Court File No. CV-25-00740088-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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 CLEARPIER ACQUISITION CORP. AND 1000238820 ONTARIO INC.

Applicants

PRE-FILING REPORT OF THE PROPOSED MONITOR RICHTER INC.

APRIL 1, 2025

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I. INTRODUCTION

1. Richter Inc. ("**Richter**" or the "**Proposed Monitor**") understands that ClearPier Acquisition Corp. ("**CPAC**") and 1000238820 Ontario ("**1002 Ontario**", and together with CPAC, the "**Applicants**"), intend to make an application to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for an order (the "**Initial Order**") granting, among other things, a stay of proceedings pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"), and appointing Richter as Monitor of the Applicants (the "**Monitor**"). A copy of Richter's consent to act as Monitor is attached as **Appendix "A"**. The proceedings proposed to be commenced by the Applicants under the CCAA are referred to herein as the "**CCAA Proceedings**".

2. CPAC was incorporated under the Ontario *Business Corporations Act*, R.S.O. 1990, c. B. 16 ("**OBCA**") on April 28, 2022 and has its registered office at 20 Richmond Street East, 6th Floor, Toronto, Ontario. 1002 Ontario is the parent company of CPAC, holding 100% of its shares, and was incorporated on June 21, 2022, under the OBCA. 1002 Ontario also has its registered head office at 20 Richmond Street East, 6th Floor, Toronto, Ontario. The Applicants are holding companies established for the purpose of acquiring the Operating Subsidiaries, as defined below, which are advertising companies specializing in performance app marketing, including user acquisition and engagement. Jignesh Shah and Sunil Abraham, both residents of Toronto, Ontario, are the ultimate directing minds of CPAC and 1002 Ontario. CPAC and 1002 Ontario have no material operations of their own and do not lease any real property.

3. CPAC is the parent company of the following subsidiaries:

   (i) Cygobel Media Ltd. ("**Cygobel**"), a corporation incorporated under the laws of Israel, is a performance-based advertising agency that focuses on user acquisition through real-time optimization of advertising spend;

   (ii) Pesto Harel Shemesh Ltd. ("**PubPlus**"), a corporation incorporated under the laws of Israel, earns revenue by purchasing traffic which is directed to its own websites that contain advertisements;

(iii) HangMyAds Lda. ("**HMA**"), a limited liability company formed under the laws of Portugal, specializes in mobile user acquisition using rewarded traffic to encourage user actions; and

(iv) KPM Technologies Ltd. ("**KPM**", and collectively with Cygobel, PubPlus and HMA, the "**Operating Subsidiaries**"), is a corporation incorporated under the laws of Israel. Similar to Cygobel, KPM is a technology-focused advertising agency that provides mobile app promotion through real-time ad spend optimization to help clients acquire users and generate revenue.

The Operating Subsidiaries, along with the Applicants, are hereinafter collectively referred to as the "**CPAC Group**"). A copy of the CPAC Group's organizational chart is attached as **Appendix "B".**

4. CPAC financed the acquisitions of the Operating Subsidiaries through a credit agreement dated September 8, 2022 between, among others, Export Development Canada ("**EDC**"), CPAC and a number of CPAC's affiliates as guarantors (as amended, supplemented or modified from time to time, the "**Credit Agreement**"). The Credit Agreement is discussed in further detail below.

5. In the year following the acquisitions, certain of the Operating Subsidiaries experienced a decline in revenue due to numerous factors including rising media costs and a downturn in the cryptocurrency market resulted in the closure of several cryptocurrency applications and websites that had been key partners of the CPAC Group. These challenges were further compounded by rising interest rates, which increased the CPAC Group's overall financial obligations.

6. A summary of unaudited yearly combined EBITDA of CPAC and the Operating Subsidiaries, to the extent this information has been reported, is summarized below:

In USD's	CPAC	Pub Plus	Cygobel	KPM	HMA	Combined
	For the 12-months ended December 31, 2024					
Revenues	-	32,874,322	3,890,802	1,051,950	13,643,615	51,460,689
COGS	-	30,880,896	902,939	483,743	8,744,041	41,011,619
Gross Profit	-	1,993,426	2,987,863	568,207	4,899,574	10,449,070
Gross Profit (%)						
Operating Expenses	1,938,529	5,342,520	1,599,666	290,047	1,533,637	10,704,400
EBITDA	(1,938,529)	(3,349,095)	1,388,197	278,159	3,365,937	(255,330)

Note: Excludes restructuring costs and foreign exchange gains/losses

The EBITDA figures referenced above do not reflect the significant accruing interest expenses that remain unpaid to the Applicants' secured creditor, EDC. Moreover, while certain Operating Subsidiaries have achieved positive EBITDA, these gains are more than outweighed by substantial losses incurred by CPAC and PubPlus. CPAC and its affiliates are continuing to incur material operating losses.

7. EDC is currently owed amounts in excess of approximately CDN$30.5 million and US$40 million by CPAC for funds advanced pursuant to the Credit Agreement. In view of defaults under the Credit Agreement (discussed in further detail below), EDC issued a reservation of rights letter to CPAC on November 15, 2023 (the "**Reservation of Rights Letter**"). This was followed by a formal demand for repayment of all outstanding amounts owed by CPAC and a Notice of Intention to Enforce Security under Section 244 of the *Bankruptcy and Insolvency Act* (Canada) served on February 27, 2024 (the "**Section 244 Notice**"). The Applicants and EDC have entered into two forbearance agreements (which have since expired) and the Applicants have remained unable to satisfy their outstanding obligations under the Credit Agreement.

8. On March 6, 2025, EDC filed an application seeking the appointment of Richter as receiver over all assets, undertakings, and property of the Applicants, including the shares held by CPAC in the Operating Subsidiaries (the "**Receivership Application**"). Following discussions and negotiations between the Applicants and EDC, EDC and the Applicants have agreed to pursue a court-supervised sales and investment solicitation process (the "**SISP**") in the CCAA Proceedings which would include the CPAC Group along with two additional subsidiaries of ClearPier Inc.: ClearPier Performance Inc.

("**CPP**") and Media Quest Group Limited ("**MQ**", and collectively with CPP and the CPAC Group the "**SISP Targets**"). While CPP and MQ are not Applicants to the contemplated CCAA Proceedings, their businesses are closely aligned with those of the CPAC Group and as such would be included in the SISP to preserve enterprise value and maximize recovery for creditors. The Applicants intend to seek approval to commence the SISP at a comeback hearing which has been scheduled for April 10, 2025 (the "**Comeback Hearing**").

9. The purpose of this pre-filing report (the "**Report**") is to provide the Court with information, and where applicable, the Proposed Monitor's views on:

(i) Richter's qualifications to act as Monitor (if appointed);

(ii) background information with respect to the Applicants and Operating Subsidiaries;

(iii) the Applicants' secured and unsecured creditors;

(iv) the Applicants' cash management system;

(v) an overview of the Applicants' cash flow forecast (the "**Cash Flow Forecast**") for the period from March 22, 2025 to April 7, 2025 (the "**Forecast Period**") as well as key assumptions on which the Cash Flow Forecast is based;

(vi) the Court-ordered charge over the assets, undertakings and properties of the Applicants (the "**Property**") sought by the Applicants in the Initial Order;

(vii) the Applicants' proposed SISP;

(viii) the Proposed Monitor's conclusions and recommendations in connection with the foregoing.

II. TERMS OF REFERENCE

10. In preparing this Report, the Proposed Monitor has relied solely on information and documents provided by the Applicants and their advisors, including unaudited financial information, books and records, and financial information prepared by the CPAC Group and has held discussions with the management of the CPAC Group and their legal counsel (collectively, the "**Information**"). In accordance with industry practice, except as otherwise described in the Report, Richter has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants Canada Handbook (the "**CPA Handbook**") and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under CAS in respect of the Information. Some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

11. Future orientated financial information contained in the Cash Flow Forecast is based on the Applicants' estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved.

12. This Report should be read in conjunction with the Affidavit of Jignesh Shah sworn March 31, 2025 (the "**First Shah Affidavit**"), in support of Applicants' application for relief under the CCAA, for additional background and other information regarding the Applicants. Capitalized terms used and not defined in this Report have the meanings given to them in the First Shah Affidavit.

13. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

III. RICHTER'S QUALIFICATIONS TO ACT AS MONITOR

14. Richter was initially engaged by EDC on December 13, 2023 to review, analyze and report to EDC on, among other things:

(i) the weekly cash flow forecasts of the CPAC Group including the underlying assumptions and working capital collateral position;

(ii) the monthly financial model including the underlying assumptions, sensitivities and scenarios;

(iii) communications as between the CPAC Group and EDC; and

(iv) other matters and financial analysis.

15. In addition to the above, Richter has assisted the Applicants in the preparation of its Cash Flow Forecast in connection with these CCAA Proceedings. Richter has also assisted the Applicants in the development of the SISP and the overall approach to these CCAA Proceedings.

16. Accordingly, Richter is familiar with the Applicants' business and financial affairs and is in a position to immediately assist the Applicants in its CCAA Proceedings.

17. Richter is a licensed insolvency trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada). Richter is not subject to any of the restrictions to act as monitor as set out in section 11.7(2) of the CCAA and, in particular, neither Richter nor any of its representatives has been at any time in the two preceding years:

(i) a director, an officer or an employee of the Applicants;

(ii) related to the Applicants or to any director or officer of the Applicants; or

(iii) the auditor, accountant or legal counsel, or a partner of employee of the auditor, accountant or legal counsel of the Applicants.

18. The senior Richter professional personnel with carriage of this matter include experienced insolvency and restructuring practitioners who are Chartered Professional Accountants (Chartered Accountants), Chartered Insolvency and Restructuring Professionals, and Licensed Insolvency Trustees. These Richter professionals have previously acted in restructuring proceedings of a similar nature and complexity in Canada.

19. Richter has consented to act as Monitor on the terms set forth in the proposed Initial Order, should it be granted by the Court. The Proposed Monitor has retained McCarthy Tétrault LLP ("**McCarthy**") to act as its legal counsel in the proposed CCAA Proceedings.

IV. BACKGROUND

20. This Report summarizes certain background information in relation to the Applicants and the Operating Subsidiaries as it relates to the Applicants' application for the Initial Order. Readers of this Report are advised to review in full the First Shah Affidavit, which provides a comprehensive overview of the businesses, operations and financial circumstances of the Applicants and the purpose of the CCAA Proceedings.

21. The First Shah Affidavit describes the CPAC Group's financial position as at December 31, 2024. Based on the most recent internal unaudited balance sheet of the CPAC Group, as at December 31, 2024, the total liabilities of the CPAC Group at book value exceeded the total assets of the CPAC Group by approximately US$23.3 million. Further, as discussed above, the unaudited yearly combined EBIDTA of the Applicants is approximately negative US$0.3 million excluding the substantial interest amounts owing to EDC that have accrued and continue to accrue.

22. As described in the First Shah Affidavit, the Applicants do not have any employees of their own. The Operating Subsidiaries employ approximately 61 employees in Israel and Portugal, some of whom provide certain shared services such as accounting to the

Applicants. A summary of employees based on geography of employment is contained in the First Shah Affidavit.

V. SECURED DEBT OBLIGATIONS

23. As described in the First Shah Affidavit, EDC advanced approximately CDN$30.5 million and US$34.9 million to CPAC by way of three term credit facilities made available pursuant to the Credit Agreement, the purpose of which was to fund CPAC's acquisition of the businesses and operations of HMA in Portugal and Cygobel, PubPlus and KPM in Israel:

(i) Facility A, in the amount of CDN$30,545,000 to refinance amounts previously borrowed from EDC to fund its acquisition of PubPlus;

(ii) Facility B, in the amount of US$20,100,000, to finance its acquisition of KPM and Cygobel; and

(iii) Facility C, in the amount of US$14,8000,000, to finance its acquisition of HMA.

24. The funding provided by EDC pursuant to the Credit Agreement is secured against the assets of CPAC, 1002 Ontario, PubPlus, Cygobel and KPM and the shares of HMA. EDC also holds unsecured guarantees from other affiliates of CPAC including ClearPier Inc., CPP, Solavid Inc., Advinteo Inc., Vexigo Inc., and MQ (the "**Additional Guarantors**") as described in detail in the First Shah Affidavit (collectively, the "**EDC Security**"). Richter understands that EDC is subject to an intercreditor agreement with Royal Bank of Canada ("**RBC**") regarding EDC's claim against the Additional Guarantors.

25. The Proposed Monitor has not yet had an opportunity to review the EDC Security. If the Initial Order is granted by the Court, Richter intends to instruct its counsel, McCarthy, to review and confirm the effectiveness of the EDC Security. If appointed, the Monitor (in such capacity) intends to report to the Court on the results of the security review, after it has been completed. However, based on the Personal Property Security Registry

searches conducted against the Applicants' names that are attached to the First Shah Affidavit, Richter understands that EDC is the only party holding registrations against the Applicants in Ontario.

26. On November 15, 2023, EDC notified CPAC of several defaults under the Credit Agreement by way of the Reservation of Rights Letter that included:

(i) Failure to make repayments required under the Credit Agreement, including scheduled interest and loan principal payments totalling several million dollars from March 10, 2023 onward;

(ii) CPAC's failure to timely deliver audited financial statements for the year ended December 31, 2022;

(iii) CPAC's failure to supply compliance certificates with each set of quarterly financial statements for the quarters ended March 31, 2023, June 30, 2023 and September 30, 2023;

(iv) Material omissions in financial statements and required budgets provided; and

(v) CPAC's failure to meet corporate governance and equity funding requirements pursuant to the Credit Agreement by the prescribed deadline.

27. EDC also became aware of other defaults under the Credit Agreement which included:

(i) acquisition of MQ by an affiliate of CPAC, without obtaining any amendment to permit this acquisition as required under the Credit Agreement;

(ii) failures from November 15, 2023 onwards to make required payments under the Credit Agreement;

(iii) failures to deliver quarterly financial statements and compliance certificates from December 31, 2023 onwards; and

(iv) breaches of permitted debt restrictions through the incurrence of financial indebtedness with HSBC.

28. On February 27, 2024, as a result of the various defaults noted above, EDC, through its counsel, delivered a letter demanding repayment of the facilities and the Section 244 Notice.

29. EDC provided the Applicants with multiple forbearances and accommodations. As noted in the First Shah Affidavit, on April 8, 2024, EDC, CPAC and the Additional Guarantors executed a First Standstill Agreement that permitted CPAC to pursue and procure term sheets for an equity investment through its advisor, Anand Rathi, in the minimum amount of US$60 million which would be used to repay amounts owed to EDC. The First Standstill Agreement was terminated after an investment did not materialize.

30. On August 21, 2024, a Second Standstill Agreement was executed to enable the Applicants to continue pursuing the equity investment and to initiate a SISP for the CPAC Groups' business with an advisor acceptable to EDC and the Applicants. The Second Standstill Agreement ended on its termination date due to lack of material progress on either of the objectives. In this process, EDC also obtained personal guarantees in exchange for the forbearance in an aggregate combined amount of $1 million from Mr. Shah and Mr. Abraham.

31. As noted in the First Shah Affidavit, from December 2024 to February 2025, EDC and the Applicants continued to discuss the possibility of a third forbearance agreement and the appointment of a sale advisor for a SISP for the CPAC Group's businesses along with a sale of CPP and MQ. However, no third standstill agreement was executed which ultimately led to EDC filing the Receivership Application.

32. Richter understands that EDC is currently owed amounts in excess of approximately CDN$30.5 million and US$40 million by CPAC.

VI. UNSECURED CREDITORS

33. As noted previously in the Report, the Applicants do not directly employ any employees. The Operating Subsidiaries employ a combined total of approximately 61 employees in Israel and Portugal, with a monthly payroll commitment of approximately US$450,000. Additionally, the associated accrued and unpaid vacation pay for these employees amounts to approximately $148,000. Richter understands that the CPAC Operating Subsidiaries are up to date on their employee-related obligations.

34. As described in the First Shah Affidavit, based on their internal unaudited financial statements, as at December 31, 2025, the Applicants had unsecured obligations totalling approximately US$1.1 million. The Applicants may be subject to additional unsecured obligations that are in the process of being determined and/or quantified.

VII. CASH MANAGEMENT SYSTEM

35. As described in the First Shah Affidavit, each of the Operating Subsidiaries operate their own cash management system whereby they collect funds and pay expenses associated with their respective operations. The Operating Subsidiaries advance funds to CPAC by way of intercompany loans, from time to time, on an as-needed basis, to allow CPAC to meet its expenses, including payment of interest to EDC.

VIII. FOREIGN RECOGNITION

36. The proposed Initial Order would extend the stay of proceedings to the Operating Subsidiaries as substantially all of the business of the CPAC Group is conducted through the Operating Subsidiaries. The Proposed Monitor supports the extension of the stay of proceedings to the Operating Subsidiaries to ensure the stability of their respective businesses while the SISP is carried out. The Proposed Monitor believes that no stakeholder would be prejudiced by the extension of the stay of proceedings to the Operating Subsidiaries as the Proposed Monitor expects that the Operating Subsidiaries will continue to meet their respective obligations in the ordinary course during the SISP, which will be limited in duration.

37. The Proposed Monitor understands that the Applicants currently do not intend to seek recognition of the CCAA Proceedings in Israel or Portugal, where the Operating Subsidiaries are based and carry on business. The expectation is that the Applicants will cause the Operating Subsidiaries to operate in accordance with the terms of the Initial Order and provide all assistance requested by the Proposed Monitor in carrying out the SISP. The Applicants or Proposed Monitor may seek further relief from the Court or the courts of Israel and/or Portugal if it becomes necessary to ensure compliance with the Initial Order and the effective conduct of the SISP.

IX. OVERVIEW OF THE CASH FLOW FORECAST AND FINANCIAL COVENANTS

Cash Flow Forecast

38. The management of the Applicants, with the assistance of the Proposed Monitor, has prepared the Cash Flow Forecast for the Forecast Period of March 22, 2025 to April 7, 2025 together with a summary of assumptions (the "**Cash Flow Assumptions**") and the CPAC Group's management's report on the cash-flow statement required by section 10(2)(b) of the CCAA, which are attached hereto as **Appendix "C"**.

39. The Monitor notes that the Applicants 'weekly' cash flow forecast does not adhere to standard seven-day weekly periods the Court will be familiar with in these types of proceedings. The CPAC Group divides each month, commencing on the first of the month, into seven-day periods for the first three periods (i.e. 21 days) with the remaining days of the month consolidated into the final period for that month (i.e. 10 days in March, 9 days in April).

40. The Cash Flow Forecast is summarized in the following table:

in US$'s	CPAC			Operating Subsidiaries			Consolidated		
Cash Flow Forecast	**Period 1**	**Period 2**	**2 Week**	**Period 1**	**Period 2**	**2 Week**	**Period 1**	**Period 2**	**2 Week**
For the week ended	**31-Mar-25**	**07-Apr-25**	**Total**	**31-Mar-25**	**07-Apr-25**	**Total**	**31-Mar-25**	**07-Apr-25**	**Total**
Receipts									
Collection	-	-	-	1,190,826	769,459	**1,960,285**	1,190,826	769,459	**1,960,285**
Total Receipts	**-**	**-**	**-**	**1,190,826**	**769,459**	**1,960,285**	**1,190,826**	**769,459**	**1,960,285**
Disbursements									
Publishers / Media	-	-	-	1,059,165	329,760	**1,388,925**	1,059,165	329,760	**1,388,925**
Payroll related	-	-	-	70,000	210,000	**280,000**	70,000	210,000	**280,000**
VAT	-	-	-	15,000	-	**15,000**	15,000	-	**15,000**
Other operating expenses	-	-	-	12,000	12,000	**24,000**	12,000	12,000	**24,000**
Rent+office expenses	-	-	-	58,000	-	**58,000**	58,000	-	**58,000**
Other office expenses	-	-	-	-	30,000	**30,000**	-	30,000	**30,000**
Offshore teams & content	-	-	-	-	30,000	**30,000**	-	30,000	**30,000**
Professional services	-	-	-	-	3,000	**3,000**	-	3,000	**3,000**
Bank fees	-	-	-	-	2,000	**2,000**	-	2,000	**2,000**
Total Operating Costs	**-**	**-**	**-**	**1,214,165**	**616,760**	**1,830,925**	**1,214,165**	**616,760**	**1,830,925**
Restructuring Professional Fees	100,000	196,916	**296,916**	-	-	-	100,000	196,916	**296,916**
Total Disbursements	**100,000**	**196,916**	**296,916**	**1,214,165**	**616,760**	**1,830,925**	**1,314,165**	**813,676**	**2,127,841**
Net Cash Flow Before Transfer	**(100,000)**	**(196,916)**	**(296,916)**	**(23,339)**	**152,699**	**129,359**	**(123,339)**	**(44,217)**	**(167,557)**
Transfers between accounts	-	-	-	-	-	-	-	-	-
Net Cash Flow After Transfer	**(100,000)**	**(196,916)**	**(296,916)**	**(23,339)**	**152,699**	**129,359**	**(123,339)**	**(44,217)**	**(167,557)**
Unrestricted cash opening balance	**458,695**	**358,695**	**458,695**	**3,600,278**	**3,576,939**	**3,600,278**	**4,058,973**	**3,935,633**	**4,058,973**
Unrestricted cash closing balance	**358,695**	**161,779**	**161,779**	**3,576,939**	**3,729,637**	**3,729,637**	**3,935,633**	**3,891,416**	**3,891,416**
			-			**-**			**-**
Restricted cash opening balance	**-**	**-**	**-**	**115,949**	**115,949**	**115,949**	**115,949**	**115,949**	**115,949**
Transfers between restricted and unrestricted cash	-	-	-	-	-	-	-	-	-
Restricted cash closing balance	**-**	**-**	**-**	**115,949**	**115,949**	**115,949**	**115,949**	**115,949**	**115,949**
Unrestricted + restricted cash closing balance	**358,695**	**161,779**	**161,779**	**3,692,888**	**3,845,586**	**3,845,586**	**4,051,582**	**4,007,365**	**4,007,365**

41. The Cash Flow Forecast projects that the CPAC Group will have sufficient liquidity to continue operating during the Forecast Period. The Cash Flow Forecast projects that the CPAC Group will experience a net cash inflow of approximately US$0.2 million over the Forecast Period. The Proposed Monitor notes the following with respect to the Cash Flow Forecast:

(i) cash receipts of approximately US$2.0 million are primarily related to the collection of accounts receivables;

(ii) cash disbursements of approximately US$2.1 million are primarily comprised of payments related to publisher/media costs, payroll at the Operating Subsidiaries, other operating expenses and restructuring professional fees; and

(iii) the CPAC Group is forecast to have an unrestricted cash balance of approximately US$3.9 million at the end of the Forecast Period.

42. The Applicants are not seeking approval of debtor-in-possession financing at this time. At the outset, the CCAA Proceedings will be funded from the cash balance of the CPAC Group, with the Operating Subsidiaries making intercompany advances to the Applicants to fund restructuring and others costs as required, consistent with past practice.

43. The Cash Flow Forecast has been prepared by the Applicants on a conservative basis using probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast. The Cash Flow Forecast reflects the Applicants' estimates of receipts and disbursements for the Forecast Period.

44. The Proposed Monitor has reviewed the Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. Section 23(1)(b) requires a monitor to review the cash flow statement as to its reasonableness and to file a report with the Court on the monitor's findings. Pursuant to this standard, the Proposed Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of management. The Proposed Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow Assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast.

45. Based on the Proposed Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:

(i) the probable and hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;

(ii) as at the date of this Report, the probable and hypothetical assumptions developed by the Applicants are not suitably supported and consistent with the restructuring plan of the Applicants or do not provide a reasonable basis for the Cash Flow Forecast; or

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

46. The Proposed Monitor notes that the Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes. The Cash Flow Forecast is subject to material change based on sales activity, the Applicants' restructuring efforts, and circumstances arising from the commencement of the CCAA Proceedings.

Financial Covenants

47. The proposed Initial Order includes a number of financial thresholds which will facilitate the Monitor's supervision of the CPAC Group's cash and financial assets:

(i) the Applicants are required to comply, and cause each of the Operating Subsidiaries to comply, with the Cash Flow Forecast appended to the Report, subject to any negative variance for each entity up to 10% on an aggregate and cumulative basis (the "**Variance Threshold**");

(ii) The Applicants are required to consult with, and obtain the prior written approval of, the Monitor and EDC in connection with any negative variance to the Cash Flow Forecast in excess of the Variance Threshold;

(iii) The Applicants are required to provide a written report to the Monitor on the final business day of each weekly or month-end period, listing all disbursements for the immediately following week or month-end period and certifying compliance with the Variance Threshold;[1] and

(iv) The Applicants and the Operating Subsidiaries are required to (i) maintain an aggregate minimum balance of cash of US$2.8 million, including restricted and unrestricted cash; (ii) maintain an aggregate minimum balance of cash plus trade

[1] As noted below, the CPAC Group divides each month into four periods, the first three periods being 7 days in length and the fourth month-end period comprising the days remaining in the month (i.e. 10 days in March, 9 days in April, etc.)

accounts receivable of US$8.9 million, including restricted and unrestricted cash; and (iii) each not reduce their aggregate trade accounts payable in any month (collectively, the "**Cash Restrictions**"), in each case unless otherwise agreed upon with the Monitor,

(collectively, the "**Financial Covenants**").

48. The proposed Initial Order directs and empowers the Monitor to monitor the Applicants' and Operating Subsidiaries' compliance with the Cash Flow Forecast, Variance Threshold and Cash Restrictions.

49. The Financial Covenants were developed in consultation with the Monitor and EDC based on the Cash Flow Forecast and other information provided by the CPAC Group. The Monitor understands that the inclusion of the Financial Covenants in the Initial Order, among other provisions, and the Monitor being the party that will direct the SISP with the assistance of the Applicants to the extent the Monitor deems necessary, were each conditions of EDC agreeing to support the CCAA Proceedings and not pursue its Receivership Application at this time.

X. COURT-ORDERED CHARGES SOUGHT IN THE INITIAL ORDER

50. The proposed Initial Order seeks the granting of an administration charge (the "**Administration Charge**") (to the maximum amount of $500,000) over the Property of the Applicants for the initial 10-day stay period. As the Applicants do not have any employees and no tax remittance obligations of their own, they are not seeking a charge related to director liability.

<u>Administration Charge</u>

51. The proposed Initial Order provides for a priority charge up to a maximum of $500,000 for the initial 10-day stay period as the Administration Charge in favour of the Proposed Monitor, counsel to the Proposed Monitor (McCarthys), the Applicants' counsel (Stikeman Elliott LLP) and EDC's counsel (Norton Rose Fulbright LLP) over all the

Property of the Applicants (including their shares in the Operating Subsidiaries), as security for their respective professional fees and disbursements incurred in relation to the CCAA Proceedings.

52. The Applicants intend to seek to increase the Administration Charge at the Comeback Hearing, with such amount to be determined and communicated in advance of the Comeback Hearing.

53. The amount of the Administration Charge sought by the Applicants was determined in consultation with the Proposed Monitor.

54. Given the complexities of the Applicants' proceedings, the services to be provided by the professionals involved in these proceedings and the size of administration charges approved in similar CCAA proceedings, the Proposed Monitor is of the view that the proposed Administration Charge is reasonable in the circumstances.

XI. COMEBACK HEARING

55. Should the Court grant the proposed Initial Order, the Proposed Monitor understands that the Applicants intend to return to the Court prior to the expiry of the Initial Stay Period on April 10, 2025 for the Comeback Hearing seeking:

(i) an extension of the stay of proceedings established by the proposed Initial Order;

(ii) approval of the SISP, SISP Order and related matters; and

(iii) certain other relief as may be required to advance the Applicants' restructuring.

56. If the proposed Initial Order is granted, Richter (in its then capacity as Monitor) will report to the Court in connection with the Comeback Hearing, as well as any other relief sought by the Applicants.

XII. PROPOSED SALE AND INVESTMENT SOLICITATION PROCESS

57. In order to maximize the value of its assets for all stakeholders and in view of maintaining its business and operations, the Applicants intend to pursue a broad SISP under the supervision of the Court as part of these CCAA Proceedings. While approval of the SISP will not be sought until the Comeback Hearing, given its importance to these CCAA Proceedings, the Proposed Monitor has provided a detailed overview of the SISP and its views on the SISP below.

58. The purpose of the SISP is to solicit interest in, and opportunities for, (i) a sale of the SISP Targets' property and assets, and/or (ii) an investment, restructuring, recapitalization, refinancing, or other form of reorganization transaction in respect of the SISP Targets.

59. The SISP, if approved by the Court, is to be conducted by the Monitor with the assistance of KPMG Inc. ("**KPMG**" or the "**Sale Advisor**") in its capacity as the sales advisor in connection with the SISP and the Applicants, in consultation with EDC, in its capacity as the secured lender of the Applicants, under the supervision of the Monitor and the Court, in accordance with the terms and conditions of the Sale and Investment Solicitation Process (the "**SISP Procedures**").

<u>SISP Procedures</u>

60. Capitalized terms not otherwise defined in this section are as defined in the SISP Procedures.

61. Should the SISP Order be granted by the Court at the Comeback Hearing, the SISP will be carried out by the Monitor with the assistance of KPMG and the Applicants, in consultation with EDC, in accordance with the terms of the SISP.

62. As set out in the SISP Procedures, the SISP Targets' business, property, assets, and undertakings are to be marketed pursuant to the SISP.

63. The SISP contemplates a two-phase bidding process, which will take place over a total period of 3.5 months, starting as soon as April 30, 2025, as detailed below and subject to any extensions and modifications that may occur in accordance with the SISP Procedures.

Timeline

64. The timeline of the SISP is as follows and is the result of negotiations and consultation between the Applicants, the Proposed Monitor, KPMG and EDC, with a view of implementing an efficient process, while providing a realistic timeline capable of generating broad interest:

EVENT	KEY DATE
PHASE 1	
Teaser Letter Distribution of Teaser letter to potentially interested parties	Starting on April 30, 2025
CIM and VDR Preparation of non-disclosure agreement, confidential information memorandum and virtual data room	By no later than May 7, 2025
Phase 1 Qualified Bidders & Bid Deadline Phase 1 Bid Deadline (for delivery of non-binding LOIs)	By no later than June 4, 2025, at 5:00 p.m. (prevailing Eastern Time)
Phase 1 Satisfactory Bid Notification to each Phase 1 Qualified Bidder in writing as to whether its bid constituted a Phase 1 Satisfactory Bid.	By no later than June 11, 2025, at 5:00 p.m. (prevailing Eastern Time)
PHASE 2	
Phase 2 Bid Deadline & Qualified Bidders	By no later than July 9, 2025, at 5:00 p.m. (prevailing Eastern Time)

EVENT	KEY DATE
Phase 2 Bid Deadline (for delivery of definitive offers)	
Auction(s) Auction(s) (if needed)	Week of July 14, 2025 to July 16, 2025
Selection of final Successful Bid(s) Deadline for selection of final Successful Bid(s)	By no later than July 23, 2025, at 5:00 p.m. (prevailing Eastern Time)
Definitive Documentation Completion of definitive documentation in respect of Successful Bid(s)	Week of July 28, 2025 to August 1, 2025
Approval Application – Successful Bid(s) Filing of Approval Application in respect of Successful Bid(s)	Week of August 4, 2025 to August 8, 2025
Closing – Successful Bid(s) Anticipated deadline for closing of Successful Bid(s)	Week of August 11, 2025 to August 15, 2025 or such earlier date as is achievable
Outside Date – Closing Outside Date by which the Successful Bid(s) must close	August 22, 2025

Phase 1

65. The Monitor, with the assistance of Applicants and the Sale Advisor, (i) will identify a list of Potential Bidders; and (ii) is currently in the process of finalizing the various documents required to implement and conduct the SISP.

66. The SISP contemplates a process whereby, starting on April 30, 2025, Potential Bidders will be contacted and provided with the Teaser Letter and the NDA. Potential Bidders who enter into an NDA will be provided access to a confidential virtual data room

containing due diligence materials and information relating to the SISP Targets, their property and business.

67. Subject to compliance with the SISP, EDC shall have the right, but not the obligation, to submit or otherwise participate in a Bid (including a credit-bid) in the SISP, including by providing any funding commitment to any bidder (a "**EDC Sponsored Bid**"). Should an EDC Sponsored Bid is submitted, EDC shall continue to have the consultation and consent rights set out herein, unless one or more competing Bid(s) is submitted for an amount in excess of either the EDC Sponsored Bid, if any, or the obligations owing by the Applicants to EDC.

68. The SISP Targets' shareholders, directors, officers, or any person related thereto (each a "**Related Bidder**"), may also participate as a Potential Bidder in the SISP, provided that if a Related Bidder elects to do so, it must provide the Monitor with notice of its intention to participate in the SISP in writing by no later than 10 days after the granting of the SISP Order. Upon receipt of such notice, the Monitor and the Sale Advisor will be authorized to take any action they deem necessary or appropriate to complete the SISP and maintain its integrity.

69. Potential Bidders who wish to submit a non-binding letter of interest ("**LOI**") will have up to June 4, 2025 at 5 p.m. (prevailing Eastern Time), to submit an LOI.

70. To qualify as a Phase 1 Qualified Bidder, the LOI to be submitted must comply with the conditions set forth in the SISP Procedures, notably at paragraph 17. Such conditions may be waived by the Monitor.

71. Following the Phase 1 Bid Deadline, the Monitor, in consultation with the Sale Advisor and EDC, shall determine and notify Phase 1 Qualified Bidder(s) by June 11, 2025 at 5 p.m. (prevailing Eastern Time), that will be permitted to move on to the subsequent phase.

72. Only Phase 2 Bidders that have submitted a Phase 1 Qualified Bid shall be permitted to proceed to Phase 2 of the SISP. The "**Phase 2 Bidder**" criteria are set out in paragraph 23 of the SISP Procedures.

73. In the event that there are no Phase 2 Bidders after the Phase 1 Bid Deadline, the SISP may be extended or terminated by the Monitor, in consultation with EDC.

Phase 2

74. Phase 2 of the SISP will begin immediately following the selection of Phase 2 Bidders and at the latest on June 14, 2025. Phase 2 Bidders will have until July 9, 2025 at 5 p.m. (prevailing Eastern time) to submit a binding offer.

75. As set out in the SISP Procedures, in order for a Phase 2 Bid to qualify as a Phase 2 Qualified Bid, it must meet the qualifications set out paragraph 27 of the SISP which include, among other things, the following conditions:

(i) a letter confirming that the Phase 2 Bid is irrevocable until the selection of the Successful Transaction Bidder(s) (and Back-Up Transaction Bidder(s), if any) or if selected as a Successful Transaction Bidder or Back-Up Transaction Bidder, until the closing of a transaction contemplated thereunder subject to further extensions as may be agreed, with the consent of the Monitor, in consultation with the Sale Advisor and EDC;

(ii) written evidence of a firm commitment for financing or other evidence that a Phase 2 Bidder has the financial ability to consummate the Phase 2 Bid; and

(iii) except in case of a credit bid, payment to the Monitor of a non-refundable cash deposit of no less than either 10% of the total purchase price or investment contemplated under the Phase 2 Bid.

76. The Monitor, in consultation with the Sale Advisor and EDC will review and evaluate any such Phase 2 Bids submitted by the Phase 2 Bid Deadline and will determine whether such Bids constitute Phase 2 Qualified Bids, in accordance with the criteria set

out in the SISP Procedures. The Monitor may also select one or more Successful Transaction Bids and/or conduct an Auction under the terms of the SISP Procedures.

77. Following the selection of the Successful Transaction Bidder(s) (and, if applicable, any Back-Up Transaction Bidder(s)), one or more Approval Motion(s) shall be heard by the Court no later than August 8, 2025, with a view to closing such transaction(s) on or before August 15, 2025.

78. The SISP provides consultation rights to RBC at various stages of the process related to Bids that include the debtors and assets that are subject to its security: CPP and MO.

79. As regards the KPMG Engagement Letter, it outlines the following:

(i) As sale advisor, KPMG will provide financial advisory services to facilitate one or more transactions involving the SISP Targets; and

(ii) For its services, KPMG is entitled to: (a) monthly work fees of $75,000 (the "**KPMG Work Fee**"), payable by CPAC which will be credited or deducted from the KPMG Completion Fee in excess of the Minimum Fee. The Applicants will be seeking to secure the KPMG Work Fee by an increased Administration Charge, on a *pari passu* basis with other beneficiaries; and (b) a completion fee equal to 2.5% of the transaction value(s) from the SISP (the "**KPMG Completion Fee**"), with a minimum of $1,000,000 (the "**KPMG Minimum Fee**"). If no transaction occurs, no KPMG Completion Fee or KPMG Minimum Fee is owed.

80. The KPMG Completion Fee, if earned, and KPMG Work Fee will be allocated among the SISP Targets based on the transaction values related to each target.

81. The Applicants will be seeking to secure (i) the KPMG Work Fee by an increased Administration Charge at the Comeback Hearing, on a *pari passu* basis with other beneficiaries, and (ii) the KPMG Completion Fee (or KPMG Minimum Fee, as

applicable) by a priority charge (the "**Sale Advisor's Charge**") at the Comeback Hearing which will be subordinate to the Administration Charge.

Wind-Down of SISP Targets

82. If no offers are received for a particular SISP Target, the Monitor, in consultation with EDC and RBC (as it relates to CPP or MQ), may elect to terminate the SISP as it relates to such SISP Target, in which case the Applicants will proceed with an orderly wind-down of such SISP Target (other than CPP and MQ) if consented to by the Monitor and EDC, or otherwise EDC may realize its security interests as against such SISP Targets.

<u>Proposed Monitor's Views on the SISP</u>

83. In the circumstances, the Proposed Monitor's view on the SISP is that the SISP is well-structured and will provide for an appropriate canvassing of sale, restructuring and recapitalization options for the benefit of the Applicants and their stakeholders generally.

84. In the circumstances, the two-phase approach to the SISP further provides Potential Bidders with additional time to finalize their diligence and provides the Monitor, with the assistance of the Sale Advisor and the Applicants, with adequate time to market the opportunity and engage with parties while respecting the Applicants' liquidity constraints.

85. In addition, the SISP provides restrictions around the ability of the secured creditors to participate in the SISP which ensure fairness in the working out of the process. The SISP also provides the Monitor with sufficient flexibility to make reasonable and appropriate adjustments to the SISP, if required and to seek further direction from the Court, if needed. The Proposed Monitor is satisfied that the factors to be considered in declaring a Successful Transaction Bidder(s) are reasonable and appropriate in the circumstances.

86. Finally, the Proposed Monitor believes that the KPMG compensation, including the KPMG Work Fee and KPMG Completion Fee, is reasonable and typical of compensation charged on similar mandates by firms of similar expertise.

XIII. PROPOSED MONITOR'S CONCLUSION AND RECOMMENDATIONS

87. For the reasons set out in this Report, the Proposed Monitor is of the view that the relief requested by the Applicants in the proposed Initial Order is both appropriate and reasonable. The Proposed Monitor is also of the view that granting the relief requested will provide the Applicants the best opportunity to undertake a going-concern sale, or other restructuring under the CCAA, thereby preserving value for the benefit of the Applicants' stakeholders. As such, the Proposed Monitor supports the Applicants' application for relief pursuant to the CCAA and respectfully recommends that the Court grant the relief sought by the Applicants in the proposed Initial Order.

All of which is respectfully submitted this 1st day of April, 2025.

Richter Inc.
In its capacity as Proposed Monitor of
ClearPier Acquisition Corp., and 1000238820 Ontario
and not in its personal or corporate capacity

Per:

Karen Kimel,
MAcc, CPA, CA, CPA (IL), CIRP, LIT
Senior Vice President

APPENDIX "A"

Please see attached.

Court File No. CV-25-00740088-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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 CLEARPIER ACQUISITION CORP. AND 1000238820 ONTARIO INC.

Applicants

CONSENT

Richter Inc. hereby consents to act as monitor in these proceedings should the Initial Order be granted by the Court.

DATED at Toronto this 31st day of March, 2025.

RICHTER INC.

Per:________________________________
Name: Karen Kimel
Title: Senior Vice President

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 OR ARRANGEMENT OF CLEARPIER ACQUISTION CORP. AND 1000238820 ONTARIO INC.

Court File No. CV-25-00740088-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

CONSENT

McCarthy Tétrault LLP
Suite 5300, TD Bank Tower
66 Wellington St. E.
Toronto, ON M5K 1E6

Heather Meredith LSO#: 48354R
Tel: 416-601-8342
E-mail: hmeredith@mccarthy.ca

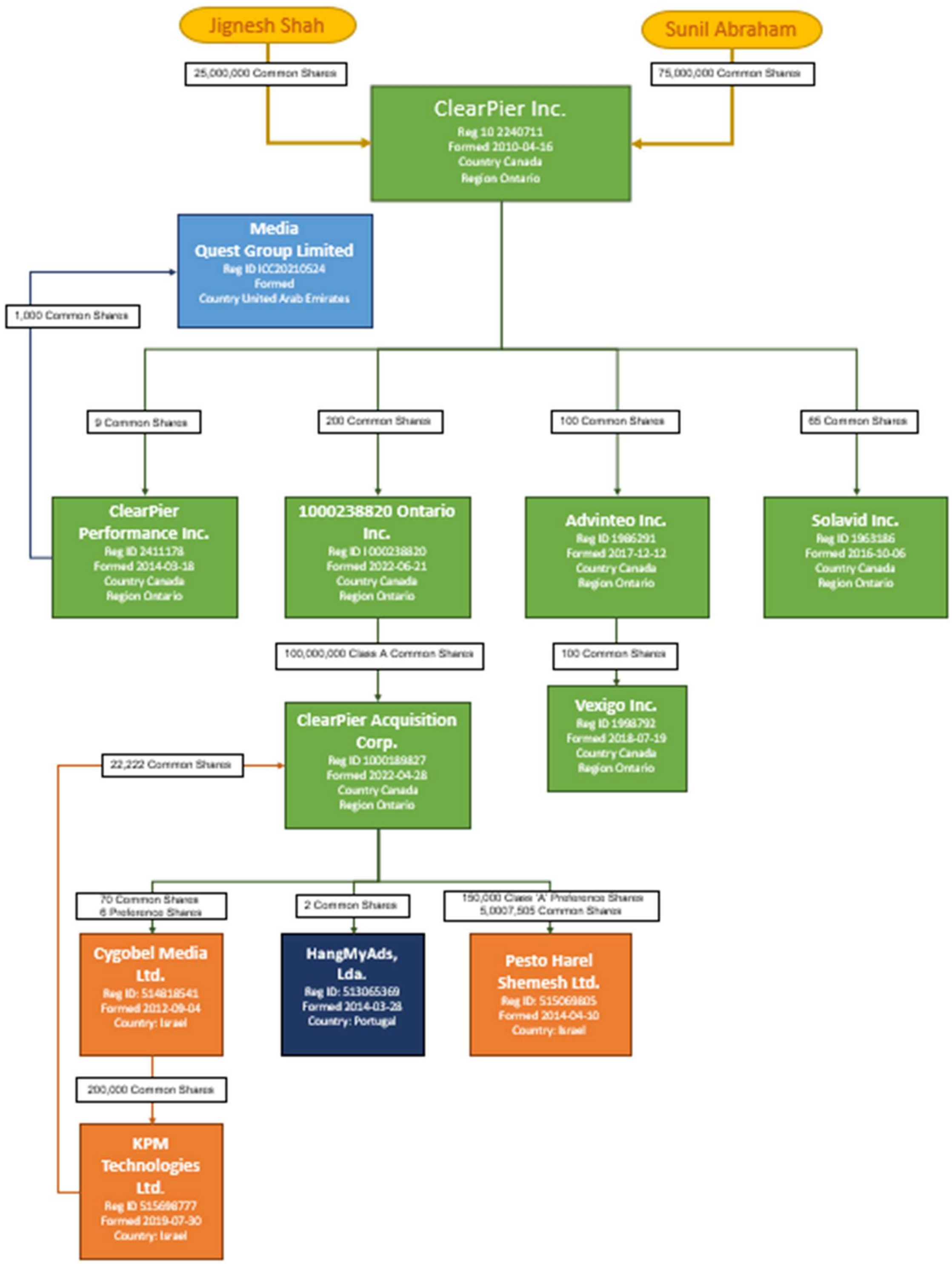
Trevor Courtis LSO#: 67715A
Tel: 416-601-7643
Email: tcourtis@mccarthy.ca

Lawyers for the Proposed Monitor,
Richter Inc.

MTDOCS 60629094

APPENDIX "B"

CLEARPIER GROUP OF COMPANIES:



APPENDIX “C”

Please see attached.

in US$'s	CPAC			Cygobel		PP		KPM		HMA		CPAC Group		
Cash Flow Forecast	**Period 1**	**Period 2**	**2 Week**	**Period 1**	**Period 2**	**Period 1**	**Period 2**	**Period 1**	**Period 2**	**Period 1**	**Period 2**	**Period 1**	**Period 2**	**2 Week**
For the week ended	**31-Mar-25**	**07-Apr-25**	**Total**	**31-Mar-25**	**07-Apr-25**	**31-Mar-25**	**07-Apr-25**	**31-Mar-25**	**07-Apr-25**	**31-Mar-25**	**07-Apr-25**	**31-Mar-25**	**07-Apr-25**	**Total**
Receipts														
Collection	-	-	**-**	-	7,975	1,090,826	550,949	-	-	100,000	210,535	1,190,826	769,459	**1,960,285**
Total Receipts	**-**	**-**	**-**	**-**	**7,975**	**1,090,826**	**550,949**	**-**	**-**	**100,000**	**210,535**	**1,190,826**	**769,459**	**1,960,285**
Disbursements														
Publishers / Media	-	-	**-**	-	-	949,165	50,000	-	-	110,000	279,760	1,059,165	329,760	**1,388,925**
Payroll related	-	-	**-**	-	90,000	-	120,000	-	-	70,000	-	70,000	210,000	**280,000**
VAT	-	-	**-**	15,000	-	-	-	-	-	-	-	15,000	-	**15,000**
Other operating expenses	-	-	**-**	5,000	5,000	-	-	1,000	1,000	6,000	6,000	12,000	12,000	**24,000**
Rent+office expenses	-	-	**-**	-	-	58,000	-	-	-	-	-	58,000	-	**58,000**
Other office expenses	-	-	**-**	-	-	-	30,000	-	-	-	-	-	30,000	**30,000**
Offshore teams & content	-	-	**-**	-	-	-	30,000	-	-	-	-	-	30,000	**30,000**
Professional services	-	-	**-**	-	-	-	3,000	-	-	-	-	-	3,000	**3,000**
Bank fees	-	-	**-**	-	-	-	2,000	-	-	-	-	-	2,000	**2,000**
Total Operating Costs	**-**	**-**	**-**	**20,000**	**95,000**	**1,007,165**	**235,000**	**1,000**	**1,000**	**186,000**	**285,760**	**1,214,165**	**616,760**	**1,830,925**
Restructuring Professional Fees	100,000	196,916	**296,916**	-	-	-	-	-	-	-	-	100,000	196,916	**296,916**
Total Disbursements	**100,000**	**196,916**	**296,916**	**20,000**	**95,000**	**1,007,165**	**235,000**	**1,000**	**1,000**	**186,000**	**285,760**	**1,314,165**	**813,676**	**2,127,841**
Net Cash Flow Before Transfer	**(100,000)**	**(196,916)**	**(296,916)**	**(20,000)**	**(87,025)**	**83,661**	**315,949**	**(1,000)**	**(1,000)**	**(86,000)**	**(75,225)**	**(123,339)**	**(44,217)**	**(167,557)**
Transfers between accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow After Transfer	**(100,000)**	**(196,916)**	**(296,916)**	**(20,000)**	**(87,025)**	**83,661**	**315,949**	**(1,000)**	**(1,000)**	**(86,000)**	**(75,225)**	**(123,339)**	**(44,217)**	**(167,557)**
Unrestricted cash opening balance	**458,695**	**358,695**	**458,695**	**1,214,680**	**1,194,680**	**240,471**	**324,132**	**472,555**	**471,555**	**1,672,572**	**1,586,572**	**4,058,973**	**3,935,633**	**4,058,973**
Unrestricted cash closing balance	**358,695**	**161,779**	**161,779**	**1,194,680**	**1,107,655**	**324,132**	**640,081**	**471,555**	**470,555**	**1,586,572**	**1,511,347**	**3,935,633**	**3,891,416**	**3,891,416**
			-											**-**
Restricted cash opening balance	**-**	**-**	**-**	**-**	**-**	**115,949**	**115,949**	**-**	**-**	**-**	**-**	**115,949**	**115,949**	**115,949**
Transfers between restricted and unrestricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash closing balance	**-**	**-**	**-**	**-**	**-**	**115,949**	**115,949**	**-**	**-**	**-**	**-**	**115,949**	**115,949**	**115,949**
Unrestricted + restricted cash closing balance	**358,695**	**161,779**	**161,779**	**1,194,680**	**1,107,655**	**440,081**	**756,030**	**471,555**	**470,555**	**1,586,572**	**1,511,347**	**4,051,582**	**4,007,365**	**4,007,365**