitor’s conclusions and recommendations.

TERMS OF REFERENCE

- 6. 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 CRO and senior management of NextPoint (collectively, “**Management**”).
- 7. 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.
- 8. 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.
- 9. 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.
- 10. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars to be consistent with the Petitioners’ primary reporting currency.

ACTIVITIES OF THE MONITOR

11. Up to and including the date of this First Report, the Monitor's activities have included, among other things, the following:
- a. retaining Fasken Martineau DuMoulin LLP to act as legal counsel to the Monitor;
 - b. ongoing discussions with the Petitioners and their Chief Restructuring Officer (“CRO”) regarding the Petitioners' businesses and financial affairs including, among other things, NextPoint's obligations under the Interim Facility, the Stalking Horse Bid and preparation for the SISP;
 - c. attending meetings and video conferences with legal counsel to the BP Lenders and Drake to review various agreements including the RSA, Interim Facility, SISP, Stalking Horse Bid and related documents;
 - d. attending on telephone discussions with stakeholders including legal counsel and financial advisors to the senior secured lenders and various unsecured creditors and other stakeholders;
 - e. preparing and issuing notices required under the CCAA and Initial Order, including the following:
 - i. notices to creditors as referenced in paragraph 55 of the Initial Order, which were mailed to known creditors on July 28, 2023;
 - ii. a notice to creditors which was published in the Globe and Mail on July 28, 2023; and
 - iii. Form 1 and Form 2 notices were issued to the Office of the Superintendent of Bankruptcy in the prescribed forms as required under section 23(1)(f) of the CCAA;

- f. reviewing various cash flow statements and financial projections prepared by Management and the CRO; and
- g. preparing this First Report.

RESTRUCTURING SUPPORT AGREEMENT

12. On July 25, 2023, the RSA Parties executed the RSA which sets out the terms on which the RSA Parties will undertake a series of transactions to effect a restructuring of NextPoint (the “**Restructuring**”). The RSA is described in greater detail in the affidavit of Peter Kravitz sworn July 25, 2023 (the “**Kravitz Affidavit**”). A copy of the RSA is attached to the Kravitz Affidavit as Exhibit “M”.
13. The RSA establishes milestones for the remainder of the CCAA Proceedings and the Chapter 15 Proceedings, subject to Court availability and any other extensions that may be granted in accordance with the RSA.
14. Key milestones under the RSA are set out below (capitalized terms are as defined in the RSA and/or SISP):

Milestone	Date
Commence CCAA Proceedings	July 26, 2023
Foreign Representative shall have commenced Chapter 15 Proceedings	July 26, 2023
Application for the SISP Order	July 27, 2023
Foreign Representative shall file a motion with the U.S. Bankruptcy Court for the entry of an order	2 business days after entry of the Initial Order

recognizing and enforcing the Initial Order	
SISP Order granted	August 4, 2023 (subject to Court availability)
Foreign Representative shall file a motion with the U.S. Bankruptcy Court for the entry of an order recognizing and enforcing the SISP Order	2 business days after entry of the SISP Order
Foreign Representative shall obtain an order recognizing and enforcing the Initial Order	August 25, 2023
Foreign Representative shall obtain an order recognizing and enforcing the SISP Order	August 28, 2023
Obtain Vesting Order in CCAA Proceedings	September 15, 2023, if no LOIs are received by the LOI Deadline; or October 6, 2023, if no Qualified Bids are received by the Qualified Bid Deadline; or After completion of the Auction (subject to Court availability)
Foreign Representative shall file a motion with the U.S. Bankruptcy Court for the entry of an order recognizing and enforcing the Vesting Order	2 business days after entry of the Vesting Order

Foreign Representative shall obtain the Vesting Recognition Order	14 days after the entry of the Vesting Order
The Restructuring shall close, provided that to the extent the only condition to the closing of the Restructuring that remains outstanding is the receipt of regulatory approval(s), the Outside Date shall automatically be extended for another 60 days	14 days after the Vesting Recognition Order or such later dates as may be determined by Required Consenting BP Lenders

15. The RSA is the result of arm’s-length negotiations and was prepared with the assistance of the CRO. The RSA is the basis for a consensual restructuring supported by the Petitioners and their primary secured creditors, facilitates the provision of the Interim Facility and the deferral of certain interest payments, and provides for stability and a going-concern transaction in connection with the SISP and the Stalking Horse Bid. The Monitor accordingly supports approval of the RSA in the circumstances.
16. The RSA can be terminated upon the occurrence of various events of default, including, among other things: (a) the Petitioners request, or the Court approves, modifications to the SISP Order that are not acceptable to the Required Consenting BP Lenders (as defined in the RSA), acting reasonably; (b) if the Petitioners proceed with an Alternative Restructuring Transaction (as defined in the RSA) or a Superior Proposal (which is not currently defined in the RSA, the SISP or related documents); or (c) the Stalking Horse Bid is not the successful bid under the SISP. Termination of the RSA is an event of default under the Interim Facility unless the RSA is terminated because the Stalking Horse Bid was not the successful bid under the SISP.

SALE AND INVESTMENT SOLICITATION PROCESS

17. One of the primary purposes of the CCAA Proceedings is to carry out the SISP in order to solicit offers for the purchase and sale of, or an investment in, the Petitioners' interests in the Liberty Tax and/or Community Tax business lines. Accordingly, the Petitioners are seeking the SISP Order approving the SISP and authorizing NextPoint, by its CRO and under the supervision of the Monitor, to take all steps described in the SISP.
18. The draft SISP is attached as Schedule "A" to the RSA. The following is a high-level summary of the SISP:
- a. the SISP shall be conducted by NextPoint with the oversight of the Monitor;
 - b. the Petitioners, with input from the Monitor, will prepare a list of potential bidders who may have an interest in a transaction as well as an initial offering summary outlining the opportunity for potential bidders;
 - c. NextPoint will set up a virtual data room containing due diligence materials and prepare a confidential information memorandum ("CIM") providing additional information about the opportunity, a template letter of intent and a form of purchase and sale agreement based on the Stalking Horse Bid;
 - d. to gain access to the virtual data room, interested parties must execute a non-disclosure agreement;
 - e. by September 4, 2023 (the "**LOI Deadline**"), interested parties must submit a letter of intent to bid that identifies the potential purchaser, a general description of the assets and/or business(es) of NextPoint that would be the subject of the bid and that reflects a reasonably likely prospect of culminating in a Qualified Bid (as those terms are defined below) by September 25, 2023 (the "**Qualified Bid Deadline**"), as determined by NextPoint, in consultation with the Monitor and the Consenting BP NP-Liberty Lenders (as defined in the RSA) (each, a "**LOI**");

- f. if no LOI has been received by the LOI Deadline, the SISP will be terminated and the Stalking Horse Bid will be deemed the Successful Bid (as defined below);
- g. in order to constitute a “**Qualified Bid**”, each bid must be received by 11:59 p.m. EST on the Qualified Bid Deadline and include or provide for, among other things:
 - i. payment in full on closing of the Interim Facility, the Expense Reimbursement (as defined below) and the Break-up Fee (as defined below), plus additional cash consideration equal to at least \$1.0 million (the “**Minimum Over Bid**”);
 - ii. payment in full on closing of the BP NP-Liberty Claims (as defined in the RSA), along with any related interest, fees or other obligations, or the assumption of the BP NP-Liberty Claims on terms satisfactory to the Consenting BP NP-Liberty Lenders in their sole discretion;
 - iii. payment in full on closing of all amounts secured by each Intercompany Charge (as defined in the Initial Order and to be defined in the ARIO) in favour of each Intercompany Lender that is not acquired pursuant to the bid;
 - iv. payment in full on closing of any claims ranking in priority to the claims set forth in the subparagraphs above, unless otherwise agreed to by the applicable holders of such claims, in their sole discretion;
 - v. a detailed schedule of the cash sources and uses in respect of the bid;
 - vi. closing of the proposed transaction within 30 days after completion of the Auction (as defined below) if selected as the Successful Bid;

- vii. duly executed binding transaction documents, a redline to the Stalking Horse Purchase Agreement (unless the bid is a plan of arrangement), evidence of authorization from the bidder’s board of directors and such other information as may be reasonably requested by NextPoint;
 - viii. a letter stating that the bid is submitted in good faith and is binding and irrevocable until the selection of the Successful Bid;
 - ix. evidence of the bidder’s ability to fully fund and consummate the transaction;
 - x. no conditions in respect of board of director approval, financing or further due diligence; and
 - xi. a cash deposit equal to 10% of the value of the consideration to be received; and
- h. if one or more Qualified Bids are received by the Qualified Bid Deadline, NextPoint may proceed with an auction process to determine the successful bid(s) (the “**Auction**”) to be conducted in accordance with the terms of the SISP. Any successful bid(s) selected within the Auction shall constitute a “**Successful Bid**”.

19. For ease of reference, the key dates under the SISP are summarized as follows:

Event	Date
SISP to commence	August 4, 2023
LOI Deadline	September 4, 2023
Qualified Bid Deadline	September 25, 2023

Notification of whether bid is a Qualified Bid	September 26, 2023
Auction	September 27, 2023
Vesting Order or Implementation Order	September 15, 2023 – If no LOI is submitted, otherwise October 6, 2023

20. The Monitor’s comments on the SISP are as follows:

- a. the SISP procedures were developed with input from the CRO and Monitor, both of which have considerable experience in marketing businesses of the nature and scale of NextPoint;
- b. the BP Lenders and Drake (together, the “**Lenders**”) were involved in negotiating and drafting the SISP;
- c. the timeframes to solicit purchasers or investors in the business are reasonable and appropriate in light of NextPoint’s circumstances and the significant costs being incurred during the CCAA Proceedings;
- d. the SISP provides adequate time for any party that may wish to submit a bid to perform appropriate due diligence, submit a bid and participate in the Auction, if applicable;
- e. the Stalking Horse Bid is intended to either enhance the potential bid values or, in the event there are no LOIs received prior to the LOI Deadline, facilitate the expedited conclusion of a restructuring transaction. Further details and commentary in respect of the Stalking Horse Bid are set out in paragraphs 27 to 31 below;

- f. the process for the preparation and distribution of information in the SISP, as well as consultation rights for certain affected stakeholders, are reasonable and preserve the confidentiality of such information where applicable; and
- g. the SISP is a fair and transparent marketing process designed to identify the highest and best offers for NextPoint's assets and to maximize recoveries.

21. The Monitor and its legal counsel have had discussions with counsel for each of the Petitioners and the BP Lenders, as well as the CRO, regarding certain matters on which the Monitor sought clarification and reports as follows:

- a. the amount that must be payable for a bid to constitute a Qualified Bid is a function of certain variables that are subject to fluctuation and variability, including the amount of the BP NP-Liberty Claims, the amount of the Intercompany Charge and, in the event that multiple bids are received for non-overlapping components of the Petitioners' Business and/or Property, a potential allocation of the Break-Fee and expense reimbursement amongst such bids. The Monitor understands that the Petitioners intend to provide details in a data room prior to the LOI Deadline (with sufficient time for bidders to structure their offers to account for such amounts) that set out a detailed break down and estimate of the amount of cash consideration that a potential bidder may be required to pay in order to provide a Qualified Bid at such time in light of the fluctuating nature of such items;
- b. under the draft SISP, as contemplated by the Stalking Horse Bid, it is proposed that the entire amount outstanding under the Interim Facility is to be credit bid on account of the purchase price for the Community Tax assets and that the Revolving Credit Loans be credit bid on account of the purchase price for the Liberty Tax assets. The Monitor notes that the ultimate approval of the consideration under any purchase agreement remains within the discretion of the Court on the application for approval of any transaction;

- c. the draft SISP entitles the BP Lenders to receive copies of LOIs or Qualified Bids received, along with information reasonably requested or related to material changes in relation to any such offers. Under the RSA, the Lenders are entitled to receive copies of LOIs that do not provide consideration greater than the total amount owing to the Lenders, a term which is acceptable to the Monitor. The Monitor understands that information sharing under the SISP will be consistent with the RSA; and
 - d. the draft SISP contemplates bidders submitting purchase agreements or proposing a plan of arrangement. The Monitor notes that under the Interim Facility, the Petitioners are not permitted to present a plan of arrangement.
22. Overall, and subject to the foregoing comments, it is the Monitor’s view that the SISP terms and timelines are reasonable in the circumstances and afford the Petitioners an opportunity to achieve a successful restructuring transaction within the constraints of available interim financing. The Monitor accordingly supports approval of the SISP in the circumstances.

INTERIM FINANCING FACILITY

23. The Interim Facility is to be provided pursuant to a term sheet dated July 25, 2023 between the Lenders and the Petitioners (the “**Term Sheet**”). The Term Sheet is attached as Schedule C to the RSA (which can be found at Exhibit “M” to the Kravitz Affidavit).
24. The Initial Order authorized and empowered the Petitioners to borrow funds under the Interim Facility, provided that such borrowings did not exceed C\$5.27 million unless permitted by further order of the Court. The proposed ARIO seeks to increase the amount the Petitioners are authorized to borrow under the Interim Facility to \$25.0 million.
25. The Monitor provided comments on the Interim Facility, including a summary of the key commercial terms thereof, at paragraphs 30 to 34 of the Pre-Filing Report dated July 25, 2023 (the “**Pre-Filing Report**”), which are not repeated in this Report. The Monitor has

considered the Petitioners' application for approval of the increased borrowing and has the following comments:

- a. the Petitioners require the incremental borrowings under the Interim Facility to fund their ongoing operations and the restructuring costs associated with the CCAA and Chapter 15 Proceedings through the anticipated timelines under the SISP. Absent interim financing, the Petitioners will be unable to run the SISP to its conclusion which would result in a deterioration of the going concern value of their operations and businesses;
- b. the Interim Facility is to be fully funded into an account under the control of the Interim Agent (as defined in the Term Sheet). The Term Sheet provides for advance requests (in principal amounts of not less than \$500,000) and for the timing of advances to be determined based on the DIP Budget (as defined in the Term Sheet);
- c. upon entry of the ARIO, the Interim Agent will advance approximately \$13.9 million to NPI Holdco LLC (the borrower under the Term Sheet) to be deposited into a segregated bank account. Pursuant to the Term Sheet, such funds are to be held in trust and used to pay the professional fees anticipated to be incurred by the Petitioners during the CCAA and Chapter 15 Proceedings, and which are included in the DIP Budget (as defined in the Term Sheet). The Monitor's view is that this arrangement does not prejudice any stakeholder, but rather segregates the proceeds of the Interim Facility to align with their intended use;
- d. the DIP Budget provides that, over the period of the Cash Flow Statement attached as Appendix C to the Pre-Filing Report, approximately \$2.5 million of the Interim Facility will be used to pay costs and interest on the LT Term Loan (as defined in paragraph 55 of the Kravitz Affidavit) (the "**Term Loan Interest Payments**"). Due to a misalignment in the definitions of the terms of the Initial Order, the Monitor is advised that the Petitioners are seeking as part of the ARIO to revise paragraph 9(d) to correct the definition that is used to provide for the

authorization of these payments. The Monitor is further advised that, in light of the intended definition correction, the Petitioners and the BP Lenders have agreed that a payment due on August 1, 2023 in the amount of approximately \$844,000 will be paid after the ARIO is granted. The Monitor is supportive of the Petitioners making the Term Loan Interest Payments as they are a requirement under the Interim Facility and were a factor in the Petitioners obtaining the support of the BP Lenders and Drake under the RSA, and are the result of extensive negotiations among the parties; and

- e. section 34 of the Term Sheet provides that the Interim Lender Majority (as defined in the Term Sheet) is permitted to credit bid up to the amount then outstanding under the Interim Facility, and that such credit bid may be applied at the Interim Lender Majority's sole discretion as against the acquisition of any one or more of the Petitioners or their respective assets, and that no rule of marshalling shall apply in connection with any credit bid. As noted above, the Petitioners intend to provide details in a data room that set out a detailed breakdown and estimate of the amount of cash consideration that a potential bidder may be required to pay in order to submit a Qualified Bid.
26. The full amount of the Interim Facility is required to fund the Petitioners' operations and restructuring costs and will enhance the prospects of the Petitioners achieving a successful restructuring. The interest and fees payable to the Interim Lenders, the funding mechanisms, escrow provisions and other material terms of the Interim Facility have been heavily negotiated by the CRO on behalf of the Petitioners. Accordingly, the Monitor supports the Petitioners' application to increase the amount they are authorized to borrow under the Interim Facility.

STALKING HORSE BID

27. The SISP contemplates Court approval of the Stalking Horse Bid, which the Petitioners and Lenders believe will help generate interest in the SISP and allows for a transparent,

fair and efficient process that will result in the best price for NextPoint's assets. A copy of the Stalking Horse Bid is attached as Schedule E to the RSA.

28. The key commercial terms of the Stalking Horse Bid are as follows:

- a. the Stalking Horse Bidder will provide a credit bid in the amount of \$75 million outstanding under the Revolving Credit Loans (as defined in the BP NP-Liberty Credit Agreement) and \$25 million for the amounts outstanding under the Interim Facility for:
 - i. all of the equity of LT Holdco and all or substantially all of the assets of SiempreTax+ LLC, JTH Tax LLX, Wefile LLC and such other vendors that are subsidiaries of LT Holdco as the BP Lenders may designate (the "**Compromised LT Entities**");
 - ii. if elected by the Stalking Horse Bidder, all of the equity of LT Intermediate Holdco, LLC and all or substantially all of the assets of the Compromised LT Entities, subject to the condition that the equity in such entities be transferred to LT Holdco prior to the completion of the foregoing, in each case with the entity acquiring the applicable non-equity assets becoming a secured guarantor of the LT Term Loan (the acquired equity described in paragraph (i) above or, if elected, this paragraph (ii), being the "**Purchased Interests**"); and
 - iii. the assets used by the Compromised LT Entities (the "**Purchased LT Assets**"), and together with the Purchased Interests, the "**LT Acquisition**");
- b. in the event the Purchased Interests are acquired pursuant to the election described above, the Petitioners will effect a pre-closing re-organization. At this time, no details are available regarding this re-organization;

- c. a credit bid in respect of the portion of the Interim Facility allocated to the assets of Community Tax for all or substantially all of the assets of Community Tax (the “**Purchased CTAX Assets**” and the transaction, the “**CTAX Transaction**”);
- d. certain debts will be assumed, including amounts owing on the Liberty Term Loan (as defined in the Stalking Horse Bid);
- e. excluded liabilities include taxes and amounts owing to Frontier;
- f. the completion of the purchase and sale of LT Acquisition will not be conditional on the completion of the CTAX Transaction (but the CTAX Transaction is conditional on the LT Acquisition being a Successful Bid under the SISP);
- g. LoanMe will not be acquired and, in the event a purchaser of LoanMe is not identified within the SISP, it will be wound down within the CCAA Proceedings on terms consistent with the RSA;
- h. the anticipated closing date of the Stalking Horse Bid is no later than five business days after the conditions of the Stalking Horse Purchase Agreement have been satisfied or waived; and
- i. the Stalking Horse Bid provides that, in the event the Stalking Horse Bid is not the Successful Bid, NPI Holdco and various of its subsidiaries will pay \$700,000 (the “**Break Fee**”) from the proceeds of any superior alternative bid and will reimburse the Stalking Horse Bidder’s reasonable and documented expenses (the “**Expense Reimbursement**”) incurred in connection with the transaction contemplated by the Stalking Horse Bid.

29. In summary, the amounts bid in respect of the Liberty Tax and Community Tax businesses are as follows:

- a. approximately \$150 million for Liberty Tax consisting of a credit bid of \$75 million of the debt owing under and the BP NP-Liberty Credit Agreement and assumption of the Liberty Term Loan in the amount of \$75 million; and
 - b. approximately \$25 million for Community Tax consisting of a credit bid of the amount of the Interim Facility.
30. The Stalking Horse Bid is structured as a credit bid, including amounts owing in respect of a pre-filing facility. The Monitor has not yet completed an independent assessment of the loan and security documents, but has instructed its Canadian counsel to do so and will retain US counsel to do so. At this time, no material issues or concerns have been brought to the Monitor's attention regarding the Stalking Horse Bidder's debt or security. The Monitor also notes that, based on the information provided by the Lenders, the Lenders have not bid the full amount owing on the pre-filing facilities and there is no restriction on the Lenders revising their offer in the context of the Auction.
31. The Monitor's comments with respect to the Stalking Horse Bid are as follows:
 - a. it sets a baseline price that may result in superior bids under the SISP;
 - b. the Stalking Horse Bid will provide a level of reassurance to stakeholder groups (including suppliers, employees and other creditors) as to a going concern sale in respect of the Petitioners' business;
 - c. substantially all ongoing obligations to suppliers, employees and other creditors are to be assumed by the Stalking Horse Bidder, and any residual assets will be wound-down;
 - d. the Stalking Horse Bidder spent considerable time, resources and legal costs in performing diligence on the potential transaction as well as drafting and negotiating the Stalking Horse Bid and related transactions. The payment of the Break Fee and Expense Reimbursement are justified in the circumstances;

- e. the Monitor has assessed break fees and expense reimbursements approved in comparable proceedings and transactions and determined that the Break Fee and Expense Reimbursement provisions of the Stalking Horse Bid are in line with comparable transactions and are commercially reasonable in the circumstances; and
- f. overall, the Stalking Horse Bid provides a reasonable potential for a going concern restructuring transaction and sets price expectations for prospective bidders, which will assist with the efficiency of the SISP. The SISP provides a reasonable opportunity for alternative bidders to come forward with a superior offer and reimburse the Stalking Horse Bidder for certain fees and offering bid protections should a superior bid be selected in accordance with the SISP. The Monitor is of the view that the Stalking Horse Bid is reasonable in the circumstances and will be accretive to the SISP.

COURT-ORDERED CHARGES

32. The Initial Order provides for the Court-Ordered Charges to rank in priority to all other charges and security interest in the assets of the Petitioners and are summarized as follows:

First – the Administration Charge (to the maximum amount of C\$1.0 million) and the CRO Charge (to the maximum amount of C\$500,000), on a *pari passu* basis;

Second – Interim Lender’s Charge and the Franchisee Lender Charge, on a *pari passu* basis;

Third – Directors’ Charge (to the maximum amount of C\$500,000); and

Fourth – Intercompany Charge.

33. The Petitioners, with the support of NextPoint's primary secured lenders, are seeking to increase the amounts of certain of the charges and clarify certain priorities as summarized below.

Administration Charge

34. The proposed ARIO provides for an increase in the Administration Charge from C\$1.0 million to C\$2.0 million.

35. The Monitor has reviewed the underlying assumptions upon which the Petitioners have based the quantum of the proposed Administration Charge, including the anticipated monthly fees. In consideration of the foregoing, and the cross-border nature and complexity of these CCAA Proceedings as well as the services to be provided by the beneficiaries of the Administration Charge, the Monitor is of the view that the proposed quantum of the Administration Charge is reasonable and appropriate in the circumstances. As described in the Pre-Filing Report, the Monitor continues to believe that it is appropriate for the beneficiaries to be afforded the Administration Charge to ensure the Petitioners have access to necessary and integral services to conduct these proceedings.

CRO Charge

36. The proposed ARIO provides for an increase in the CRO Charge from C\$500,000 to C\$1.0 million.

37. The Monitor believes that the proposed increase in the amount of the CRO Charge is reasonable in consideration of the fees forecast to be incurred by the CRO during the CCAA Proceedings. As described in the Pre-Filing Report, the Monitor continues to believe that it is appropriate for the CRO to be afforded a charge to ensure the Petitioners have access to these services and support throughout these proceedings.

Interim Lender's Charge

38. The proposed ARIO provides for an increase in the amount of the approved Interim Facility from C\$5.3 to \$25.0 million and a corresponding charge for the increased principal amount, plus interest and costs.
39. The charge is a condition of the Interim Facility which is required to ensure that the Petitioners can continue to fund operations and restructuring costs through the planned restructuring. As described in the Pre-filing Report, and described above, the costs and terms of the Interim Facility are reasonable and consistent in comparable circumstances and proceedings.

Franchisee Lender Charge

40. Subsequent to the issuance of the Pre-filing Report of the Proposed Monitor, the Petitioners entered into an accommodation agreement (the “**Accommodation Agreement**”) with First Century Bank (“**FCB**”) with respect to a credit agreement (the “**FCB Facility Agreement**”) between FCB and the Petitioners. A copy of the Accommodation Agreement is attached as Exhibit “A” to the Affidavit of Wen-Shih Yang made July 25, 2023.
41. The FCB Facility Agreement was established to assist the Petitioners’ franchisees with managing the seasonal fluctuations in their cash flow. Under the terms of the FCB Facility Agreement, JTH Tax, LLC (“**JTH Tax**”, a Liberty Tax entity) is able to borrow funds (the “**FCB Facility**”) which it uses to provide loans to its qualifying franchisees in amounts ranging from \$1,000 to \$1.25 million.
42. The FCB Facility is subject to a maximum limit intended to mirror the seasonality of the Petitioners’ business, each period being referred to as a Program Period. The maximum borrowing limit during the anticipated period for these CCAA Proceedings is \$20 million.

43. The terms of the FCB Facility include a minimum required interest amount (the “**Minimum Required Interest**”) and a cap on foreign exchange exposure (the “**Foreign Exchange Cost**”).
44. The Accommodation Agreement increased the Minimum Required Interest and removed the cap on the Foreign Exchange Cost.
45. In addition, the Petitioners agreed to reimburse FCB for the fees of its counsel incurred in negotiating the Accommodation Agreement and dealing with these CCAA Proceedings.
46. The Monitor discussed the implications of the Accommodation Agreement with the CRO and notes the following:
 - a. JTH Tax charges the same rate of interest to its franchisees as it is charged under the FCB Facility Agreement;
 - b. a calculation is performed each year in May comparing the actual interest paid by JTH Tax to the Minimum Required Interest at which point any shortfall to the Minimum Required Interest is payable;
 - c. the Foreign Exchange Costs only arise on loans to Canadian franchisees which aren’t material until January and February;
 - d. the CRO has experience with several franchisee loan agreements and believes the revised terms in the Accommodation Agreement are consistent with market; and
 - e. the cost of replacing the program with an alternate lender and the disruption to the Petitioners’ business would outweigh the additional costs associated with the Accommodation Agreement.

47. Given that the increase in the Minimum Required Interest and the increase in the Foreign Exchange Costs are likely to become due subsequent to the expected completion of these CCAA Proceedings and the increased cost of FCB's legal fees is not considered to materially affect the cash flow, as well as the importance of this program to the Petitioners' business, the Monitor supports the Accommodation Agreement.
48. The Accommodation Agreement was conditional upon the Franchisee Lender Charge being granted by the Court to secure post-filing obligations to FCB. Such charge was granted under the Initial Order.
49. The ARIO clarifies that the Franchisee Lender Charge benefits from second-ranking priority, subordinate only to the Administration Charge and the CRO Charge, against the assets of NextPoint Financial Inc., NPI Holdco LLP and the Liberty Tax group of companies, on a *pari passu* basis with the Interim Lender's Charge.
50. The Franchisee Lender Charge is not secured against the assets of the Community Tax group of companies or the LoanMe group of companies.
51. The Monitor understands that this clarification is consistent with the agreement among the parties and the beneficiary of the Franchisee Lender Charge consents to the clarification and reflects what was approved in the Initial Order as the Franchisee Lender Charge was defined therein as being specific to the assets listed in paragraph 50, above.
52. The Monitor has considered the Franchisee Lender Charge and is of the view that a charge to secure the value of the indebtedness, interest, fees, liabilities and obligations to FCB incurred in respect of loans entered into after the granting of the Initial Order under and pursuant to the FCB Facility Agreement is appropriate in the circumstances and necessary to continue the normal operations of the Petitioners' Liberty Tax business.

Directors' Charge

53. The proposed ARIO provides for an increase in the D&O Charge from \$500,000 to \$3.0 million.

54. The 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 amended quantum and priority of the Directors' Charge are reasonable and appropriate in the circumstances. As described in the Pre-Filing Report, the Monitor continues to believe that the support of the Petitioners' directors and officers will be beneficial to the process.

STAY EXTENSION

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

- a. the Cash Flow Statement included in Appendix C of the Pre-Filing Report forecasts that the anticipated proceeds of the Interim Facility will provide the Petitioners with sufficient liquidity during the term of the proposed Stay Extension;
- b. the Stay Extension will allow the Petitioners and CRO to undertake the SISP;
- c. there will be no material prejudice to the Petitioners' creditors and other stakeholders as a result of the Stay Extension;
- d. the Petitioners are acting in good faith and with due diligence; and
- e. NextPoint's overall prospects of effecting a viable restructuring will be enhanced by the Stay Extension.

SHAREHOLDER LETTER

56. On July 25, 2023, the Board of Directors of NextPoint Financial, Inc. received the Shareholder Letter from Cannell Capital, LLC on behalf of Tonga Partners, L.P. (“**Tonga**”); Tristan Partners, L.P. (“**Tristan**”); and Tristan Offshore Fund, Ltd. requesting that the directors of the Company call forthwith a special meeting of the holders of Shares prior to November 25, 2023 to consider:
- a. a special resolution to consider, and if thought appropriate, to remove the current Board of Directors in its entirety; and
 - b. an ordinary resolution to add six directors to fill the resulting vacancies.
57. A copy of the Shareholder Letter is attached as Appendix “**B**”.
58. On July 31, 2023, the Petitioners’ counsel sent the Reply Letter advising that, among other things:
- a. it is not in the interest of NextPoint or any of its stakeholders for NextPoint to be engaged in a disruptive or potentially costly proxy contest, particularly as NextPoint has recently commenced the CCAA Proceedings and Chapter 15 Proceedings;
 - b. NextPoint is planning to engage in the SISP which may be disrupted by such a proxy contest;
 - c. it is important to maintain continuity in Management and operations during debtor-in-possession restructuring proceedings; and
 - d. the SISP is anticipated to be complete prior to the expiry of the outside date for the requested meeting of November 25, 2023.

59. A copy of the Reply Letter is attached as Appendix “C”.

60. The Monitor shares NextPoint’s view that it is not in the best interests of NextPoint and its stakeholders to hold a shareholder meeting at this time.

CONCLUSIONS AND RECOMMENDATIONS

61. The RSA, SISP and Stalking Horse provide a comprehensive restructuring plan for the Petitioners and will, with oversight from the CRO and Monitor, provide a fair and transparent process for identifying a restructuring transaction, subject to Court approval.

62. The Interim Facility will allow the Petitioners to advance the SISP and complete the successful transaction to maximize the benefit for all stakeholders.

63. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the ARIO and the SISP Order.

All of which is respectfully submitted this August 2, 2023.

FTI Consulting Canada Inc.
in its capacity as 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

Letter from Cannell Capital LLC to
DLA Piper (Canada) LLP dated July 25, 2023

CANNELL CAPITAL LLC

245 Meriwether Circle
Alta, WY 83414

 **Tel** (307) 733-2284  **Fax** (307) 264-0600
 info@cannellcap.com

July 25, 2023

The Board of Directors of NextPoint Financial, Inc.
666 Burrard Street, Suite 2800
Vancouver, British Columbia V6C 2Z7
Canada

Attention: Don Turkleson, Chairman of the Board

Dear Mr. Turkleson,

As of July 25, 2023, Tonga Partners, L.P. ("Tonga"); Tristan Partners, L.P. ("Tristan"); and Tristan Offshore Fund, Ltd. ("Tristan Offshore", and together, "Shareholders") collectively being the registered holders of not less than 1/20 of the common shares ("Common Shares") and proportionate voting shares ("Proportionate Voting Shares" and together with the Common Shares, the "Shares") of NextPoint Financial, Inc. ("NPF" or "Company"), being the classes that, at the date of the deposit of this requisition, carries the right to vote at the meeting hereinafter referred to, hereby requisition the directors of the Company to call forthwith a special meeting of the holders of Shares to consider the business set out below, such meeting to be held prior to November 25, 2023.

The purpose of this special meeting is to pass the resolutions specified below:

1. A special resolution to consider, and if thought appropriate:

to remove the current NextPoint Financial, Inc. ("NPF") board of directors in its entirety, namely: Don Turkleson; Nik Ajagu; Maryann Bruce; William Minner; Alicia Morga; Logan Powell, and any other director appointed by the board prior to consideration of this resolution, from office as directors of NPF;

2. An ordinary resolution:

to elect directors to fill the vacancies created thereby and that that the following persons be elected to the Board of Directors of the Company to fill the vacancies on the Board of Directors:

1. *Charles M. Gillman;*
2. *J. Douglas Schick;*
3. *Howard Winston;*
4. *Walter M. Schenker;*
5. *David W. Pointer; and*
6. *Jerald A. Hammann.*

If you have any questions about this letter, you may contact the Shareholders through Nichole Rousseau-McAllister at (415) 835-8315 or nrm@cannellcap.com.

Sincerely,



By: Tonga Partners, L.P.

Name: J. Carlo Cannell

Title: Managing Member of Cannell Capital LLC, General Partner of Tonga Partners, LP

Address: 245 Meriwether Circle, Alta, WY, 83414, USA



By: Tristan Partners, L.P.

Name: J. Carlo Cannell

Title: Managing Member of Cannell Capital LLC, General Partner of Tristan Partners, LP

Address: 245 Meriwether Circle, Alta, WY, 83414, USA



By: Tristan Offshore Fund, Ltd.

Name: J. Carlo Cannell

Title: Managing Member of Cannell Capital LLC, Investment Adviser of Tristan Offshore Fund, Ltd.

Address: PO Box 897, Windward 1, Regatta Office Park, Grand Cayman, KY1-1103, Caymans Islands

CC

The Board of Directors of NextPoint Financial, Inc.
595 Burrard Street, Suite 2600
Three Bentall Centre
Vancouver, British Columbia V7X 1L3
Canada

The Board of Directors of NextPoint Financial, Inc.
500 Grapevine HWY, Suite 402
Hurst, Texas 76054

Janan Paskaran, Torys LLP

Appendix C

Letter from DLA Piper (Canada) LLP dated July 31, 2023



DLA Piper (Canada) LLP
1133 Melville St, Suite 2700
Vancouver BC V6E 4E5
www.dlapiper.com

Jeffrey D. Bradshaw
jeffrey.bradshaw@dlapiper.com
T +1 604.643.2941
F +1 604.605.3714

July 31, 2023

DELIVERED BY EMAIL

J. Carlo Cannell
Cannell Capital LLC
245 Meriwhether Circle
Alta WY 83414

Dear Mr. Cannell:

Re: NextPoint Financial, Inc.

We are restructuring counsel to NextPoint Financial, Inc. ("**NextPoint**"). Your letter dated July 25, 2023 (the "**Demand Letter**") sent to the directors of Nextpoint has been directed to us for reply.

Pursuant to an Order of the British Columbia Supreme Court (the "**Court**") dated July 25, 2023, NextPoint has entered into creditor protection under the *Canadian Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 (the "**CCAA**"). A copy of the Order of Justice Fitzpatrick (the "**Initial Order**") is attached for your reference.

The Court appointed Peter Kravitz, of Province, LLC and Province Fiduciary Services, LLC as the Chief Restructuring Officer for NextPoint (the "**CRO**") with the powers set out in sections 19 and 20 of the Initial Order. FTI Consulting Inc. was appointed to be the court-appointed Monitor (the "**Monitor**").

The Court also issued a stay of any proceedings in respect of the Petitioners, the Monitor, the Business and the Property, all as defined in the Initial Order, and stayed and suspended all rights and remedies of any individuals in respect of the Petitioners, the Monitor, the Business and the Property. Claims against directors of the Petitioners are also stayed pursuant to section 29 of the Initial Order.

Further information about the CCAA proceedings can be found at FTI's website, found here: <http://cfcanada.fticonsulting.com/NextPoint/>.

NextPoint has also filed for relief under Chapter 15 of the U.S. Bankruptcy Code and those proceedings are before the Honorable Thomas M. Horan in the U.S. Bankruptcy Court. Details about those proceedings, including the reciprocal stay of proceedings directly applicable to U.S. residents, can be found here: <https://cases.stretto.com/nextpoint>

NextPoint has considered the Demand Letter and sought the views of the CRO and the Monitor. It is the view of NextPoint, the CRO and the Monitor, that:

1. It is not in the interests of NextPoint or any of its stakeholders for NextPoint to be engaged in a disruptive and potentially costly proxy contest, particularly as NextPoint has just entered insolvency proceedings.
2. The Court has conferred specific powers on the CRO and the Monitor - both officers of the Court, and will report on NextPoint's activities in the CCAA proceedings.
3. There is well-established precedent about the importance of maintaining continuity in management and operations during a debtor-in-possession proceeding.
4. As you have indicated in your letter, assuming that the request for the meeting is compliant with the requirements for calling such a meeting (which has not been determined and NextPoint reserves all rights to make that assessment) the outside date for a meeting is November 25, 2023, and the current court processes contemplate the sales process being complete prior to that date.
5. With the assistance of the CRO and the Monitor, NextPoint is engaging in a strategic process within the CCAA proceeding, which would be potentially disrupted by any such proxy contest.
6. By the time called, any such meeting would be moot and an outlay of significant resources and attention at a time when both are required elsewhere for the restructuring.

As a result, NextPoint is of the view that it is not in the best interests of NextPoint and its stakeholders to hold a shareholder meeting at this critical time for NextPoint. Given the existence of the stay of proceedings in both Canada and the United States, if you take issue with this decision by NextPoint, on the advice of its CRO and the Monitor, you are free to raise it with Justice Fitzpatrick in British Columbia in the CCAA proceeding.

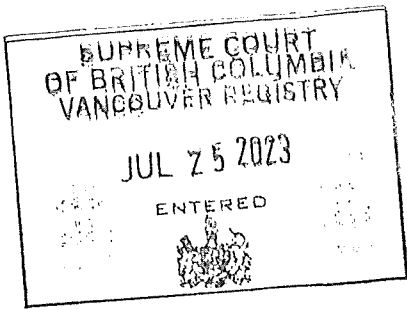
Given that the Demand Letter was delivered prior to NextPoint's announcement of the Initial Order, we anticipate that you may want to retract the request in any event and would request that you confirm that the individuals you have proposed as potential directors still wish to join the board of NextPoint in light of the CCAA and Chapter 15 proceedings.

Sincerely,
DLA Piper (Canada) LLP
Per:



Jeffrey D. Bradshaw

JDB



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

AND

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

PETITIONERS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE)
) July 25, 2023
JUSTICE FITZPATRICK)

THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 25th day of July, 2023 (the "**Order Date**"); AND ON HEARING Jeffrey D. Bradshaw, Samantha Arbor, and Parker Fogler, Articled Student, counsel for the Petitioners and those other counsel listed on Schedule "B" hereto; AND UPON READING the material filed, including the First Affidavit of Peter Kravitz sworn July 25, 2023 (the "**Kravitz Affidavit**") and the consent of FTI Consulting Inc. to act as Monitor; AND UPON BEING ADVISED that the secured creditors who are likely to be affected by the charges created herein here given notice; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

SERVICE

1. Service of the materials filed in support of this Application by the Petitioners shall be deemed good and valid and, further, shall be and is hereby abridged, such that the service of such application materials is deemed to be timely and sufficient.

JURISDICTION

2. The Petitioners are companies to which the CCAA applies. For greater certainty, the companies set out in Schedule "A" to this Order shall enjoy the benefits of the protections provided herein, and shall be subject to the same restrictions hereunder.

DEFINED TERMS

3. Capitalized terms that are used in this Order shall have the meanings ascribed to them in the Kravitz Affidavit if they are not otherwise defined herein.

SUBSEQUENT HEARING DATE

4. The hearing of the Petitioners' application for an extension of the Stay Period (as defined in paragraph 21 of this Order) and for any ancillary relief shall be held at the Courthouse at 800 Smithe Street, Vancouver, British Columbia at 9 a.m. on ~~August~~, the 3 day of August, 2023 or such other date as this Court may order. *W* *THURSDAY* *07*

POSSESSION OF PROPERTY AND OPERATIONS

5. Subject to this Order and any further Order of this Court, the Petitioners shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), and continue to carry on its business (the "**Business**") in the ordinary course and in a manner consistent with the preservation of the Business and the Property. The Petitioners shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.

6. The Petitioners shall be entitled to continue to utilize the central cash management system currently in place as described in the Kravitz Affidavit, or, with the consent of the Interim Lender (as hereinafter defined), replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Petitioners of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Petitioners, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash

Management System, an unaffected creditor under any plan of compromise and arrangement (a "Plan") with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. The Petitioners shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date:

- (a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively "Wages"); and
- (b) the fees and disbursements of any Assistants retained or employed by the Petitioners which are related to the Petitioners' restructuring, at their standard rates and charges, including payment of the fees and disbursements of legal counsel retained by the Petitioners, whenever and wherever incurred, in respect of:
 - (i) these proceedings or any other similar proceedings in other jurisdictions in which the Petitioners or any subsidiaries or affiliated companies of the Petitioners are domiciled;
 - (ii) any litigation in which the Petitioners are named as a party or is otherwise involved, whether commenced before or after the Order Date; and
 - (iii) any related corporate matters.

8. Except as otherwise provided herein, and subject to the terms of the Definitive Documents, the Petitioners shall be entitled to pay all expenses reasonably incurred by the Petitioners in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure exceeding **\$500,000** shall be approved by the Monitor;
- (b) all obligations incurred by the Petitioners after the Order Date, including without limitation, with respect to goods and services actually supplied to the Petitioners following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Petitioners' obligations incurred prior to the Order Date); and

- (c) fees and disbursements of the kind referred to in paragraph 7(b) which may be incurred after the Order Date.
9. The Petitioners are authorized to remit, in accordance with legal requirements, or pay:
- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;
 - (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Petitioners in connection with the sale of goods and services by the Petitioners, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected prior to the Order Date but not required to be remitted until on or after the Order Date;
 - (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors; and
 - (d) all interest and fees payable from time to time pursuant to and in accordance with the NextPoint Revolver Facility Agreement.
10. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Petitioners shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between the Petitioners and the landlord from time to time ("**Rent**"), for the period commencing from and including the Order Date, twice-monthly in equal payments on the first and fifteenth day of the month in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.
11. Except as specifically permitted herein, the Petitioners are hereby directed, until further Order of this Court:
- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Petitioners to any of their creditors as of the Order Date except as authorized by this Order;

- (b) to make no payments in respect of any financing leases which create security interests;
- (c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of their Property, nor become a guarantor or surety, nor otherwise become liable in any manner with respect to any other person or entity except as authorized by this Order;
- (d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by the Petitioners to such customers as of the Order Date; and
- (e) to not incur liabilities except in the ordinary course of Business.

FINANCIAL ARRANGEMENTS

12. The Petitioners are hereby authorized and empowered to borrow, repay and reborrow from Republic pursuant and subject to the terms of the Republic Facility Agreement.

13. The Petitioners are hereby authorized and empowered to borrow, repay and reborrow from FCB pursuant and subject to the terms of the FCB Facility Agreement, subject to the terms of the Accommodation Agreement and the Definitive Documents.

14. FCB shall be entitled to and is hereby granted a charge (the "**Franchisee Lender Charge**") on the Property of the Liberty Tax group of companies in an amount equal to the value of the indebtedness, interest, fees, liabilities and obligations to FCB incurred after the granting of this Order under and pursuant to the FCB Facility Agreement.

RESTRUCTURING

15. Subject to such requirements as are imposed by the CCAA, the Petitioners shall have the right to:

- (a) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (b) pursue all avenues of refinancing for its Business or Property, in whole or part;

all of the foregoing to permit the Petitioners to proceed with an orderly restructuring of the Business (the "**Restructuring**").

16. The Petitioners shall provide each of the relevant landlords with notice of the Petitioners' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Petitioners' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors who claim a security interest in the fixtures, such landlord and the Petitioners, or by further Order of this Court upon application by the Petitioners, the landlord or the applicable secured creditors on at least two (2) clear days' notice to the other parties. If the Petitioners disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any dispute concerning such fixtures (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Petitioners' claim to the fixtures in dispute.

17. If a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (a) during the period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours on giving the Petitioners and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer, the landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims the landlord may have against the Petitioners, or any other rights the landlord might have, in respect of such lease or leased premises and the landlord shall be entitled to notify the Petitioners of the basis on which it is taking possession and gain possession of and re-lease such leased premises to any third party or parties on such terms as the landlord considers advisable, provided that nothing herein shall relieve the landlord of its obligation to mitigate any damages claimed in connection therewith.

18. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronics Documents Act*, S.C. 2000, c. 5 and Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, and any regulations promulgated under authority of either Act, as applicable (the "**Relevant Enactment**"), the Petitioners, in the course of these proceedings, is permitted to, and hereby shall, disclose personal information of identifiable individuals in its possession or control to stakeholders, its advisors, prospective investors, financiers, buyers or strategic partners (collectively, "**Third Parties**"), but only to the extent desirable or required to negotiate and complete the Restructuring or to prepare and implement any Plan or transactions for that purpose; provided that the Third Parties to whom such personal information is disclosed enter into confidentiality agreements with the Petitioners binding them in the same manner and to the same extent with respect to the collection, use and disclosure of that information as if they were an organization as defined under the Relevant Enactment, and limiting the use of such information to the extent desirable or required to negotiate or complete the Restructuring or to prepare and implement any Plan or transactions for that purpose, and attorning to the jurisdiction of this Court for the purposes of that agreement. Upon the completion of the use of personal information for the limited purposes set out herein, the Third Parties shall return the personal information to the Petitioners or destroy it. If the Third Parties acquire personal information as part of the Restructuring or the preparation and implementation of any Plan or transactions in furtherance

thereof, such Third Parties may, subject to this paragraph and any Relevant Enactment, continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Petitioners.

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

19. A chief restructuring officer shall be appointed on the following terms:
- (a) the agreement dated as of July 1, 2023, pursuant to which the Petitioners have engaged Province, LLC and Province Fiduciary Services, LLC (collectively "**Province**") to provide the services of Peter Kravitz to act as chief restructuring officer to the Petitioners (the "**CRO**") and other supporting personnel of Province, LLC (the "**Supporting Personnel**"), a copy of which is attached as Exhibit "**S**" to the Kravitz Affidavit (the "**CRO Engagement Letter**"), and the appointment of the CRO pursuant to the terms thereof is hereby approved, including, without limitation, payment of the Monthly Fees (as defined in the CRO Engagement Letter, with the Transaction Fee (as defined in the CRO Engagement Letter) subject to further approval by this Court;
 - (b) the CRO shall perform the functions set out in the CRO Engagement Letter. The CRO shall provide timely updates to the Monitor in respect of their activities;
 - (c) in addition to the rights and protections afforded the CRO as an officer of this Court, the CRO shall not be or be deemed to be a director, *de facto* director, or employee of any entity of the Petitioners;
 - (d) nothing in this Order shall be construed as resulting in Province (or any director, officer or employee thereof) or the CRO being an employer, successor employer, a responsible person, operator or person with apparent authority within the meaning of any statute, regulation or rule of law, or equity (including any Environmental Legislation, each as defined below) for any purpose whatsoever;
 - (e) none of Province, its officers, directors, or employees, nor the CRO shall, as a result of the performance of their respective obligations and duties in accordance with the terms of the CRO Engagement Letter, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation; provided however, if Province or the CRO is nevertheless found to be in Possession of any Property under Environmental Legislation, then Province or the CRO, as the case may be, shall be entitled to the benefits and protections in relation to the Petitioners and such Property as are provided to a monitor under section 11.8(3) of the CCAA; provided further however, that nothing in this subparagraph shall exempt Province or the CRO from any duty to report or make disclosure imposed by a law and incorporated by reference in section 11.8(4) of the CCAA;

- (f) Province and the CRO shall not incur any liability or obligation as a result of the appointment or carrying out duties as CRO, whether before or after the granting of this Order, save and except for any gross negligence or wilful misconduct, provided that any liability of Province and the CRO with respect to carrying out duties as CRO shall in no event exceed the quantum of the fees paid under the CRO Agreement;
- (g) no action or other proceeding shall be commenced in relation to NextPoint directly, or by way of counterclaim, third party claim or otherwise, against or in respect of Province, its officers, directors, employees, or the CRO, and all rights and remedies of any Person against or in respect of them are hereby stayed and suspended, except with the written consent of the CRO or with leave of this Court on notice to the Petitioners, the Monitor, and the CRO, provided, however, that nothing in this order, including this subparagraph 19(g) shall affect such investigations, actions, suits or proceedings by a regulatory body that are permitted by section 11.1 of the CCAA. Notice of any such motion seeking leave of this Court shall be served upon the Petitioners, the Monitor, and the CRO at least seven (7) days prior to the return date of any such motion for leave;
- (h) the obligations of the Petitioners to Province (and any director, officer or employee thereof) and the CRO pursuant to the CRO Engagement Letter, are not claims that may be compromised pursuant to any Plan, any proposal under the *Bankruptcy and Insolvency Act* or any other restructuring and no such Plan, proposal or restructuring shall be approved that does not provide for the payment of all amounts due to Province (and any director, officer or employee thereof) and the CRO pursuant to the terms of the CRO Engagement Letter; and
- (i) for the purpose of carrying out the functions and duties set out in the CRO Engagement Letter, the CRO (i) shall have full and complete access to the property of the Petitioners, including the premises, books, records, data (including data in electronic format) and other financial documents of the Petitioners, and (ii) is hereby authorized to meet with any employee, director, representative or agent of the Petitioners. The employees, directors, representatives, and agents of the Petitioners are hereby directed to fully cooperate with the CRO in connection with the functions and duties set out in the CRO Engagement Letter.

20. Province and the CRO shall be entitled to the benefit of and are hereby granted a charge on the Property (the "**CRO Charge**"), which shall not exceed an aggregate amount of **\$500,000**, to secure the Monthly Fees (as defined in the CRO Engagement Letter) and other amounts payable to Province (and any director, officer or employee thereof) and the CRO under the CRO Engagement Letter, other than the Transaction Fee (as defined in the CRO Engagement Letter). The CRO Charge shall have the priority set out in paragraphs 49 and 52 hereof.

STAY OF PROCEEDINGS, RIGHTS AND REMEDIES

21. Until and including AUGUST 3, or such later date as this Court may order (the "**Stay Period**"), no action, suit or proceeding in any court or tribunal (each, a "**Proceeding**") against or in respect of the Petitioners or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of the Petitioners and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Petitioners or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

22. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Petitioners or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Petitioners and the Monitor or leave of this Court.

23. During the Stay Period, no Proceeding shall be commenced or continued against or in respect of any of the Petitioners' franchisees (collectively, the "**Franchisees**"), or any of their current and future assets, business, undertaking and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the "**Franchisee Property**", and together with the Franchisees' business, the "**Franchisee Business and Property**") including, without limitation, terminating, making any demand, accelerating, amending or declaring in default or taking any enforcement steps under any agreement or agreements, and no default or event of default shall have occurred or be deemed to have occurred under any such agreement or agreements, by reason of:

- (a) The insolvency of the Petitioners;
- (b) Any of the Petitioners having made a petition to this Court under the CCAA;
- (c) Any of the Petitioners being party to these proceedings;
- (d) Any of the Petitioners taking any step related to these proceedings; or
- (e) Any default or cross-default arising from the matters set out in subparagraphs (a), (b), (c) or (d) above (collectively, the "**Franchisee Default Events**").

24. During the Stay Period, all rights and remedies of any Person against or in respect of the Franchisees, or affecting the Franchisee Property and Business, as a result of a Franchisee Default Event, are hereby stayed and suspended except with the written consent of the Petitioners and the Monitor or leave of this Court.

25. Nothing in this Order, including paragraphs 21 and 22, shall: (i) empower the Petitioners to carry on any business which the Petitioners are not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Petitioners.

NO INTERFERENCE WITH RIGHTS

26. During the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Petitioners, except with the written consent of the Petitioners and the Monitor or leave of this Court.

CONTINUATION OF SERVICES

27. During the Stay Period, all Persons having oral or written agreements with the Petitioners or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Petitioners, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Petitioners, and that the Petitioners shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Order Date are paid by the Petitioners in accordance with normal payment practices of the Petitioners or such other practices as may be agreed upon by the supplier or service provider and the Petitioners and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

28. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to the Petitioners on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

29. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of the Petitioners with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Petitioners whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Petitioners, if one is filed, is sanctioned by this Court or is refused by the creditors of the Petitioners or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of the Petitioners that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

DIRECTORS AND OFFICERS INDEMNIFICATION AND CHARGE

30. The Petitioners shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Petitioners after the commencement of the within proceedings, except to the extent that, with respect to any director or officer, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

31. The directors and officers of the Petitioners shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000 as security for the indemnity provided in paragraph 30 of this Order. The Directors' Charge shall have the priority set out in paragraphs 49 and 52 herein.

32. Notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Petitioners' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 30 of this Order.

APPOINTMENT OF MONITOR

33. FTI Consulting Canada Inc. ("FTI") is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Petitioners with the powers and obligations set out in the CCAA or set forth herein, and that the Petitioners and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Petitioners pursuant to this Order, and shall co-operate fully with the Monitor

in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

34. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Petitioners' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Petitioner, to the extent required by the Petitioner, in its dissemination, to the Interim Lender (as hereinafter defined) and its counsel on a monthly basis of financial and other information as agreed to between the Petitioner and the Interim Lender which may be used in these proceedings including reporting on a basis to be agreed with the Interim Lender;
- (d) advise the Petitioners in their preparation of the Petitioners' cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its counsel on a periodic basis, but not less than monthly, or as otherwise agreed to by the Interim Lender;
- (e) monitor all payments, obligations or transfers as between the Petitioners for purposes of determining the amounts subject to the Intercompany Charges (as defined below);
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Petitioners, to the extent that is necessary to adequately assess the Petitioners' business and financial affairs or to perform its duties arising under this Order;
- (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (h) perform such other duties as are required by this Order or by this Court from time to time.

35. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or

performance of duties under this Order, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Monitor being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

36. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the *British Columbia Environmental Management Act*, the *British Columbia Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

37. The Monitor shall provide any creditor of the Petitioners and the Interim Lender with information provided by the Petitioners in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Petitioners is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Petitioners may agree.

38. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

FEES AND DISBURSEMENTS

39. The Monitor, counsel to the Monitor, counsel to the BP Lenders (as defined in the Kravitz Affidavit) and counsel to the Petitioners shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Petitioners as part of the cost of these proceedings, whether incurred prior to, on, or subsequent to the date of this Order. The Petitioners are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, counsel to the BP Lenders and counsel to the Petitioners on a **[weekly]** basis and, in addition, the Petitioners are hereby authorized to pay to the Monitor, counsel to the Monitor, and

counsel to the Petitioners, retainers in the amount of USD \$100,000, USD \$50,000 and USD \$200,000 respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

40. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.

ADMINISTRATION CHARGE

41. The Monitor, counsel to the Monitor, and counsel to the Petitioners shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$1,000,000, as security for their respective fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 49 and 52 hereof.

INTERCOMPANY CHARGE

42. To the extent that any Petitioner (an "**Intercompany Lender**") after the date of this Order makes any payment to or on behalf of, or incurs any obligation on behalf of, or discharges any obligation of, a Petitioner (other than itself) (the "**Debtor Petitioner**"), such Intercompany Lender is hereby granted a charge (each, an "**Intercompany Charge**") on all of the Property of such Debtor Petitioner in the amount of such payment, obligation or transfer. The Intercompany Charge shall have the priority set out in paragraphs 49 and 52 hereof.

INTERIM FINANCING

43. The Petitioner is hereby authorized and empowered to obtain and borrow under a credit facility from Drake and BasePoint (the "**Interim Lender**") in order to finance the continuation of the Business and preservation of the Property, provided that borrowings under such credit facility shall not exceed \$5.27 million unless permitted by further Order of this Court.

44. Such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Petitioner and the Interim Lender dated as of July 25, 2023 (the "**Commitment Letter**"), filed.

45. The Petitioner is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively and together with the Commitment Letter, the "**Definitive**

Documents", which, for the avoidance of doubt, includes the DIP Budget), as are contemplated by the Commitment Letter or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Petitioner is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

46. The Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property. The Interim Lender's Charge shall not secure an obligation that exists before this Order is made. The Interim Lender's Charge shall have the priority set out in paragraphs 49 and 52 hereof.

47. Notwithstanding any other provision of this Order:

- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under any of the Definitive Documents or the Interim Lender's Charge, the Interim Lender, upon 5 days' notice to the Petitioner and the Monitor, may exercise any and all of its rights and remedies against the Petitioner or the Property under or pursuant to the Commitment Letter, Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Petitioner and set off and/or consolidate any amounts owing by the Interim Lender to the Petitioner against the obligations of the Petitioner to the Interim Lender under the Commitment Letter, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Petitioner or the Property under or pursuant to the Definitive Documents and the Interim Lender's Charge, including without limitation, for the appointment of a trustee in bankruptcy of the Petitioner; and
- (c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Petitioner or the Property.

48. The Interim Lender, in such capacity, shall be treated as unaffected in any plan of arrangement or compromise filed by the Petitioner under the CCAA, or any proposal filed by the Petitioner under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

49. The priorities of the Administration Charge, the CRO Charge, the Directors' Charge, each Intercompany Charge, and the Interim Lender's Charge as among them, shall be as follows:

First – Administration Charge (to the maximum amount of **\$1,000,000**) and the CRO Charge (to the maximum amount of **\$500,000**), on a *pari passu* basis;

Second – Interim Lender's Charge and the Franchisee Lender Charge, on a *pari passu* basis;

Third – Directors' Charge (to the maximum amount of **\$500,000**); and

Fourth – Intercompany Charge.

50. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge, the CRO Charge, the Interim Lender's Charge, the Franchisee Lender Charge and the Directors' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect any such Charges.

51. Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person, save and except those claims contemplated by section 11.8(8) of the CCAA.

52. Except as otherwise expressly provided herein, or as may be approved by this Court, the Petitioners shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Petitioners obtain the prior written consent of the Monitor and the beneficiaries of the Charges.

53. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer

to lease or other agreement (collectively, an "**Agreement**") which binds any of the Petitioners; and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the other Definitive Documents shall create or be deemed to constitute a breach by any of the Petitioners of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Petitioners pursuant to this Order, the Commitment Letter or the other Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

54. Any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Petitioners' interest in such real property leases.

SERVICE AND NOTICE

55. The Monitor shall (i) without delay, publish in one national newspaper a notice containing the information prescribed under the CCAA, (ii) within five days after Order Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the Petitioners of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of the individuals who are creditors publicly available.

56. The Petitioners and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Petitioners' creditors or other interested parties at their respective addresses as last shown on the records of the Petitioners and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

57. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: <http://cfcanada.fticonsulting.com/nextpoint> (the "**Monitor's Website**").

58. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on the Monitor's Website.

59. Notwithstanding paragraphs 62 and 63 of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

GENERAL

60. The Petitioners or the Monitor may from time to time apply to this Court for directions in the discharge of its powers and duties hereunder.

61. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or Licensed Insolvency Trustee of the Petitioners, the Business or the Property.

62. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order.

63. Each of the Petitioners and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the CRO, acting as the authorized officer for Petitioner, NextPoint Financial Inc. as a foreign representative, duly and hereby appointed, is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of the

Petitioners to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended.

64. The Petitioners may (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when the Petitioners determine that such a filing is appropriate.

65. The Petitioners are hereby at liberty to apply for such further interim or interlocutory relief as it deems advisable within the time limited for Persons to file and serve Responses to the Petition.

66. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.

67. Any interested party (including the Petitioners and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

68. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.

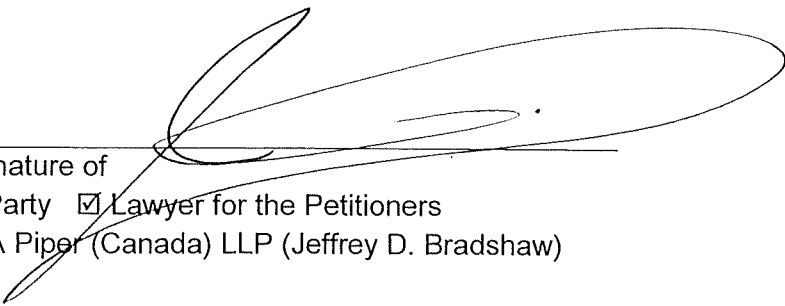
69. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of

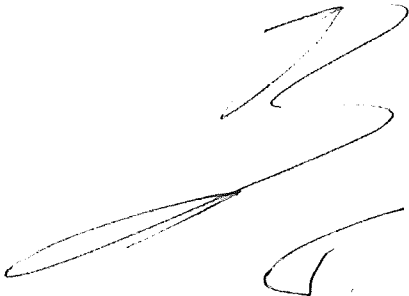
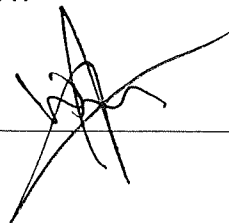
Party Lawyer for the Petitioners

DLA Piper (Canada) LLP (Jeffrey D. Bradshaw)



BY THE COURT

REGISTRAR



Schedule "A"

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

Liberty Tax Entities

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

Community Tax Entities

16. CTAX Acquisition LLC
17. Community Tax Puerto Rico LLC
18. Community Tax LLC

LoanMe Entities

19. NPLM Holdco LLC

20. MMS Servicing LLC
21. LoanMe, LLC
22. LoanMe Funding, LLC
23. LM Retention Holdings, LLC
24. LoanMe Trust Prime 2018-1
25. LoanMe Trust SBL 2019-1
26. LoanMe Stores LLC
27. InsightsLogic LLC
28. LM 2020 CM I SPE, LLC

Schedule "B"

NAME OF COUNSEL	PARTY REPRESENTING