



COURT FILE NUMBER

2501-02108

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

MGB INVESTMENTS LIMITED PARTNERSHIP, BRIAN CRAIG
JOSEPH OSINSKI AND JUDY OSINSKI, MARK MILLER and DONNA
ROSS-FERRARA

KATIPULT TECHNOLOGY CORP.

DEFENDANT

DOCUMENT

**SECOND REPORT OF THE RECEIVER
JUNE 9, 2025**

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SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

RECEIVER

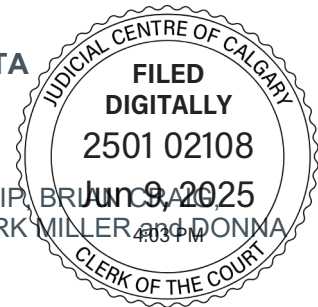
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Contents

1.0	Introduction	1
2.0	Background	4
3.0	Receiver's Activities	4
4.0	Estate Receipts and Disbursements	5
5.0	Proposed Distributions	7
6.0	Receiver's Discharge	10
7.0	Fee Approval	11
8.0	Conclusion and Recommendation	12

Appendix

Tab

Summary of Professional Fees for the period February 1 to May 31, 2025.....	A
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1.0 Introduction

1. On February 11, 2025, the Court of King's Bench of Alberta (the "**Court**") granted a consent receivership order (the "**Receivership Order**") pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and section 13(2) of the *Judicature Act*, R.S.A. 2000, c. J-2, appointing KSV Restructuring Inc. as receiver and manager (in such capacity, the "**Receiver**"), without security, of all of 2235776 Alberta Ltd.'s, formerly known as Katapult Technology Corp. ("**223**" or the "**Company**"), current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**").
2. The Application to appoint KSV as Receiver was made by MGB Investment Limited Partnership, Brian Craig, Joseph Osinski, Judy Osinski, Mark Miller and Donna Ross-Ferrara (collectively the "**Applicants**" or "**CD1 Debenture Holders**"). As discussed below, the principal purpose of initiating these proceedings was to facilitate a going-concern transaction for the sale of the Property on an expedited basis to a major customer, with the consent of its largest creditors.
3. On February 26, 2025, the Receiver filed its first report to the Court (the "**First Report**") which recommended that the Court issue:
 - a) a sale approval and vesting order (the "**SAVO**"), among other things:
 - i. approving the agreement of purchase and sale dated February 24, 2025 (the "**APA**") between the Receiver and Markette Ventures Inc. ("**Markette**" or the "**Purchaser**") and authorizing and directing the Receiver to complete the sale of the assets (the "**Purchased Assets**") contemplated therein (the "**Transaction**"); and
 - ii. upon delivery by the Receiver to the Purchaser of a certificate substantially in the form attached as Schedule "A" to the proposed SAVO (the "**Receiver's Certificate**"), vesting the right, title, and interest of 223, and by extension the Receiver, in and to the Purchased Assets, in the Purchaser free and clear of all claims and encumbrances.
4. On March 5, 2025, the Court granted the SAVO.

5. The Transaction closed on March 6, 2025, and the Receiver's Certificate was filed on March 7, 2025.

1.1 Purposes of this Report

1. The purposes of this second report (the "**Second Report**") are to provide an update to the Court on the receivership proceedings and information specifically regarding:
 - a) the Receiver's activities since the First Report;
 - b) a summary of the estate's receipts and disbursements;
 - c) the proposed distribution of estate proceeds to the Company's secured creditors;
 - d) the fees and disbursements of the Receiver since the First Report, plus an accrual of \$30,000 (plus taxes and disbursements) (the "**Fee Accrual**") to cover unbilled work in process and additional fees expected to be incurred until the completion of these proceedings for both the Receiver and its legal counsel;
 - e) the Receiver's recommendation that the Receiver be discharged of its duties and obligations under the Receivership Order upon filing a certificate with the Court confirming that all outstanding receivership matters have been completed (the "**Discharge Certificate**"); and
 - f) the Receiver's recommendation that this Court issue an order (the "**Fee Approval, Distribution and Discharge Order**"):
 - i. approving the fees and disbursements of the Receiver, including the Fee Accrual;
 - ii. authorizing the distribution of the Company's remaining proceeds to the Company's secured creditors, after holding back certain amounts to pay the Fee Accrual, the estimate of GST payable, and the repayment of the Receiver's Borrowings;
 - iii. approving the Receiver's conduct and activities described in this Second Report, as well as the First Report;
 - iv. discharging the Receiver upon filing the Discharge Certificate; and

- v. upon filing of the Discharge Certificate, releasing the Receiver from any and all liability that KSV may have, or may hereafter have, by reason of, or in any way arising out of, the acts or omissions of KSV while acting as Receiver, save and except for any fraud, gross negligence or willful misconduct on the Receiver's part.

1.2 Scope and Terms of Reference

1. In preparing this Second Report, the Receiver has relied upon the Company's unaudited financial information, books and records, information available in the public domain and discussions with the Company's management and legal counsel.
2. The Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of such financial information. Any party other than the Court wishing to place reliance on the financial information should perform its own due diligence.
3. This Second Report should be read in conjunction with the Affidavit of Donna Ross-Ferrara, sworn February 10, 2025 (the "**Ross-Ferrara Affidavit**") in support of the Receivership Order, and the First Report. Capitalized terms not defined in this Report have the meanings ascribed to them in the Ross-Ferrara Affidavit, the Receivership Order, and the First Report.

1.3 Currency

1. Unless otherwise noted, all currency references in this Second Report are in Canadian dollars.

2.0 Background

1. Prior to these proceedings, the Company specialized in providing cloud-based software infrastructure designed to streamline the process of capital raising in equity and debt markets. The Company's platform enabled investment dealers, wealth management firms, and private equity funds to manage private capital transactions, thereby eliminating operational inefficiencies and compliance challenges associated with traditional manual systems.
2. Additional information about the Company and its background is set out in the Ross-Ferrara Affidavit and the First Report. A copy of the Ross-Ferrara Affidavit, the First Report and other materials filed in these proceedings can be found on the Receiver's website at <https://www.ksvadvisory.com/experience/case/katipult> (the "**Case Website**").

3.0 Receiver's Activities

1. Since the First Report, the Receiver has performed the following key activities:
 - a) taking all necessary steps to complete the Transaction and the issuance of the Receiver's Certificate in accordance with the terms of the SAVO;
 - b) maintaining the Company's bank accounts to facilitate the collection of post-closing cash receipts, attending to the closure of Company bank accounts and transferring remaining balances to the estate account;
 - c) managing employee matters by:
 - i. operating in the normal course during these proceedings, while the employees continued to be employed by the Company;
 - ii. terminating all employees upon the closing of the Transaction and administering the process established under the *Wage Earner Protection Program Act* ("**WEPPA**") for the terminated employees;
 - iii. reviewing and facilitating final payment for contractors; and
 - iv. assisting the Purchaser in working with former employees on post-closing matters;

- d) facilitating the transfer of Company data to the Purchaser;
- e) maintaining a cash flow statement and preparing a summary of receipts and disbursements;
- f) corresponding with the Company's creditors;
- g) corresponding with the Canada Revenue Agency with respect to tax accounts and remittances, facilitating both the trust exam and the GST/HST audit;
- h) facilitating all other matters pertaining to the closing of the Transaction with support from its legal counsel, Fasken Martineau DuMoulin LLP ("**Fasken**");
- i) working with Fasken to obtain the Security Opinion (as defined below);
- j) maintaining the Case Website for these proceedings;
- k) communicating with other stakeholders; and
- l) preparing this Second Report.

4.0 Estate Receipts and Disbursements

1. The receipts and disbursements (the "**Receipt and Disbursements**") of these proceedings since the date of the Receivership Order to June 2, 2025, are as follows:

(unaudited)	Note	(\$)
Receipts		
Sale Proceeds and Deposits	A	600,000
Receiver's Borrowings	B	311,980
Closing Costs	C	190,560
Cash In Bank	D	115,724
Miscellaneous Receipts	E	14,329
Total Receipts		1,232,593
Disbursements		
Payroll and Subcontractors	F	276,732
Receiver's Fees		150,641
Legal Fees		40,384
Operating Expenses	G	33,786
Debt Repayment	H	33,350
GST Paid		10,789

Insurance		8,006
FX Gain / (Loss)	I	2,135
Bank Charges		1,196
Administrative Expenses		512
Total Disbursements		557,531
Balance in Receiver's Trust Account		675,062

2. The Receiver notes the following regarding the Receipts and Disbursements:

- a) **Sale of Assets and Deposits:** represents proceeds from the sale of the Purchased Assets pursuant to the Transaction approved by the Court;
- b) **Receiver's Borrowing:** the Receivership Order authorizes the Receiver to, among other things, borrow, by way of revolving credit or otherwise, amounts the Receiver considers necessary to administer the receivership proceedings, provided the outstanding principal amount does not exceed \$400,000 (or such greater amount as the Court may further authorize) (the "**Receiver's Borrowing Charge**"). As at the date of this Report, Markette has advanced \$311,980 to the Receiver pursuant to the Receiver's Borrowing Charge, for the purpose of funding the receivership administration;
- c) **Closing Costs:** represents the costs necessary to finalize the Transaction funded by Markette;
- d) **Cash In Bank:** represents the funds available in the Company's bank accounts at the commencement of these proceedings, including a payment reversal where funds were deposited into the Company's account;
- e) **Miscellaneous Receipts:** relates to pre-closing revenue collections, GST receivable, and interest earned on funds in the estate account;
- f) **Payroll and Subcontractors:** represents payments made to employees and subcontractors;
- g) **Operating Expenses:** includes operating expenses to ensure the Company remains in operation, such as essential software, escrow fees, and outside consulting;
- h) **Debt Repayment:** represents amounts swept by RBC with respect to their secured loan; and

- i) **FX Gain / (Loss)**: represents foreign currency fluctuations resulting from the transfer of funds between the Company's CAD and USD bank accounts.

5.0 Proposed Distributions

1. As discussed in more detail in the First Report, the Company's secured creditors at the commencement of these Receivership proceedings were as follows:
 - a) Royal Bank of Canada ("**RBC**") – The Company was indebted to RBC in the amount of approximately \$33,350. During the Receivership proceedings, RBC debited the Company's bank account to repay the balance of the secured loan. The Receiver understands there are no further outstanding obligations to RBC;
 - b) Adventure Capital (2019) Ltd. ("**ACL**") – The Company issued a secured promissory note dated May 22, 2024 (the "**Promissory Note**"), with a principal balance of \$250,000, secured against the Markette receivable in the amount of US\$450,000. Pursuant to the terms of the Promissory Note the Receiver understands that as the Markette receivable was not collected by the termination date of August 31, 2024, the Promissory Note was terminated and discharged following which the remaining principal balance and accrued interest was added to the principal amount under the CD1 Debentures; and
 - c) CD1 Debenture Holders - The Company is indebted to the CD1 Debenture Holders in the combined principal balance of \$3,000,000, maturing on May 30, 2027, comprised of the following individual holdings:
 - i. MGB Investments Limited Partnership - \$1,000,000;
 - ii. Brian Craig - \$1,000,000;
 - iii. Joseph Osinski and Judy Osinski - \$333,333;
 - iv. Donna Ross-Ferrara - \$333,333; and
 - v. Mark Miller - \$333,333.

2. The Receiver requested that Fasken, as independent legal counsel, conduct a review of the security granted by the Company in respect of RBC, ACL, and the CD1 Debenture Holders. Fasken provided the Receiver with an opinion that, subject to standard assumptions and qualifications, pursuant to applicable security documentation, RBC, ACL, and the CD1 Debenture Holders hold valid security interests or charges as against the assets of the Company (the “**Security Opinion**”).
3. The Receiver understands that some allegations have been made by former employees as to the appropriateness of the securitization of the CD1 Debenture Holders’ debt. These allegations relate to the fact that the CD1 indebtedness was incurred on or about May 30, 2018, however, the CD1 Debenture Holders did not obtain their security over 223 until July of 2024.
4. To the extent information was available to the Receiver, the Receiver reviewed these concerns and has been advised by legal counsel for the CD1 Debenture Holders that while the original advances under the CD1 Debentures were made in 2018, consideration was given for the security pledged in 2024. This consideration arose through concessions granted by the CD1 Debenture Holders to 223 which allowed 223 to remain in operation. These concessions include, but are not limited to the following:
 - i. an interest holiday on the CD1 indebtedness was granted by the CD1 Debenture Holders for a period of 7.5 months;
 - ii. a reduced rate of interest (from 8.5% to 4.0%) was chargeable to the Company following the interest holiday; and
 - iii. an extension of the maturity date was granted to May 30, 2027.
5. On this basis, the Receiver notes that consideration was given to the Company when it pledged security to the CD1 Debenture Holders in 2024.
6. In addition, some suggestions have been made to the Receiver by a shareholder of the Company that some of the loans originally forming the CD1 Debenture Holder indebtedness may not have been advanced by way of cash consideration. This shareholder was unable to provide any records supporting this suggestion, despite repeated requests for same by the Receiver.

7. Notwithstanding this, the Receiver followed up on the allegation by speaking with counsel to the CD1 Debenture Holders who have dispelled this concern. In particular, the Receiver has been advised that cash consideration was paid by each CD1 Debenture Holder and as at the date of this Second Report, the Receiver has obtained evidence of at least \$2.0 million having been advanced by way of wire transfers to the Company. The Receiver is advised that the remaining wire transfer records are being located but that in any event, the loan funds were advanced.
8. Finally, the Receiver notes that the amount of the distribution proposed in this Second Report is well below the amount of the outstanding CD1 Debenture Holders' indebtedness and on this basis, the Receiver is comfortable that the distribution proposed is appropriate in the circumstances.
9. As a result, the Receiver is seeking authorization and direction to distribute the remaining balance in the Receiver's trust account to the CD1 Debenture Holders, the Company's secured creditors, provided certain amounts are held back for the Fee Accrual, the estimate of GST payable, and the repayment of the Receiver's Borrowings.
10. A summary of the Receiver's estimated distribution to each secured creditor is below:

Description	Amount
Balance in Receiver's Trust Account	675,062
Less:	
Fee Accrual	(30,000)
Repayment of Receiver's Borrowings	(321,500)
Estimate of GST Payable	(15,000)
Estimated Funds Available for Distribution	308,562
CD1 Debenture Holders	308,562

6.0 Receiver's Discharge

1. The Receiver believes it is appropriate for it to be discharged for the following reasons:
 - a) To the extent possible, all Property has been disposed of and fully realized by the Receiver for the benefit of the Company's secured creditors;
 - b) the Receiver has fulfilled its duties and obligations in accordance with the Receivership Order and all other Orders issued by the Court in these receivership proceedings;
 - c) the Receiver's administration is substantially complete and the only administrative issues that remain at this time is finalization of the GST audit and submission of final GST returns, and the Receiver is unaware of any other matters at this time that would require that the receivership proceedings continue; and
 - d) notwithstanding its discharge, the proposed Fee Approval, Distribution and Discharge Order, if granted by the Court, will provide that the Receiver will continue to have the protections afforded to it at law or pursuant to the Receivership Order and the other Orders issued in these proceedings and that the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership. The Receiver believes that this provision is appropriate in the circumstances so that the Receiver can deal with any incidental issues that may arise following its discharge.
2. Prior to completing its administration, the Receiver intends to: i) perform the distributions pursuant to the Fee Approval, Distribution and Discharge Order, provided such Order is granted by this Court; (ii) pay any outstanding professional fees, which have accrued but remain unpaid as at the date of the Second Report and which will be accrued until the completion of the administration of the Receivership; iii) file any outstanding excise tax returns, as applicable; and iv) prepare and file the Receiver's final report as required under Section 246 of the BIA.
3. Once the Receiver has completed its activities, it intends to file the Discharge Certificate as its duties and responsibilities under the Receivership Order and other orders made in these proceedings will have been completed.

7.0 Fee Approval

1. Pursuant to paragraph 18 of the Receivership Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Receivership Order. Pursuant to the Receivership Order, the Receiver and its counsel shall pass their accounts from time to time.
2. The Receiver seeks to have its fees and disbursements incurred since its appointment as Receiver. The Receiver has maintained detailed records of its professional time and cost.
3. The total fees for the Receiver from February 1, 2025, to May 31, 2025, are \$150,641, plus disbursements of \$432. The total fees for the Receiver's legal counsel from February 1, 2025, to May 31, 2025, are \$40,244, plus disbursements of \$140.
4. A summary of the accounts rendered by the Receiver and its legal counsel during the receivership proceedings, is attached hereto as **Appendix "A"**. Detailed accounts are available for review by the Court upon request. The fees are based on the hourly rates of the professionals involved in this matter multiplied by actual time spent on this matter.
5. It is the Receiver's opinion that the fees and disbursements of the Receiver accurately reflect the work done by the Receiver in connection with the receivership and the administration of the receivership for the dates of their respective invoices.
6. Additionally, the Receiver is requesting the Fee Accrual of \$30,000 to cover current outstanding work in process for the Receiver and Fasken and estimated fees and disbursements of the Receiver and Fasken incurred or to be incurred until the filing of the Discharge Certificate.
7. The Receiver is of the view that the Fee Accrual is reasonable and appropriate in the circumstances as it provides for the estimated fees incurred or to be incurred by the Receiver and Fasken prior to the Discharge Certificate.

8.0 Conclusion and Recommendation

1. For the reasons set out in this Second Report, the Receiver is of the view that the relief requested is reasonable and appropriate in the circumstances and respectfully recommends that this Honorable Court issue the order granting the Receiver's requested relief.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
in its capacity as Receiver of
2235776 Alberta Ltd.,
and not in its personal capacity**

Appendix “A”

Katapult Technology Corp.
Schedule of Professional Fees

Invoice #	Date	Hours	Professional Fees (\$)	Disbursements (\$)	GST (\$)	Total Fees (\$)
Receiver's Fees:						
KSV Restructuring Inc. Invoice #4260	February 1 to February 28, 2025	116.90	80,024.00	368.56	4,019.63	84,412.19
KSV Restructuring Inc. Invoice #4421	March 1 to March 31, 2025	80.80	48,881.00	1.23	2,444.11	51,326.34
KSV Restructuring Inc. Invoice #4422	April 1 to April 30, 2025	21.85	13,370.50	63.28	671.69	14,105.47
KSV Restructuring Inc. Invoice #4465	May 1 to May 31, 2025	13.95	8,365.50	(1.23)	418.21	8,782.48
Total Receiver's Fees		233.50	150,641.00	431.84	7,553.64	158,626.48
Legal Fees:						
Fasken Martineau DuMoulin LLP Invoice #2103869	February 1 to February 28, 2025		27,710.50	-	1,385.53	29,096.03
Fasken Martineau DuMoulin LLP Invoice #2119887	March 1 to March 31, 2025		5,107.50	130.00	255.38	5,492.88
Fasken Martineau DuMoulin LLP Invoice #2134519	April 1 to April 30, 2025		5,368.50	10.00	268.43	5,646.93
Fasken Martineau DuMoulin LLP Invoice #2144584	May 1 to May 31, 2025		2,057.00	-	102.85	2,159.85
Total Legal Fees			40,243.50	140.00	2,012.18	42,395.68