HFX No. 531463

SUPREME COURT OF NOVA SCOTIA

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 3306133 NOVA SCOTIA LIMITED, 1003940 NOVA SCOTIA LIMITED, HEADLINE PROMOTIONAL PRODUCTS LIMITED, BRACE CAPITAL LIMITED, BRACE HOLDINGS LIMITED AND 4648767 NOVA SCOTIA LIMITED

BETWEEN:

Fiera Private Debt Fund III LP and Fiera Private Debt Fund V LP, each by their general partner, Fiera Private Debt GP Inc.,

Applicants

-and-

3306133 Nova Scotia Limited, 1003940 Nova Scotia Limited, Headline Promotional Products Limited, Brace Capital Limited, Brace Holdings Limited and 4648767 Nova Scotia Limited

Respondents

SEVENTH REPORT OF KSV RESTRUCTURING INC. AS CCAA MONITOR

MARCH 14, 2025

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Appendices

Appendix **Tab**

1.0 Introduction

1. Pursuant to an order (the "**Initial Order**") issued by the Supreme Court of Nova Scotia (the "**Court**") on March 13, 2024 (the "**Filing Date**"), 1003940 Nova Scotia Limited ("**1003**", formerly known as The Halifax Herald Limited), 3306133 Nova Scotia Limited ("**3306**", formerly known as Saltwire Network Inc. and together with 1003, the "**Media Companies**"), Headline Promotional Products Limited ("**Headline**"), Titan Security & Investigation Inc. ("**Titan**"), Brace Capital Limited ("**Brace Capital**") and Brace Holdings Limited ("**Brace Holdings**", and together with Headline, Titan and Brace Capital, the "**Non-Media Companies**", and together with the Media Companies, the "**Companies**") were granted protection under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and KSV Restructuring Inc. ("**KSV**") was appointed as monitor in these proceedings (the "**Monitor**").[1]

2. KSV is filing this report (the "**Seventh Report**") as Monitor.

3. Applications under the CCAA were made by the Companies and Fiera Private Debt Fund III LP, by its sole general partner Fiera Private Debt Fund GP Inc. ("**Fund III**"), and Fiera Private Debt Fund V LP, by its sole general partner Fiera Private Debt Fund GP Inc. ("**Fund V**", and together with Fund III, "**Fiera**"). Fiera is the Media Companies' senior secured creditor and was owed, as of the Filing Date, in excess of $32 million, with interest and costs continuing to accrue. The Non-Media Companies were guarantors of the debt owing to Fiera. The Court granted the Initial Order sought by Fiera, subject to certain amendments.

4. The principal purpose of these CCAA proceedings was to create a stabilized environment to enable the Companies to secure financing to continue to operate while the Media Companies and Titan pursued a restructuring or sale of their businesses and assets through Court-supervised sale and investment solicitation processes. As the Media Companies' and Titan's businesses have now been sold, the Monitor is presently realizing on the Media Companies' residual assets, which primarily consist of real estate.

5. Pursuant to the terms of the Initial Order, *inter alia*, the Court:

   a) granted a stay of proceedings in favour of the Companies and their directors and officers to and including March 22, 2024 (the "**Stay Period**");

   b) appointed David Boyd, a representative of Resolve Advisory Services Ltd. ("**Resolve**"), as Chief Restructuring Officer (the "**CRO**");

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[1] On November 22, 2024, Titan ceased to be a debtor in the CCAA proceedings and 4648767 Nova Scotia Limited ("**4648**"), being a new corporate entity to which certain liabilities of Titan were transferred, was added as a debtor in the CCAA proceedings.

c) approved an interim financing credit facility (the "**Interim Financing Facility**") in the maximum principal amount of $500,000 made available by Fiera (in such capacity, the "**Interim Lender**") pursuant to an interim financing term sheet dated March 13, 2024, as amended;

d) granted charges on all of the Companies' current and future assets, property and undertaking (collectively, the "**Property**") in the following priorities:

   i. a charge in the amount of $300,000 in favour of the Monitor, its legal counsel and Fiera's legal counsel to secure payment of their fees and disbursements (the "**Administration Charge**");

   ii. a charge in the amount of $1.075 million in favour of the Companies' directors and officers to secure certain of the Companies' indemnity obligations to such persons (the "**D&O Charge**"); and

   iii. a charge in favour of the Interim Lender to secure the Companies' obligations to the Interim Lender in respect of advances made under the Interim Financing Facility (the "**Interim Lender's Charge**").

6. Following a motion heard on March 22, 2024 (the "**Comeback Hearing**"), the Court made the following Orders:

a) an Order amending and restating the terms and provisions of the Initial Order (as amended and restated, the "**ARIO**"), including to provide for an:

   i. extension of the Stay Period to May 3, 2024;

   ii. increase in the Administration Charge from $300,000 to $450,000, which charge covers the Monitor, its counsel, Fiera's counsel, the Companies' counsel and the CRO;

   iii. increase in the amount of the authorized borrowings under the Interim Financing Facility from $500,000 to $1.5 million and a corresponding increase in the Interim Lender's Charge;

   iv. increase in the aggregate amount that the Companies can pay to suppliers and service providers for pre-filing obligations from $300,000 to $500,000, subject to the prior consent of the Monitor and the CRO;

   v. expansion of the CRO's powers and authority; and

   vi. expansion of the Monitor's powers and authority;

b) an Order approving a sale and investment solicitation process for the Media Companies and the retention by the Media Companies of FTI Capital Advisors-Canada ULC as agent (the "**SISP Agent**") pursuant to an engagement letter dated March 14, 2024, including the payment of certain work fees and a success fee, as set out in the SISP Agent Agreement, secured by a charge of $500,000 on the Property, which charge ranks *pari passu* with the Administration Charge and in priority to the D&O Charge and the Interim Lender's Charge (collectively, the "**CCAA Charges**"); and

c) declaring that Headline meets the criteria prescribed by section 3.2 of the Wage Earner Protection Program Regulations, SOR/2008-222 (the "**WEPP Regulations**") and that Headline's former employees are eligible to receive payments in accordance with the *Wage Earner Protection Program Act*, S.C. 2005, c. 47 s. 1, as amended ("**WEPPA**").

7. Pursuant to an Order made on April 30, 2024 (the "**April 30th Order**"), the Court, among other things:

a) approved amendments to the Interim Financing Facility, including an increase in the limit from $1.5 million to $3 million that the Media Companies may borrow under that facility and added Fiera FP Business Financing Fund LP as an interim lender under the Interim Financing Facility;

b) approved a sales process for Titan (the "**Titan Sales Process**"), including the retention of MC Advisory Group Inc. as sales advisor; and

c) extended the Stay Period to June 28, 2024.

8. Pursuant to an Order made on June 28, 2024, the Court, among other things:

a) approved amendments to the Interim Financing Facility, including an increase in the limit that the Media Companies may borrow under that facility from $3 million to $4.1 million;

b) approved a key employee retention plan ("**KERP**") and a corresponding charge in the maximum amount of $135,000 (the "**KERP Charge**") as security for amounts payable to the employees participating in the KERP, ranking behind the Administration Charge and the SISP Agent Charge (which charges rank *pari passu)*; and

c) extended the Stay Period to August 9, 2024.

9. Following a motion heard on August 8, 2024, the Court made the following Orders:

a) an Order, which, among other things:

i. approved a transaction (the "**Media Companies Transaction**") between the Media Companies and PNI Maritimes LP ("**PNI**") pursuant to an agreement of purchase and sale dated July 25, 2024 (the "**APA**"); and

ii. vested the Purchased Assets (as defined in the APA) in PNI, free and clear of encumbrances, upon execution and delivery of a certificate by the Monitor confirming completion of the Media Companies Transaction;

b) an Order, which, among other things:

i. approved amendments to the Interim Financing Facility, including an increase in the limit that the Media Companies may borrow under that facility from $4.1 million to $7 million;

ii. extended the Stay Period to December 13, 2024; and

iii. declared that the Media Companies meet the criteria prescribed by section 3.2 of the WEPP Regulations and that the Media Companies' former employees are eligible to receive payments in accordance with WEPPA.

10. Following a motion heard on October 18, 2024, the Court made the following Orders:

a) an Order (the "**George Street AVO**"), which, among other things:

i. approved an agreement of purchase and sale dated August 6, 2024, as amended (the "**George Street APS**") between 1003 and V Aucoin Realty (the "**George Street Purchaser**") for the property located at 255 George Street, Sydney (the "**George Street Property**") and authorized the Monitor, on behalf of 1003, to complete the transaction (the "**George Street Transaction**"); and

ii. vested the Property (as defined in the George Street AVO) in the George Street Purchaser, free and clear of all claims and encumbrances other than the Permitted Encumbrances (as defined in the George Street AVO), upon execution and delivery of a certificate by the Monitor confirming completion of the George Street Transaction;

b) a Reverse Vesting Order (the "**RVO**"), which, among other things:

i. approved a transaction (the "**Titan Transaction**") by and among Titan and the Titan Purchasers (as defined in the RVO) pursuant to a Subscription Agreement dated September 27, 2024 (as amended, the "**Subscription Agreement**");

ii. vested in the Titan Purchasers all right, title and interest in and to the Subscribed Shares (as defined below) free and clear of all claims and encumbrances, other than the permitted encumbrances and vested in "Residual Co.", being a company formed by Brace Capital, all Excluded Assets and Excluded Liabilities (as defined in the Subscription Agreement); and

iii. added 4648 as a "debtor" in these CCAA proceedings;

c) a Distribution Order:

i. authorizing and directing the Monitor to distribute to Fiera (Fund III and Fund V, as defined in the Subscription Agreement) the proceeds of sale from the Titan Transaction in the amount of $1 million on the Closing Date;

d) an Ancillary Order, which, among other things:

i. approved a liquidation services agreement between the Media Companies and Infinity Asset Solutions Inc. ("**Infinity**") dated September 30, 2024 (the "**Liquidation Services Agreement**") pursuant to which Infinity marketed for sale the Media Companies' owned inventory and equipment (the "**Residual Property**"); and

ii. discharged the CRO and expanded the Monitor's powers.

11. Pursuant to an Order dated November 26, 2024, the Court approved an extension of the closing date of the George Street APS to February 17, 2025 (the "**Extension Order**").

12. Pursuant to an Order made on December 10, 2024, the Court, among other things, extended the Stay Period to March 28, 2025.

13. The Affidavit of Russell French, a managing director of, and head of special situations at, Fiera, affirmed March 8, 2024 in support of Fiera's CCAA application and Mr. French's affidavit affirmed March 19, 2024 in support of the relief sought at the Comeback Hearing, provide, *inter alia*, background information concerning the Companies and their businesses, as well as the reasons that Fiera commenced these proceedings.

14. Court materials filed in these proceedings, including the Affidavits of Mr. French and KSV's prior reports to Court issued in these proceedings are available on KSV's case website at https://www.ksvadvisory.com/experience/case/Herald-Saltwire.

1.1 Purposes of this Seventh Report

1. The purposes of this Seventh Report are to:

a) update the Court on the status of the George Street Transaction and the sale process for the Real Property (as defined below);

b) report on the Companies' cash flow projection for the period February 23, 2025 to June 28, 2025 (the "**Cash Flow Forecast**");

c) discuss the rationale for further amendments to the Interim Financing Facility to, among other things, permit a further advance of up to $500,000;

d) provide the Court with an update on the Companies' and the Monitor's activities since the Monitor's Sixth Report to Court dated November 29, 2024 (the "**Sixth Report**"); and

e) discuss and provide the Monitor's recommendations in support of an Order:

   i. extending the Stay Period to June 27, 2025 (the "**Stay Extension Date**");

   ii. approving the Third Amendment to Interim Financing Term Sheet (as defined below); and

   iii. approving the Seventh Report and the Monitor's activities described herein.

1.2 Restrictions

1. In preparing this Seventh Report, the Monitor has relied upon the Companies' unaudited financial information, financial forecasts, books and records, information available in the public domain and discussions with the Companies' management, Fiera and its legal counsel.

2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied upon to prepare this Seventh Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

1.3 Currency

1. All currency references in this Seventh Report are in Canadian dollars.

2.0 Background

1. The Companies are private companies incorporated under the laws of Nova Scotia.

2. The Media Companies formerly published *The Chronicle Herald*, the *Cape Breton Post*, *The Telegram* (St. Johns) and *The Guardian* (Charlottetown), as well as several digital publications.

3. The Media Companies' names were changed to 3306 and 1003, being their original numbered companies, following completion of the Media Companies Transaction.

4. Titan is a full-service security and health care services company with approximately 100 full and part-time employees. Titan ceased to be a debtor in these proceedings as a result of the Titan Transaction and 4848 (i.e. residualco) was added as a debtor.

5. Headline is a promotional products company that sold branded novelty and other products to corporate buyers. As of the Filing Date, Headline had six employees. The Companies discontinued Headline's business earlier in these proceedings.

6. Brace Capital is the sole shareholder of Headline and, prior to the completion of the Titan Transaction, was the sole shareholder of Titan. Brace Holdings is the sole shareholder of the Media Companies and Brace Capital.

7. 1003's head office and principal address was located at 2717 Joseph Howe Drive, Halifax where it operated from leased premises (the "**Joseph Howe Premises**"). 3306 disclaimed the lease for the Joseph Howe Premises effective September 30, 2024.

8. The Media Companies own the following locations (the "**Real Properties**") from which they formerly operated, each of which is listed for sale:

   - 311 Bluewater Road, Bedford ("**Bluewater**");
   - 2 Second Street, Yarmouth ("**Second Street**");
   - George Street; and
   - 36 Austin Street, St. John's ("**Austin Street**").

9. As of the date of the ARIO, the Media Companies had approximately 390 employees and 800 independent contractors. As of the date of this Seventh Report, the Media Companies have no employees as all former employees were either terminated or hired by PNI or its affiliates. The Monitor has retained the Companies' former Chief Operating Officer (the "**Former COO**") as an independent contractor to assist with the wind-down of the Companies and the sale of the Real Properties.

3.0 Real Properties

1. The Real Properties were excluded from the Media Companies Transaction.

2. The status of the Real Properties is summarized below:

   a) Bluewater and Austin Street – as discussed in the Monitor's Fifth Report to Court dated September 30, 2024, CBRE Limited ("**CBRE**") was selected as the listing agent for Bluewater and Austin Street. CBRE commenced sale processes for both properties and canvassed the market, including developers, investors, financial parties and potential users.

   b) Bluewater: CBRE set a bid deadline of November 20, 2024 for the submission of offers for this property. Following a review of the offers, the Monitor, with the consent of Fiera, negotiated with one of the parties that submitted a bid which resulted in a Letter of Intent to Purchase dated December 2, 2024 (the "**LOI**"). Thereafter, the Monitor commenced negotiations on an agreement of purchase and sale (the "**BW APS**"); however, an agreement was not executed. Bluewater was the premises from which the Media Companies printed their newspapers in Nova Scotia, and which houses a large printing press purpose-built for that facility. During the negotiation of the BW APS, the bidder advised that it would wait until the press removal process is completed to determine whether it would proceed with a transaction. The press is expected to be removed from Bluewater around the end of March 2025. In the meantime, the Monitor has re-engaged CBRE to market Bluewater for sale.

   c) Austin Street: CBRE listed the property on the Multiple Listing Service for $5.4 million on December 12, 2024. CBRE continues to market the property and has attended several showings. As of the date of this Seventh Report, no offers for this property have been accepted.

d) George Street: On February 25, 2025, McInnis Cooper LLP, counsel to the George Street Purchaser, issued a notice to the Monitor's counsel indicating that the George Street Purchaser had elected to terminate the George Street Transaction. The deposit of $50,000 paid by the George Street Purchaser was forfeited. The property remains listed for sale with Coldwell Banker Boardwalk Realty.

e) Second Street: As discussed in the Sixth Report, the listing agreement with ReMax Banner Real Estate (Yarmouth) ("**ReMax**") for this property expired on October 31, 2024. On December 16, 2024, the Companies and the Monitor executed a new listing agreement with ReMax, setting the listing price at $350,000. To generate revenue from this property while being marketed for sale, 3306 entered into a one-year lease with a new tenant pursuant to a lease dated on February 21, 2025.

4.0 Cash Flow Forecast

1. A comparison of the Companies' cash flow from November 24, 2024 to February 22, 2025 to the cash flow forecast in the Sixth Report (the "**Prior Forecast**") is provided below.

(unaudited; CAD; $000s)	Actuals	Forecast	Variance
Media Companies			
Receipts			
Proceeds from auction	174	170	4
Proceeds from George Street Transaction	-	2,250	(2,250)
	174	2,420	(2,246)
Disbursements			
Payroll and benefits	190	228	38
Employee vacation payout	25	20	(5)
Post- filing AP payments	159	100	(59)
Restructuring fees	246	475	229
HST paid on disbursements	99	117	18
Occupancy, repairs and utilities	149	315	166
Other	23	51	28
	892	1,306	29
Net Cash Flow	(718)	1,114	(1,832)
Opening Cash Balance	2,067	2,067	-
Less: Titan Cash as at November 22, 2024	(590)	(590)	-
Opening Cash Balance, Excluding Titan	1,477	1,477	-
Net Cash Flow	(718)	1,114	(1,832)
DIP Repayment	(500)	(500)	-
Ending Cash Balance	259	2,091	(1,832)

2. As reflected above, as of February 22, 2025, the Companies had approximately $260,000 on hand, being approximately $1.8 million lower than the amount projected in the Prior Forecast. The negative variance largely relates to termination of the George Street Transaction. The above also reflects that the Companies repaid $500,000 to the Interim Lender.

3. The Monitor prepared a cash flow forecast from February 24, 2025 to June 28, 2025 (the "**Cash Flow Forecast**"). The Cash Flow Forecast and the Monitor's statutory report thereon pursuant to Section 23(1)(b) of the CCAA are attached as **Appendix "A"**.

4. The Cash Flow Forecast reflects that, absent further recoveries (such as a sale of one of the Real Properties, HST refunds or an advance under the program being administered by Canadian Journalism Collective under Bill C-18), the Companies are projected to require approximately $450,000 of funding during the forecast period. Accordingly, the Cash Flow Forecast reflects that the Companies will borrow $500,000 under the Interim Financing Facility during the forecast period pursuant to the Third Amendment, as discussed below.

4.1 Amended Interim Financing Facility[2]

1. It was forecasted that certain of the sales of the Companies' real properties would have closed by now; however, the contemplated transactions were terminated, and additional funding is required to fund the professional fees and other costs of these proceedings.

2. The Monitor understands that the Interim Lender is prepared to advance up to $500,000 under the Interim Financing Facility in accordance with the Cash Flow Forecast, subject to the Court granting the requested stay extension and approving the Third Amendment to Interim Financing Term Sheet.

3. The terms of the Interim Financing Facility were detailed in the Monitor's prior reports and Mr. French's affidavits. The Interim Financing Facility was amended and restated pursuant to an interim financing term sheet dated as of March 22, 2024 and again on April 22, 2024 (the "**Amended and Restated Interim Financing Term Sheet**"). The Amended and Restated Interim Financing Term Sheet has been amended four times, resulting in a borrowing limit of $7 million.

4. In December 2024, the Companies repaid $500,000 of the balance owing to the Interim Lender, which, pursuant to the terms of the Amended & Restated Interim Financing Term Sheet, automatically reduced the maximum facility amount. As noted, based on the Cash Flow Forecast and the termination of the George Street transaction, the Companies require additional funding to cover their wind-up expenses.

5. The Amended and Restated Interim Financing Term Sheet matured on September 13, 2024. Given that obligations under the facility have not been repaid, Fiera has agreed to extend the maturity date to December 31, 2025.

6. The Monitor discussed the Companies' borrowing requirements with Fiera. Fiera, as Interim Lender, has advised that it is prepared to advance up to $500,000 under the Amended and Restated Interim Financing Term Sheet subject to the following amendments (the "**Third Amendment to Interim Financing Term Sheet**"):

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[2] Capitalized terms in this section not otherwise defined are as defined in the Interim Financing Term Sheet.

a) Amendment Fee and Standby Fee: an amendment fee of $10,000, plus applicable taxes, shall be payable plus a standby charge on the unused portion of the Facility Amount equal to 1.00% per annum payable monthly in arrears;

b) Additional conditions include:

- The Court shall have issued an order amending the ARIO in form and substance acceptable to the Interim Lender and its legal counsel, which shall, among other things: (i) approving the Third Amendment to Interim Financing Term Sheet; (ii) authorizing the amendment to the definition of Facility Amount; (iii) authorizing the additional advance contemplated by the Third Amendment to Interim Financing Term Sheet; (iv) confirming that the DIP Lender's Charge shall secure any and all obligations under the DIP Facility (as amended by the Third Amendment to Interim Financing Term Sheet); and (v) amending the definition of Maturity Date in paragraph 9(v) of the Interim Financing Term Sheet until December 31, 2025; and

- The Court shall have granted an order extending the Stay Period to June 28, 2025.

7. An unsigned copy of the Third Amendment to Interim Financing Term Sheet, which is subject to Fiera's internal approval, is provided as **Appendix "B"**.

8. The Monitor is of the view that the Third Amendment to the Interim Financing Term Sheet is reasonable and appropriate for the following reasons:

a) it is projected to be sufficient to fund the Companies during the Stay Extension period;

b) the terms of the Third Amendment to the Interim Financing Term Sheet are reasonable based on comparable facilities summarized in the Monitor's prior reports; and

c) without the re-advance, the Companies are not projected to have sufficient funding to operate their business and fund these proceedings.

5.0 Monitor's Activities since the Initial Order

1. Since the date of the Sixth Report, the Monitor, with the assistance of the Former COO, has, among other things:

a) continued to assist PNI to transition the Media Companies' business pursuant to the transition services agreement with PNI dated August 23, 2024;

b) provided information to CBRE regarding the Real Property;

c) corresponded with the parties involved in the George Street Transaction;

d) provided information to Infinity to assist with its conduct of the auctions at the Bluewater and Austin Street facilities and to deal with the removal of the large printing press;

e) coordinated the preparation of internal financial statements and corporate income tax returns for 2024 for each of the Media Companies;

f) provided financial and operational reporting to Fiera, as required pursuant to the Interim Financing Facility;

g) monitored the Companies' receipts and disbursements and provided financial and operational reporting required under the Interim Financing Facility;

h) engaged with its counsel, Chaitons LLP, as well as Fiera and Norton Rose Fulbright Canada LLP (Fiera's legal counsel) regarding various matters relating to these proceedings, including employee issues and pension issues;

i) assisted the Companies in their dealings with suppliers;

j) reviewed correspondence from Osler, Hoskin & Harcourt LLP, counsel representing Eckler Admin Corp Ltd., appointed as the interim administrator of the Herald Retirement Plan (the "**Plan**"), regarding the Plan's claims against 3306 and its directors and officers; and

k) prepared this Seventh Report.

6.0 Stay Extension

1. The Stay Period currently expires on March 28, 2025.

2. The Monitor recommends that the Stay Period be extended to June 27, 2025 for the following reasons, among others:

   a) in CCAA cases as in these proceedings where the Court has granted enhanced powers to the CCAA monitor, the monitor is held to the good faith standard otherwise applicable to the CCAA debtor(s). In that capacity, the Monitor believes it is discharging its duties and obligations under the CCAA and other orders made in these proceedings in good faith and with due diligence;

   b) the Stay Extension will allow for the continued marketing of the Real Properties;

   c) the Stay Extension will allow for time to deal with the remaining wind-down activities, including the preparation and filing of tax returns and refunds to be claimed utilizing any Canadian Journalism Tax Credits that may be applicable to the Media Companies;

   d) the Monitor does not believe that any creditor will be materially prejudiced if the extension is granted as the Cash Flow Forecast projects that the Companies are forecasted to be able to meet their obligations; and

   e) as of the date of this Seventh Report, the Monitor is not aware of any party opposed to the requested extension.

7.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Court grant the relief set out in Section 1.1(1)(e) above.

* * *

All of which is respectfully submitted,

KSV RESTRUCTURING INC.,
IN ITS CAPACITY AS CCAA MONITOR OF 3306133 NOVA SCOTIA LIMITED, 1003940 NOVA SCOTIA LIMITED, HEADLINE PROMOTIONAL PRODUCTS LIMITED, BRACE CAPITAL LIMITED, BRACE HOLDINGS LIMITED AND 648767 NOVA SCOTIA LIMITED AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY

PER: BOBBY KOFMAN, PRESIDENT

Appendix "A"

HFX NO.: 531463

SUPREME COURT OF NOVA SCOTIA

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 OR ARRANGEMENT OF 3306133 NOVA SCOTIA LIMITED, 1003940 NOVA SCOTIA LIMITED, HEADLINE PROMOTIONAL PRODUCTS LIMITED, BRACE CAPITAL LIMITED, BRACE HOLDINGS LIMITED AND 4648767 NOVA SCOTIA LIMITED

MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The attached consolidated statement of projected cash-flow of 3306133 Nova Scotia Limited, 1003940 Nova Scotia Limited, Headline Promotional Products Limited, Brace Capital Limited, Brace Holdings Limited and 4648767 Nova Scotia Limited (collectively, the "Applicants") as of the 14th day March, 2025, consisting of a weekly projected cash flow statement for the period February 23, 2025 to June 28, 2025 (the "Cash Flow Forecast") has been prepared by KSV Restructuring Inc., in its capacity as monitor of the Applicants (the "Monitor") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for the purpose described in Note 1, using probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to the Cash Flow Forecast. We have reviewed the support for the probable and hypothetical assumptions and the preparation and presentation of the Cash Flow Forecast.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;

b) as at the date of this report, the probable assumptions are not suitably supported or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or

c) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow Forecast will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report or relied upon in preparing this report.

The Cash Flow Forecast has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, ON this 14th day March, 2025.

KSV Restructuring Inc.

KSV RESTRUCTURING INC.
IN ITS CAPACITY AS CCAA MONITOR OF
3306133 NOVA SCOTIA LIMITED, 1003940 NOVA SCOTIA LIMITED,
HEADLINE PROMOTIONAL PRODUCTS LIMITED, BRACE CAPITAL LIMITED,
BRACE HOLDINGS LIMITED AND 4648767 NOVA SCOTIA LIMITED
AND NOT IN ITS PERSONAL CAPACITY

3306133 Nova Scotia Limited and 1003940 Nova Scotia Limited
18 Week Cash Flow Projection
February 28, 2025 to June 28, 2025

	Notes	Actuals Weeks 1-50	1-Mar Week 51	8-Mar Week 52	15-Mar Week 53	22-Mar Week 54	29-Mar Week 55	5-Apr Week 56	12-Apr Week 57	19-Apr Week 58	26-Apr Week 59	3-May Week 60	10-May Week 61	17-May Week 62	24-May Week 63	31-May Week 64	7-Jun Week 65	14-Jun Week 66	21-Jun Week 67	28-Jun Week 68	Total Weeks 51-68	Total Weeks 1-68
3306133 Nova Scotia Limited and 1003940 Nova Scotia Limited	1																					
Cash Receipts																						
Refund of insurance premium	2	-	-	-	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,000	30,000
Reimbursement of TSA expenses from Postmedia	3	-	-	-	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000
Deposit for George Street Transaction	4	-	-	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000	50,000
Yarmouth Rent	5	-	-	1,325	-	-	-	1,325	-	-	-	1,325	-	-	-	-	1,325	-	-	-	5,302	5,302
HST collected		2,841,723	-	199	-	-	-	199	-	-	-	199	-	-	-	-	199	-	-	-	795	2,842,518
Total Cash Receipts		**23,626,549**	**-**	**51,524**	**55,000**	**-**	**-**	**1,524**	**-**	**-**	**-**	**1,524**	**-**	**-**	**-**	**-**	**1,524**	**-**	**-**	**-**	**111,097**	**23,737,646**
Cash Disbursements - Operational																						
Payroll	6	11,244,154	-	35,000	-	30,000	-	30,000	-	20,000	-	20,000	-	10,000	-	10,000	-	10,000	-	10,000	175,000	11,419,154
Occupancy, repairs and utilities		1,215,764	-	-	-	60,000	-	-	-	60,000	-	-	-	60,000	-	-	-	55,000	-	-	235,000	1,450,764
Operational, office and administration		2,416,661	-	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000	2,431,661
Insurance		272,337	-	-	17,250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,250	289,587
Bank charges		140,906	-	-	-	-	100	-	-	-	-	100	-	-	-	100	-	-	-	100	400	141,306
HST paid on disbursements		1,509,279	-	12,667	-	11,565	-	4,261	8,400	9,739	-	2,435	6,160	8,522	-	1,217	-	14,682	-	1,217	80,865	1,590,144
Total Operational Disbursements		**26,142,101**	**-**	**62,667**	**17,250**	**101,565**	**100**	**34,261**	**8,400**	**89,739**	**-**	**22,535**	**6,160**	**78,522**	**-**	**11,317**	**-**	**79,682**	**-**	**11,317**	**523,515**	**26,390,616**
Net Cash from Operations		**(2,515,552)**	**-**	**(11,143)**	**37,750**	**(101,565)**	**(100)**	**(32,737)**	**(8,400)**	**(89,739)**	**-**	**(21,011)**	**(6,160)**	**(78,522)**	**-**	**(11,317)**	**1,524**	**(79,682)**	**-**	**(11,317)**	**(412,418)**	**(2,652,970)**
Restructuring & Other Fees																						
Monitor and Monitor's counsel fees		1,384,750	-		40,000	-	-	-	45,000	-	-	-	40,000	-	-	-	-	40,000	-	-	165,000	1,549,750
DIP Lender's fees and DIP Lender's counsel fees		811,745	-	2,000	-	-	-	-	10,000	-	-	-	2,000	-	-	-	-	2,000	-	-	16,000	827,745
Company counsel fees		370,979	-	5,000	-	-	-	-	5,000	-	-	-	2,000	-	-	-	-	2,000	-	-	14,000	384,979
Total Restructuring Fees		**2,804,476**	**-**	**7,000**	**40,000**	**-**	**-**	**-**	**60,000**	**-**	**-**	**-**	**44,000**	**-**	**-**	**-**	**-**	**44,000**	**-**	**-**	**195,000**	**2,999,476**
Opening Cash Balance		**330,118**	**239,784**	**239,784**	**221,642**	**219,392**	**117,827**	**117,727**	**84,990**	**216,590**	**126,851**	**126,851**	**105,840**	**255,680**	**177,159**	**177,159**	**165,841**	**167,365**	**143,684**	**143,684**	**239,784**	**330,118**
Total Net Cash Flow		(6,590,334)	-	(18,143)	(2,250)	(101,565)	(100)	(32,737)	(68,400)	(89,739)	-	(21,011)	(50,160)	(78,522)	-	(11,317)	1,524	(123,682)	-	(11,317)	(607,418)	(7,197,752)
Debtor-in-Possession Financing/Repayment		6,500,000	-	-	-	-	-	-	200,000	-	-	-	200,000	-	-	-	-	100,000	-	-	500,000	7,000,000
Ending Cash Balance		**239,784**	**239,784**	**221,642**	**219,392**	**117,827**	**117,727**	**84,990**	**216,590**	**126,851**	**126,851**	**105,840**	**255,680**	**177,159**	**177,159**	**165,841**	**167,365**	**143,684**	**143,684**	**132,366**	**132,366**	**132,366**

Notes to Cash Flow Forecast:

Purpose:

This statement of projected cash flow (the "**Forecast**") has been prepared on a consolidated basis in respect of 3306133 Nova Scotia Limited (formerly known as Saltwire Network Inc.), 1003940 Nova Scotia Limited (formerly known as The Halifax Herald Limited), Brace Holdings Limited, Brace Capital Limited, and Headline Promotional Products Limited (collectively, the "**Companies**") in accordance with s. 23(1)(b) of the Companies Creditors' Arrangement Act ("**CCAA**") for the period February 23, 2025 to June 28, 2025 (the "**Cash Flow Period**").

Notes:

1. 3306133 Nova Scotia Limited (formerly known as Saltwire Network Inc.) and 1003940 Nova Scotia Limited (formerly known as The Halifax Herald Limited) are the Companies' main operating entities. The Forecast excludes any recoveries associated with the Canadian Journalism Labour Tax Credit and Google Money.

2. Represents a refund for certain insurance policies that were cancelled prior to their expiration dates.

3. Represents amounts owing by Postmedia for expenses incurred by the Companies during the transition service agreement dated August 23, 2024 (the "**TSA**").

4. Represents the deposit that was paid by a prospective purchaser for the sale of the Companies' real property located at 255 George Street, Sydney (the "**George Street Transaction**"). The George Street Transaction was terminated by the prospective purchaser on February 25, 2025.

5. Represents monthly rent collected on a lease agreement signed on February 21, 2025 for the Companies' property located at 2 Second Street, Yarmouth, Nova Scotia ("**Yarmouth**").

6. Consists of wages payable to contractors hired to assist with the wind-up of the Companies.

Appendix “B”

THIRD AMENDMENT TO SECOND AMENDED & RESTATED TERMS AND CONDITIONS OF INTERIM FINANCING CREDIT FACILITY
(the "Third Amendment")

As of March [●], 2025

WHEREAS the Credit Parties and the Interim Lender (as both terms are defined below) are party to a second amended and restated interim financing term sheet dated as of April 22, 2024, as amended by the first amendment dated as of June 21, 2024 and the second amendment dated as of August 7, 2024 (collectively, the "**Interim Financing Term Sheet**").

AND WHEREAS pursuant to the Approval and Vesting Order of the Supreme Court of Nova Scotia (the "**Court**") dated August 8, 2024, the Court approved, among other things, an asset purchase agreement dated July 25, 2024, as amended, for the sale of certain assets and business of Saltwire Network Inc. ("**Saltwire**") and The Halifax Herald Limited (the "**Herald**") to Postmedia Network Inc., as assigned to PNI Maritimes LP ("**PNIM**"), which transaction (the "**Postmedia Transaction**") was completed on August 25, 2024.

AND WHEREAS PNIM, PNI Maritimes GP Inc. and the Interim Lender entered into a Debt Repayment Agreement (the "**DRA**") on August 25, 2024.

AND WHEREAS following completion of the Postmedia Transaction, Saltwire's name was changed to 3306133 Nova Scotia Limited and the Herald's name was changed to 1003940 Nova Scotia Limited.

AND WHEREAS pursuant to the Approval and Reverse Vesting Order of the Court dated October 18, 2024, 4648767 Nova Scotia Limited was added as a Respondent in the Proceedings, and Titan Security & Investigation Inc. was removed as a Respondent, upon the filing of a certificate of the Monitor dated November 22, 2024.

AND WHEREAS on December 3, 2024, the Borrowers made a repayment of $500,000, which repayment automatically reduced the Facility Amount.

AND WHEREAS the Borrowers now require further funds in order to fund expenses as set out in the Cash Flow (as defined below).

AND WHEREAS the Interim Lender has agreed to provide additional funding and has agreed to amend the Interim Financing Term Sheet pursuant to the terms of this Third Amendment.

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. <u>DEFINITIONS:</u> Capitalized terms used herein and not otherwise defined have the meaning given to them in the Interim Financing Term Sheet.

2. <u>BORROWERS:</u> The "Borrowers" shall mean 1003940 Nova Scotia Limited (formerly known as the Herald) and 3306133 Nova Scotia Limited (formerly known as Saltwire).

3. <u>GUARANTORS:</u> The "Guarantors" shall mean Headline Promotional Products Limited, Brace Capital Limited, Brace Holdings Limited, and 4648767 Nova Scotia Limited.

4. <u>FACILITY AMOUNT:</u> The definition of "Facility Amount" in paragraph 4 is hereby amended to include the additional Advance made pursuant to this

Third Amendment.

5. <u>ADDITIONAL ADVANCE:</u>

The Interim Lender shall make available to the Borrowers an additional Advance of not more than $500,000**,** which Advance shall form part of the Interim Facility and which shall be requested pursuant to an Advance Request Certificate.

6. <u>CASH FLOW:</u>

From and after **[●]**, 2025, reference to the “Cash Flow” shall be reference to the cash flow attached to the seventh report of the Monitor dated **[●]**, 2025 (the “**Seventh Report**”).

7. <u>MATURITY DATE:</u>

The definition of “Maturity Date” in paragraph 9(v) is hereby amended by replacing the reference to “the date that is six (6) months following granting of the Initial Order” with “December 31, 2025”.

8. <u>CONDITIONS:</u>

This Third Amendment shall be subject to the following conditions:

(a) The Court shall have issued an order (the **“Third DIP Increase Order**”) in form and substance satisfactory to the Interim Lender: (i) approving this Third Amendment; (ii) authorizing the amendment to the definition of Facility Amount; (iii) authorizing the additional Advance contemplated by this Third Amendment; (iv) confirming the DIP Lender’s Charge shall secure any and all obligations under the DIP Facility (as amended by this Third Amendment); and (v) amending the definition of Maturity Date in paragraph 9(v) of Interim Financing Term Sheet until December 31, 2025;

(b) The Interim Lender shall have received a fully executed copy of this Third Amendment;

(c) The Court shall have issued an order in form and substance satisfactory to the Interim Lender extending the Stay Period to June 27, 2025; and

(d) No Event of Default under the Interim Financing Term Sheet shall have occurred.

9. <u>AMENDMENT FEE AND STANDBY FEE:</u>

An amendment fee of $10,000, plus applicable taxes, is fully earned by Fiera Private Debt Inc. upon execution of this Third Amendment and shall be payable within two (2) Business Days after the Third DIP Increase Order is granted.

A standby charge on the unused portion of the Facility Amount equal to 1.00% per annum shall be payable monthly in arrears on the first day of each month.

10. <u>COUNTERPARTS AND SIGNATURES:</u>

This Third Amendment may be executed in any number of counterparts and by facsimile, PDF or other electronic transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

11. <u>GOVERNING LAW AND</u>

This Third Amendment shall be governed by, and construed in accordance with, the laws of the Province of Nova Scotia and the

JURISDICTION:	federal laws of Canada applicable therein. The parties hereby attorn to the exclusive jurisdiction of the Court.

(Signatures on following page)

IN WITNESS HEREOF, the parties hereby execute this Third Amendment as at the date first above mentioned.

FIERA PRIVATE DEBT FUND III LP,
by its general partner, **FIERA PRIVATE DEBT FUND GP INC.**

Per: ______________________________
Name: Russell French
ASO

Per: ______________________________
Name: Brian Ko
ASO

FIERA PRIVATE DEBT FUND V LP,
by its general partner, **FIERA PRIVATE DEBT FUND GP INC.**

Per: ______________________________
Name: Russell French
ASO

Per: ______________________________
Name: Brian Ko
ASO

FIERA PRIVATE DEBT LENDING INC., acting on behalf of **GENERAL PARTNER FIERA FP BUSINESS FINANCING FUND INC.**, the general partner of **FIERA FP BUSINESS FINANCING FUND, L.P.**

Per: ______________________________
Name: Russell French
ASO

Per: ______________________________
Name: Brian Ko
ASO

3306133 NOVA SCOTIA LIMITED (formerly known as **SALTWIRE NETWORK INC.**), by its Court-appointed monitor, **KSV RESTRUCTURING INC.**

Per: ______________________________
Name:
Title KSV Restructuring Inc., in its capacity as monitor and not in its personal capacity

1003940 NOVA SCOTIA LIMITED (formerly known as **THE HALIFAX HERALD LIMITED**), by its Court-appointed monitor**, KSV RESTRUCTURING INC.**

Per: ______________________________
Name:
Title KSV Restructuring Inc., in its capacity as monitor and not in its personal capacity

HEADLINE PROMOTIONAL PRODUCTS LIMITED, by its Court-appointed monitor, **KSV RESTRUCTURING INC.**

Per: ______________________________
Name:
Title: KSV Restructuring Inc., in its capacity as monitor and not in its personal capacity

BRACE HOLDINGS LIMITED, by its Court-appointed monitor, **KSV RESTRUCTURING INC.**

Per: ______________________________
Name:
Title: KSV Restructuring Inc., in its capacity as monitor and not in its personal capacity

BRACE CAPITAL LIMITED, by its Court-appointed monitor, **KSV RESTRUCTURING INC.**

Per: ______________________________
Name:
Title: KSV Restructuring Inc., in its capacity as monitor and not in its personal capacity

4648767 NOVA SCOTIA LIMITED, by its Court-appointed monitor, **KSV RESTRUCTURING INC.**

Per: ______________________________
Name:
Title: KSV Restructuring Inc., in its capacity as monitor and not in its personal capacity