No. S-235084
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57, AS AMENDED AND THE BUSINESS CORPORATIONS ACT, R.S.O. 1990, C. B.16, AS AMENDED

AND

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BRON MEDIA CORP. AND THE ENTITIES LISTED AT SCHEDULE "A"

PETITIONERS

SECOND REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED IN ITS CAPACITY AS MONITOR

October 6, 2023

GrantThornton

**Grant Thornton Limited,
Monitor**

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INTRODUCTION

1. On July 18, 2023, BRON Media Corp. and the petitioners listed in **Schedule "A"** of this report (collectively, "**BRON**" or the "**Petitioners**") made an application (the "**CCAA Application**") to commence proceedings (the "**CCAA Proceedings**") pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The Monitor (as defined below) understands that on July 18, 2023, major secured creditors of BRON were served with the CCAA Application.

2. On July 19, 2023, the Honourable Mr. Justice Gomery of the Supreme Court of British Columbia (the "**Court**") pronounced an order (the "**Initial Order**"), which, among other things,

   a) granted the Petitioners an initial stay of proceedings up to and including July 29, 2023 (the "**Stay Period**");

   b) appointed Grant Thornton Limited as monitor of the Petitioners (in such capacity, the "**Monitor**"); and

   c) ordered that, during the Stay Period, no Person shall: (i) commence a Proceeding or enforcement process; (ii) terminate repudiate, make any demand, accelerate, alter, amend, declare in default, exercise any options, rights or remedies; or (iii) discontinue, fail to honour, alter interfere with or cease to perform any obligation pursuant to or in respect of any agreement, lease, sublease, license or permit with respect to which any of the Non-Petitioner Entities listed in **Schedule "B"** of this Second Report are a party, borrower, principal obligor or guarantor except with the prior written consent of the Petitioners and the Monitor, or with leave of this Court.

3. On July 20, 2023, upon a motion made by the Petitioners, the United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division (the "**U.S. Court**") pronounced an order which granted interim recognition of the Initial Order in the United States of America (the "**US**").

4. On July 28, 2023, the Court pronounced, among other things:

   a) an Order (the "**ARIO**") amending and restating the Initial Order, including by extending the Stay Period up to and including October 18, 2023; and

   b) an Order (the "**SISP Order**") approving a sale and investment solicitation process (the "**SISP**") and authorizing the Petitioners and the Monitor to conduct the SISP in respect of all of the assets, undertaking and business of the Petitioners and the Non-Petitioner Entities.

5. On August 15, 2023, the U.S. Court pronounced an Order recognizing the ARIO and the SISP Order.

6. On October 5, 2023, the Petitioners filed application materials (the "**Petitioners' Application**") accompanied by the third affidavit of Aaron Gilbert made October 4, 2023 requesting that this Court grant an Order approving, among other things, the following relief:

   a) an extension of the Stay Period to November 8, 2023 (the "**Second Stay Extension**"); and

   b) a declaration that, pursuant to subsection 5(5) of the Wage Earner Protection Program Act, S.C. 2005, c. 47, s. 1, [BRON Animation Inc., BRON Media Corp., BRON Studios Inc., Fables Productions BC Inc., Gossamer Productions BC Inc., and Robin Hood Digital PC BC Inc.] are each a "former employer" in accordance with the criteria established by section 3.2 of the Wage Earner Protection Program Regulations, S.O.R./2008-222.

7. Further information about these CCAA Proceedings, including the Initial Order, the ARIO, the SISP Order, affidavits, reports of the Monitor, and all other Court-filed documents and notices can be found on the Monitor's case website (the "**Case Website**") at www.grantthornton.ca/BronMedia.

PURPOSE OF THIS SECOND REPORT

8. Since the commencement of these proceedings, the Monitor has previously filed one report in these CCAA Proceedings (the "**First Report**"). The Monitor also filed a Pre-Filing Report. Copies of these reports are found on the Case Website.

9. The purpose of this second report of the Monitor (the "**Second Report**") is to provide the Court with the following information:

   a) an interim update on the SISP, including the Monitor's involvement in marketing efforts, administering the SISP and facilitating due diligence;

   b) a comparison of the actual cash receipts and disbursements compared to the cash flow forecast as appended to the First Report (the "**Initial Cash Flow Forecast**");

   c) an updated cash flow forecast for the period from October 19 to **November 8, 2023** (the "**Updated Cash Flow Forecast**") and comments in respect of same;

   d) an update on other key matters pertaining to the CCAA Proceedings;

   e) an update on certain deemed requests for information by various creditors pursuant to Section 31 of the ARIO; and

f) the Monitor's recommendations with respect to the relief sought in the Petitioners' Application.

TERMS OF REFERENCE

10. In preparing this Second Report, the Monitor has relied upon the Petitioners' unaudited financial information, certain other financial information and financial projections of the Petitioners, and discussions with the Petitioners' management ("**Management**") (collectively, the "**Information**"). The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information relied upon to prepare this Second Report in a manner that would comply with Canadian Accounting 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 Information should perform its own diligence.

11. Some of the information used in preparing this Second Report consists of forward-looking information. The Monitor cautions that such forward looking information is based upon the Petitioners' assumptions about future events and conditions that are not ascertainable. The Petitioners' actual results with respect to the forward-looking information and the variations thereof could be significant. The Monitor expresses no opinion or other form of assurance on whether forward-looking information will be achieved.

12. During the course of its mandate, the Monitor has assumed the integrity and truthfulness of the Information and explanations presented to it by the Petitioners and its Management, within the context in which such Information was presented. To date, nothing has come to the Monitor's attention that would cause it to question the reasonableness of these assumptions. The Monitor has requested that Management bring to its attention any

significant matters which were not addressed in the course of the Monitor's specific inquiries. Accordingly, this Second Report is based solely on the Information (financial or otherwise) made available to the Monitor by the Petitioners and its Management.

13. This Second Report has been prepared for the use of this Court and the Petitioners' stakeholders and to assist the Court in determining whether to grant the relief sought by the Petitioners. Accordingly, the reader is cautioned that this Second Report may not be appropriate for any other purpose. The Monitor will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Second Report contrary to the provisions of this paragraph.

14. Unless otherwise stated or defined:

  a) all monetary amounts contained herein are expressed in US Dollars;

  b) all references to time are references to Pacific Time; and

  c) capitalized terms not otherwise defined herein have the meaning given to them in the ARIO, the SISP Order, and the SISP Procedure.

SALE AND INVESTMENT SOLICITATION PROCESS

15. The SISP was developed in consultation with BRON for the purpose of generating interest in, and soliciting offers for, one or more or any combination of: (i) a restructuring, recapitalization, or other form of reorganization of the business and affairs of one or more of the Petitioners as a going concern; or (ii) a sale of all, or substantially all of one or more components of the Petitioners' assets and/or business operations of BRON as a going concern or otherwise.

16. The SISP was structured in such a way that interested parties may propose a transaction (a "**Transaction**") by way of:

a) an offer to purchase BRON's assets pursuant to an asset purchase transaction (an "**Asset Bid**");

b) an offer for the restructuring of the debt, share or capital structure of BRON (a "**Restructuring Bid**"); or

c) some combination of an Asset Bid and a Restructuring Bid (together, a "**Bid**").

17. The SISP was also structured as a two-phase process, consisting of: (i) an LOI Process; and (ii) a Final Bid Process. Only those Potential Bidders who submitted non-binding Qualified LOIs by the LOI Submission Deadline were entitled to be admitted to the Final Bid Process to submit a Final Bid.

18. Below is a summary of the original key milestones of the SISP:

Key Deadlines	Per SISP Order
LOI Submission Deadline	August 28, 2023 5:00pm PST
Final Bid Submission Deadline	September 8, 2023 5:00pm PST
Review and Selection of Bids	As soon as practicable
Application to the Court for Approval Order(s)	As soon as practicable
Closing of the Transaction	No later than October 6, 2023

Initial Solicitation of Interest

19. Following the pronouncement of the SISP Order, the Monitor, in consultation with the Petitioners and the Interim Lender and in accordance with the SISP Procedure, prepared the following:

a) advertisements of the SISP that were published in issues of:

i. the *Globe and Mail* (National Edition) on August 3, 2023;

ii. the *Hollywood Reporter*, a leading American weekly print magazine which focuses on the Hollywood film, television, and entertainment industries, on August 9, 2023;

iii. the website of *Animation Magazine*, a leading American print magazine and website covering the animation industry, for one month commencing on August 11, 2023 in order to focus the SISP opportunity on BRON Digital and its digital animation assets; and

iv. the "Assets for Sale" section of the regular weekly email updates from *Insolvency Insider*, a go-to source for over 7,500[1] restructuring professionals in Canada on August 14, 21, and 28, 2023;

b) a list of potential bidders ("**Known Potential Bidders**") who may have an interest in a Transaction, completed on July 31, 2023 and continuously updated thereafter to include new interested parties;

c) a draft confidentiality and non-disclosure agreement (the "**CNDA**"); and

d) an initial offering summary in the form of an email notifying the Known Potential Bidders of the SISP and inviting the Known Potential Bidders to express their interest in making a SISP Bid. The following documents constitute the "**SISP Information Package**", all of which were also made available on the Case Website:

i. a six-page marketing document providing an overview of BRON's business, company highlights, the SISP timeline and participation requirements;

ii. the SISP Procedure;

[1] As noted on Advertise | Insolvency Insider Canada

iii. the CNDA; and

iv. a draft letter acknowledging receipt of the SISP Procedure and agreeing to be bound by the terms of the SISP Procedure.

20. To identify Known Potential Bidders so that they could be invited to participate in the SISP, the Monitor:

a) researched financial databases including S&P Capital IQ and IBIS World for potential strategic buyers in the industries in which BRON conducts its businesses and other similar industries, including media and entertainment, movies and entertainment, film production and distribution, television, broadcasting, cable and satellite, interactive home entertainment, entertainment software, digital animation, and gaming;

b) researched online and compiled a list of leading media and entertainment lawyers in Canada and the US because the Monitor believed that such lawyers might have clients who were interested in participating in the SISP;

c) contacted the entertainment practices of Grant Thornton LLP, an entity related to the Monitor, in the UK and US;

d) reviewed a list of parties who, prior to the commencement of the CCAA Proceedings, contacted the Petitioners or the Monitor and expressed interest in a potential acquisition of BRON's property and/or business;

e) obtained from BRON a list of further potential interested parties and a list of existing film and television buyers (both past and current); and

f) reviewed potential interested parties among BRON's creditors and other stakeholders.

21. On August 1, 2023, pursuant to the SISP Procedure, the Monitor distributed the SISP Information Package by email to an initial list of 225 Known Potential Bidders consisting of entities and individuals identified in the above-noted steps.

22. Some emails to Known Potential Bidders were returned to the Monitor as "undeliverable". Following receipt of the return emails, the Monitor: (i) undertook additional research to obtain those parties' updated email addresses; and (ii) sent the SISP Information Package to the updated email addresses.

23. Following the distribution of the SISP Information Package, the Monitor and BRON continued to work to identify potential interested parties and added to the list of Known Potential Bidders, including by: (i) communicating with additional parties that contacted the Monitor and/or BRON and expressed interest in the SISP; and (ii) conducting additional research.

24. As a result of these additional efforts, the Monitor sent the SISP Information Package to 115 further Known Potential Bidders.

25. As at the LOI Submission Deadline, the Monitor had sent the SISP Information Package to a total of 340 Known Potential Bidders.

26. The Monitor is of the view that the marketing and advertising efforts during the initial solicitation of interest phase were appropriate and sufficient to the extent practical, and the market has been fully canvassed with respect to each business component of the Petitioners.

Administering the Initial Phase of the SISP

27. Pursuant to the SISP Procedure, and in consultation with BRON, the Monitor

a) prepared a confidential information memorandum (the "**CIM**") describing the SISP opportunity in greater detail;

b) established a virtual data room (the "**VDR**") containing confidential information pertaining to the Petitioners, their property, and their business, including the CIM, in order to facilitate due diligence by Potential Bidders. The VDR contained approximately 2,390 documents, including the CIM; and

c) consulted with BRON about what documents should be posted to the VDR, which, to date, has been a continual process.

28. Starting on August 1, 2023, a total of 38 Known Potential Bidders executed CNDAs and provided the Monitor with sufficient documentation to demonstrate, to the satisfaction of the Monitor, their financial capabilities and technical expertise to make a viable bid in the SISP. Accordingly, the Monitor deemed these 38 Known Potential Bidders to be "Potential Bidders", allowed them to participate in the SISP, and granted them access to the VDR. Twenty Potential Bidders were given access to the VDR between August 7 and August 17, while 18 Potential Bidders were invited to the VDR between August 18 and August 31 (all dates inclusive). Thereafter, the Potential Bidders actively reviewed or downloaded the documents contained in the VDR and subsequently asked questions and/or requested calls with the Monitor and BRON.

29. The LOI Submission Deadline was initially set at 5:00 p.m. on August 25, 2023. However, on August 25, 2023, the Monitor and the Petitioners, with the consent of the Interim Lender, extended this deadline by one week to September 1, 2023, because:

a) many Potential Bidders did not submit the CNDAs on a timely basis and were granted late access to the VDR; and

b) after the VDR became available, the Monitor and BRON continued to assemble pertinent due diligence information requested by the Potential Bidders and place such information in the VDR.

30. The Monitor believed that a one-week extension would favourably enhance the likelihood of a successful SISP, resulting in potentially greater realization value which would benefit the creditors and the Petitioners' other stakeholders. The Final Bid Submission Deadline was similarly extended by one week from September 8, 2023, to September 15, 2023.

Protective Steps to Enhance Integrity and Efficacy of the SISP

31. The Monitor formed a committee (the "**SISP Committee**") to oversee the progress of the SISP. The SISP Committee consisted of Aaron Gilbert (Chief Executive Officer of BRON) and Steven Thibault (Chief Operating Officer of BRON), and BRON's advisor, Adam Davids (who was formerly in-house legal counsel at BRON) and representatives from the Monitor.

32. To further protect the integrity of the SISP, the Monitor told Management at the outset about

   a) its responsibility to assist with the SISP and work toward a successful outcome;

   b) the need to maintain the confidentiality within the SISP, including the identity of Potential Bidders and the terms of LOIs and bids; and

   c) the need to respect the SISP procedures, including not contacting interested parties that had not followed the SISP rules and not entering into any "side deals".

33. Management acknowledged its understanding of, and full commitment to comply with, these rules.

34. Immediately prior to the commencement of the SISP, BRON's Chief Financial Offer, Dave Whitney (the "**Conflicted Member**"), informed the Monitor that he was likely to participate in the SISP and become a Potential Bidder. As a result, the Monitor took the following additional protective steps to ensure fairness of the SISP:

a) The Conflicted Member's involvement in answering questions for the Q&A Tracker (defined below) was limited to areas where the Conflicted Member had specific valuable knowledge of BRON and industry expertise. The Monitor first had to be satisfied that the Conflicted Member's input was necessary, and it monitored such involvement; and

b) The Conflicted Member was barred from attending any meetings with the Monitor or Management that involved discussion of the SISP (including LOIs or bids).

35. In addition, the Conflicted Member committed to the Monitor in writing that, among other things,

a) he would assist BRON with the SISP Procedure in good faith;

b) where he was permitted to provide information, he would provide all appropriate information to other bidders in the SISP, including the information that those bidders may reasonably require in order to consider making a bid and determining the terms of a bid;

c) he would not discourage, whether directly or indirectly, any other bidder from making a bid, and he would not influence the amount or terms of any bid;

d) he would not take any step that could reasonably be seen as advantaging his bid over other bids for the same assets (including *en bloc* bids that include those assets);

e) he would not receive or review any LOIs or other bids unless the Monitor consented (which consent the Monitor never provided); and

f) if he was approached to participate in any other bidder's bid or if such other bidder might provide benefits to him (such as employment in the future), he was required to immediately disclose such circumstances to the Monitor in writing.

36. BRON and the Monitor also recognized from the start of these CCAA Proceedings that involvement of the Interim Lender as a Potential Bidder could raise concerns about fairness and the integrity of the SISP. Accordingly, the following protective measure was included in paragraph 36 of the SISP Procedure, which was approved by the Court in the SISP Order:

> Notwithstanding any other provision of the SISP, the [Interim] Lender shall not be entitled to: (i) receive copies of any LOIs received by the LOI Deadline in the event the [Interim] Lender elects to submit an LOI; and (ii) receive copies of any Final Bids received by the Final Bid Deadline nor consultation with respect to the selection of the Winning Bid or the Backup Bid in the event the [Interim] Lender elects to submit a Final Bid.

37. The Monitor reviewed this provision with the Interim Lender, and the Interim Lender acknowledged its understanding and acceptance of it.

38. No evidence has come to the Monitor's attention to suggest any breach of the foregoing protocols has occurred, and the Monitor is satisfied with the manner in which the SISP was executed, particularly considering the precautions imposed.

Outcome of the LOI Process

39. By the Revised LOI Submission Deadline, the Monitor received a total of 11 LOIs. The Monitor carefully reviewed all LOIs and, in consultation with BRON, the Monitor deemed that all 11 LOIs met the criteria to be considered Qualified LOIs and the Monitor accepted all 11 Qualified Bidders (whose status changed from "**Potential Bidders**" to "**Qualified Bidders**") into the Final Bid Process.

40. As a result of the protective measures implemented by the Monitor to ensure the integrity of the SISP, neither the Conflicted Member nor the Interim Lender was provided an opportunity to review the LOIs or receive any information regarding the LOIs. Both the Conflicted Member and the Interim Lender had submitted an LOI and were thus

disqualified from receiving or reviewing information about other LOIs or the identity of Qualified Bidders.

41. On September 5, 2023, four days after the Revised LOI Submission Deadline, the Monitor received one additional LOI. The Monitor advised the party that it could not accept the LOI because it was submitted after the Revised LOI Submission Deadline. As of the date of this Second Report, the Monitor has not received further correspondence from this party.

42. On September 11, 2023, another party contacted the Monitor to ask whether it could submit an LOI at that stage. On that same day, the Monitor advised the party that, pursuant to the SISP Procedure, it was too late to submit an LOI.

Final Bid Process

43. On September 5, 2023, the Monitor gave notice to those Potential Bidders that submitted LOIs that the Monitor determined were Qualified LOIs that they were deemed to be Qualified Bidders and could participate in the Final Bid Process phase of the SISP.

44. Following this notice, Qualified Bidders continued with their due diligence, including by asking further questions and attending videoconferences with Management and the Monitor.

45. The Monitor received eight Final Bids by the revised Final Bid Submission Deadline. The Monitor carefully reviewed all of the Final Bids and undertook the following, in conjunction with the Petitioners:

   a) conducted an analysis of each Qualified Asset Bid or Qualified Restructuring Bid (collectively, the "**Qualified Bids**" or individually, a "**Qualified Bid**") in order to ensure conformity with the SISP Procedure relating to the specific requirements of a Qualified Bid;

b) reviewed in detail, in conjunction with the Monitor's counsel and the Petitioners' counsel, the purchase agreements related to each of the Qualified Bids received;

c) created a summary analysis, shared with Management and BRON's counsel, detailing specifics of each of the Qualified Bids, particularly relating to assets where multiple Qualified Bids included offers on the same assets of BRON (the "**Overlap Assets**");

d) engaged with counsel to certain Qualified Bidders to request further clarification regarding certain elements of their Final Bids, including as they pertain to the Overlap Assets; and

e) sent a follow-up email to certain Qualified Bidders to offer an opportunity to reconsider the amount of their bids and, if they deem it advisable, to amend their bids to increase the purchase price offered.

46. Given the extensions to the LOI Submission Deadline and the Final Bid Submission Deadline, the original Final Agreement Deadline of September 22, 2023, fell only one week after the Final Bid Submission Deadline. Given the time needed to review the Final Bids and determine whether they were Qualified Final Bids, to obtain clarification about the terms of some of the Final Bids, and to comment on the draft purchase agreements corresponding to each Winning Bid, the Monitor and the Petitioners, with the consent of the Interim Lender, initially extended the Final Agreement Deadline from September 22 to September 29, 2023, then implemented a further extension until 5 pm PT on Friday, October 6, 2023, and then implemented a further extension until 5 pm PT on Friday, October 13, 2023.

47. The Monitor and the Petitioners continue to work with Qualified Bidders to prepare definitive agreements.

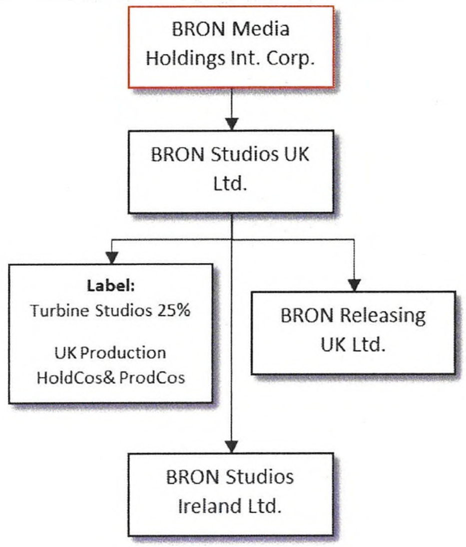
48. The Petitioners intends to give full notice to stakeholders and creditors of any application for approval of one more transactions resulting from the SISP (the "**Approval Application**"). The Monitor shares this view. Because of the extension of the Final Agreement Deadline to October 13, 2023, the Petitioners will not be able to prepare and serve court materials in time to have the Approval Application heard by the Court on or before the expiry of the current stay of proceedings on October 18, 2023.

49. Accordingly, the Petitioners are seeking the extension of the stay, for a further three weeks, to November 8, 2023. The Monitor understands that the Approval Application will be scheduled for a hearing on or before November 8. Because no definitive agreements have yet been entered into, the Monitor is not reporting on the number or terms of any Winning Bids at this stage. The Monitor will report on these matters in a subsequent report filed in relation to the Approval Application.

UPDATE ON KEY MATTERS PERTAINING TO THE CCAA PROCEEDINGS

UK Proceedings and the Payment of Pre-Filing VAT

50. BRON has operations and subsidiaries in Canada, the US and the UK. The portion of the BRON corporate chart that includes BRON UK (as defined below) is as follows:



51. At the time of the commencement of these CCAA Proceedings, BRON's priority was to stabilize its operations and the financial stress being experienced in Canada and the US. Accordingly, BRON's UK companies (collectively, "**BRON UK**") were not, and have not been, included as Petitioners.

52. All of the corporations constituting BRON UK are already non-Petitioners within the CCAA Proceeding but are not parties to the CCAA Proceeding and only benefit from a limited-scope stay.

53. The Monitor now understands that BRON is considering strategic options and alternatives for BRON UK such as a formal administration under UK law.

The CAMAs, Guilds and the Union of British Columbia Performers Claims for Priority

54. Many of BRON's productions are subject to collection account management agreements ("**CAMAs**"), which establish payment mechanisms for the proceeds received from the production. Typically, these CAMAs were agreed to by, among others,

   a) a Petitioner that is the production company;

   b) a sales agent;

c) a main secured lender to the production;

d) other production financiers;

e) the guilds or unions whose members were involved with the production (the "Guilds");

f) producers;

g) actors holding a participation interest;

h) holders of a carried interest; and

i) a third-party (known as the "**Custodian**") that receives the proceeds of the production at first instance.

55. The CAMAs provide that the proceeds from the production are to be paid directly to the Custodian who then distributes the proceeds to the parties to the CAMA in accordance with the contractual priorities set out therein. However, the underlying entitlements of CAMA creditors are not found in the CAMAs. Rather, CAMA creditors enter into their own, separate agreements with the production company ("**Underlying Agreement**") such as a loan and security agreement (in the case of a main secured lender) or a sales representation agreement (in the case of a party assisting with distribution).

56. A number of parties to these Underlying Agreements have contacted the Monitor to assert their rights under same and have requested assurances that their entitlements will be respected as part of the SISP. A number of such parties have also taken the position that the priority charges previously approved by the Court on July 19 and 28, 2023 (including the Administration Charge and Interim Lender's Charge) do not attach to the proceeds due to them pursuant to the Underlying Agreements and the CAMAs. Alternatively, those parties have advised the Monitor that they may bring an application for an order that these

priority charges do not attach to the proceeds due to them pursuant to the Underlying Agreements and the CAMAs.

57. This issue was of immediate relevance to the SISP because, on many productions, the Guild has an existing priority entitlement to payment, which amounts are then distributed to the relevant artists. Similarly, a number of secured lenders take the position that they are entitled to payment.

58. During the SISP to date, the Monitor has taken the position that these obligations would need to be addressed as part of any Qualified Bid, such as, for example, by agreeing to respect the entitlement of the Guilds or, in the case of senior secured creditors, paying out such obligations with cash or obtaining the consent of such creditors to assume the existing obligation.

59. Depending on the terms of the definitive agreements that the Petitioners will enter into with the Winning Bidder(s), there may not be any dispute about payment pursuant to the CAMAs and the Underlying Agreements.

60. The Monitor will report further on this issue for purposes of the Approval Application.

CASH FLOW UPDATE

61. On July 18, 2023, BRON and the Interim Lender executed the DIP Term Sheet (a copy of which is attached as Exhibit "T" to the first affidavit of Aaron Gilbert sworn July 18, 2023). Key features of the DIP Term Sheet include:

a) a maximum principal borrowing amount of $6,200,000;

b) interest at the rate of 15% *per annum* payable monthly in arrears on the last business day of each calendar month; and

c) security consisting of the Interim Lender's Charge over all present and after-acquired property, assets and undertakings of the Petitioners.

62. The Monitor monitored on a weekly basis the actual cash flows of BRON relative to the Initial Cash Flow Forecast. This process included weekly calls with BRON's Chief Financial Officer to discuss its various queries relating to the actual cash flow each week, in comparison to the Initial Cash Flow Forecast, as well as the future expected cash flows provided to the Monitor.

63. The Monitor also attended weekly standing calls with the Interim Lender to provide ongoing reporting of the Petitioners' actual cash flows and reviewed the Petitioners' drawdown certificate requests and provided the Interim Lender with its view with respect to supporting each of the requests. In certain instances, the Monitor posed questions to BRON regarding various line items in the weekly cash flows to clarify such items to better evaluate the support provided by the Petitioners in their drawdown certificate requests.

64. BRON, with the assistance of the Monitor, has prepared the three cash flow forecasts as follows, attached hereto as **Appendix "A"**:

a) The 13-week cash flow forecast for the period of July 18, 2023 to October 18, 2023 dated July 18, 2023 (the "**Original Cash Flow Forecast**"), included in the Monitor's pre-filing report dated July 18, 2023;

b) An updated cash flow forecast for the period of July 18, 2023 to October 18, 2023, including actuals to October 4, 2023 (week 11) and revised forecasts for weeks 12 and 13 (the "**Updated Original Cash Flow Forecast**"); and

c) An updated cash flow forecast covering the three-week period from October 19, 2023 to November 8, 2023 (Weeks 14-16) (the "**Updated Cash Flow Forecast**") being the period relating to the requested stay extension.

65. Later in this report, the purpose of the Updated Original Cash Flow Forecast and Updated Cash Flow Forecast are discussed. The following paragraphs provide background information regarding employees which is relevant to the detailed description relating to the Updated Original Cash Flow Forecast and Updated Cash Flow Forecast as discussed further below.

66. The majority of BRON's remaining employees, except for one employee deemed critical and to be retained as an employee and not as a contractor (as defined below) (the "**retained employee**"), will be terminated on October 6, 2023 (the "**terminated employees**").

67. The Interim Lender, in consultation with Management, has preliminarily agreed to have certain terminated employees be retained as contractors (the "**Contractors**") to assist BRON with the transfer of assets from BRON to ultimate purchasers within the SISP process and such monitoring and other reporting as may be required.

68. Given the terminated employees receive no pay in lieu of their notice periods, the Monitor will be undertaking the administration of the WEPP. This will be coordinated in conjunction with one of the contractors, specifically the payroll manager.

69. The purpose of the Updated Original Cash Flow Forecast is to incorporate, amongst other things:

   a) Indicate the actual results to week 11;

   b) Indicate revised forecasts for weeks 12 and 13, including the following:

   c) adjustments relating to a transition period whereby BRON will retain agreed to hire the Contractors, who have been deemed critical for the transfer of assets from BRON following the finalization of the definitive agreements; and

d) the extension of the SISP given the revisions made to the timeline as originally set out in the SISP Procedure, including extensions of the LOI Submission deadline, the Final Bid Submission Deadline, and the ongoing finalization of definitive agreements deadline.

70. Presently, the Updated Cash Flow Forecast is based on a "Wednesday-to-Wednesday" weekly forecast, so weekly reporting also occurred on a Wednesday-to-Wednesday basis. This reporting structure created reporting inefficiencies as numerous payments, including payroll, occurs on Friday. On October 6, 2023, following a discussion between the Monitor and Management, Monitor agreed to the Petitioner's request to change the weekly cash flow reporting from being on a Wednesday to Wednesday basis to a Friday to Friday weekly reporting. No material impact to the cash flow forecast is expected from this change in reporting, and the next cash flow forecast filed with the Court will reflect this change in reporting structure.

71. The purpose of the Updated Cash Flow Forecast is to incorporate, amongst other things:

a) the extension of the SISP given the revisions made to the timeline as originally set out in the SISP Procedure, including extensions of the LOI Submission deadline, the Final Bid Submission Deadline, and ongoing finalization of definitive agreements deadline;

b) adjustments relating to a transition period whereby the Interim Lender has agreed to the hiring of the Contractors, who have been deemed critical for the transfer of assets from BRON following the finalization of the definitive agreements;

c) adjustments to operating expenses including, amongst other things, additional rent payments that will be required given certain physical assets of BRON being located within BRON's Burnaby office; and

d) adjustments to professional fees relating to the requests, from various creditors, that the Monitor undertake a review (the "**Review**") relating to reviewing the books and records of certain BRON entities to trace the proceeds BRON received on certain films and the flow of those proceeds.

72. The table below summarizes BRON's cumulative actual cash flow for the period from the commencement of the CCAA Proceedings to October 4, 2023, relative to the Initial Cash Flow Forecast:

$000s	**Actual**	**Initial Cash Flow Statement**	**Variance**
Receipts	$0	$0	$0
Disbursements			
Operating Disbursements			
Payroll Expense	$(2,332,905)	$(2,515,137)	$182,231
Other Operating Disbursements	$(386,355)	$(546,958)	$160,604
Non-operating Disbursements			
CCAA Professional Fees	$(1,908,929)	$(2,260,751)	$351,822
Net Cash Flow	**$(4,628,189)**	**$(5,322,846)**	**$694,657**

73. The Monitor's understanding of the key variances in actual cash receipts and disbursements as compared to the Initial Cash Flow Forecast are as follows:

a) Payroll Expense: A favourable variance of approximately $182,000 was due to the following factors:

i. *Weekly Payroll Timing*: The weekly cash flow reporting deadline of Wednesday, as compared to payroll being processed and paid to employees on Fridays has caused a discrepancy between reported actual amounts and the Initial Cash Flow Forecast amounts. There is a timing difference due to when payroll accounts are funded and when employees are paid.

ii. *Employees' Notice Period Payments:* Based on advice from their Canadian and US legal counsel following the commencement of the CCAA Proceedings, BRON was made aware that certain employees' notice period payments in the amount of approximately $158,000 were no longer required to be paid.

b) Other Operating Disbursements: A favourable variance of approximately $161,000 resulted from efforts to reduce expenses where possible, such as by cancelling certain software related subscriptions. However, these savings were offset by rent for the months of July, August, and September being paid sooner; and

c) CCAA Professional Fees: A favourable variance of $352,000 due to the following:

i. *Timing of Billing:* The Monitor and the Monitor's Counsel typically generate invoices and send them to BRON towards the beginning of the week, while they are only paid at the end of the week given the Wednesday 5:00 p.m. cash flow reporting deadline; and

ii. *Budgeted Amounts:* BRON's legal counsel fees have been lower than the amounts estimated in the Initial Cash Flow Forecast, partially offset by the following actual (invoiced) professional fees which are higher than budgeted amounts: Monitor fees ($776,000), Monitor's Canadian counsel fees ($498,000), Monitor's US counsel fees and US Filing Fees ($263,000).

74. As of the date of this Second Report, the Interim Lender has advanced $4,859,702 of the current DIP Facility of $6,200,000. The October 4, 2023 updated projections provided by BRON to the Monitor estimate that BRON will require an additional funding $848,307 prior

to the expiry of the Stay Period. At such time, the total advances under the current DIP Facility are forecasted to be USD$6,200,000. BRON has on hand receipts of approximately $639,000 (resulting from certain film revenue) in the amount which are projected to be utilized for disbursements in week 12 and 13.

75. Section 9 of the DIP Term Sheet indicates draws after the third DIP advance shall be funded by the Interim Lender to a segregated trust account established by the Monitor, who would then fund BRON. During the week of September 25, 2023, the Monitor requested (in accordance with section 9) that DIP advances be paid directly to the Monitor in trust, so that the Monitor could pay professional fees and remit the balance to BRON.

76. As mentioned in the First Report, the Initial Cash Flow Forecast contemplated paying 10 key employees a KERP totaling $234,425 (the "**KERP**"). Management subsequently considered other individuals who should be entitled to the KERP and expanded the list from 10 employees to 13 employees, while maintaining the same amount of the total KERP of $234,425. Three "C-Level" employees were provided entitlement as they were considered key to the CCAA Proceedings. The Monitor notes that the CEO is not entitled to a KERP. Payment of the KERP was changed in the Initial Cash Flow Forecast from the entire KERP being paid out in week 13 to a three-installment basis over the course of the 13-weeks depending on the role of an employee. As at the date of this Second Report, BRON has paid approximately $180,000 in KERP payments.

77. Notwithstanding the variances as noted above, the Monitor is of the view that BRON continues to be operating within the parameters of the Initial Cash Flow Forecast.

78. Further, the Monitor will be required to continue its duties pursuant to the ARIO with regarding to Monitoring certain financial and operational activities of the business as well as undertake action relating to the preparation of court reports regarding upcoming court hearings, specifically, but not limited to, the SISP approval hearing.

STAKEHOLDER INQUIRIES

79. On October 3, 2023, the Monitor received a letter from certain parties (the "**Investors' Counsel Letter**") requesting the Monitor review the Petitioners' books and records and certain of the Petitioners' transactions prior to the commencement of these CCAA Proceedings. Such parties requested the Monitor include a copy of the Investors' Counsel Letter in the Monitor's Report. A copy of the Investors' Counsel Letter is attached hereto as **Appendix "B"**.

80. The Monitor and Petitioners continue to receive and respond to other inquiries from stakeholders regarding, among other things, the status of the CCAA and SISP process, matters related to the litigation proceedings in which certain of the Petitioners are involved, and inquiries from creditors and contractual counterparties to productions and other operations of the Petitioners. The Monitor, in consultation with relevant parties, will review and respond to stakeholder inquiries in due course and within the scope of the Monitor's mandate and pursuant to the powers granted to the Monitor under the CCAA.

CONCLUSION

81. Since the date of the First Report, the Monitor is of the opinion that the Petitioners have acted and continued to act in good faith and with due diligence in respect of exploring various options which would enable them to restructure their business and operations, including by way of one or more Court-approved sale transactions.

82. As at the date of this Second Report, nothing has come to the attention of Monitor that would require the Monitor to report that a material adverse change has occurred or that these CCAA Proceedings should be changed to proceedings under the *Bankruptcy and Insolvency Act*, pursuant to sections 23(1)(d)(i) and 23(1)(h) of the CCAA, respectively.

83. For the reasons set out in this Second Report, the Monitor is of the view that the relief requested by the Petitioners is reasonable and respectfully recommends that this Court approve the requested relief in the Petitioners' Notice of Application dated October 5, 2023.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 6th day of October 2023.

GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS MONITOR OF THE PETITIONERS
AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

Per: ______________________________
Mark Wentzell, CPA, CA, CIRP, LIT
Senior Vice-President

<u>Schedule "A"</u>
List of Petitioners

1. BRON Animation Inc.
2. BRON Creative Corp.
3. BRON Developments Inc.
4. BRON Media Corp.
5. BRON Media Holdings Intl. Corp.
6. BRON Media Holdings USA Inc.
7. BRON Releasing Inc.
8. BRON Studios Inc.
9. BRON Ventures 1 (Canada) Corp.
10. BRON Everest Productions Inc.
11. Fables Productions BC Inc.
12. Gossamer Productions BC Inc.
13. Hench 2 BC Productions Inc.
14. Henchmen Productions Inc.
15. Robin Hood Digital PC BC Inc.
16. Windor Productions BC Inc.
17. BRON Creative USA, Corp.
18. BRON Digital USA, LLC
19. BRON Life USA Inc. (BRON Legacy USA Inc.)
20. BRON Media Holdings USA Corp.
21. BRON Releasing USA Inc.
22. BRON Studios USA Inc.
23. BRON Ventures 1, LLC
24. BRON Studios USA Developments Inc.
25. Bakhorma, LLC

26. Drunk Parents, LLC

27. Fables Holdings USA, LLC

28. Gossamer Holdings USA, LLC

29. Gossamer Productions USA Inc.

30. Harry Heft Productions, Inc.

31. Heavyweight Holdings, LLC (previously Harry Haft Films, LLC)

32. I Am Pink Productions, LLC

33. Lucite Desk, LLC

34. National Anthem Holdings, LLC (f.k.a. BCDC Holdings, LLC)

35. National Anthem ProdCo Inc.

36. Oakland Pictures Holdings, LLC

37. Pathway Productions, LLC

38. Robin Hood Digital PC USA Inc.

39. Robin Hood Digital USA, LLC

40. Solitary Holdings USA, LLC

41. Surrounded Holdings USA, LLC

42. Welcome to Me, LLC

Schedule "B"
Non-Petitioner Entities

1. BRON Studios UK Ltd.
2. BRON Releasing UK Ltd.
3. CMA Productions UK Ltd.
4. In Good Company Holdings Ltd.
5. Kid Unknown Holdings Ltd. (formerly known as Hunaman Holdings Ltd.)
6. Neon Club Productions, Ltd.
7. Shadowplay Series Holdings UK Limited
8. TDBB Holdings UK Ltd.
9. Townsend Series Holdings UK Ltd.
10. Townsend Series Productions UK Ltd. (Grey Door Film Productions Ltd.)
11. Front Runner Productions Inc.
12. BRON Creative MG1, LLC
13. BRON Creative WB 1, LLC
14. BRON Labs LLC
15. A Single Shot Movie, LLP
16. Blackhand Developments Inc.
17. Blackhand Pictures, LLC
18. BRON Next Film Production, LLC (BRON Life, LLC)
19. BRON Pictures Holdings, LLC
20. BRON Subnation Slate 1, LLC
21. Rideg Film Holdings, LLC
22. Brown Amy, LLC
23. Driftless Area, LLC
24. Drunk Parents Production Services Inc.

25. Erostratus LA, LLC

26. Erostratus, LLC

27. Fonzo Production Services Inc.

28. Fonzo, LLC

29. Front Runner, LLC

30. Green Moon Inc.

BRON MEDIA GROUP ("Bron")
Consolidated Cash Flow Forecast
July 19, 2023 to October 18, 2023 (the "Cash Flow Period")

		Forecast Week 1	*Forecast Week 2*	*Forecast Week 3*	*Forecast Week 4*	*Forecast Week 5*	*Forecast Week 6*	*Forecast Week 7*	*Forecast Week 8*	*Forecast Week 9*	*Forecast Week 10*	*Forecast Week 11*	*Forecast Week 12*	*Forecast Week 13*	
For the week ending, In USD	**Notes**	**26-Jul-23**	**02-Aug-23**	**09-Aug-23**	**16-Aug-23**	**23-Aug-23**	**30-Aug-23**	**06-Sep-23**	**13-Sep-23**	**20-Sep-23**	**27-Sep-23**	**04-Oct-23**	**11-Oct-23**	**18-Oct-23**	**Total**
Opening Cash Balance	*1*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipts	*2*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Disbursements															
Payroll Expense	*3*														
BRON Media		59,322	-	59,322	-	59,322	-	59,322	-	59,322	-	59,322	-	59,322	415,253
BRON Animation		51,778	-	51,778	-	51,778	-	51,778	-	51,778	-	51,778	-	51,778	362,445
BRON Studios		34,019	-	34,019	-	34,019	-	34,019	-	34,019	-	34,019	-	34,019	238,133
BRON Studios USA		60,865	-	60,865	-	60,865	-	60,865	-	60,865	-	60,865	-	60,865	426,058
BRON Digital USA		37,558	-	37,558	-	37,558	-	37,558	-	37,558	-	37,558	-	37,558	262,907
BRON Digital USA (Interactive Group)		38,282	-	38,282	-	38,282	-	38,282	-	38,282	-	38,282	-	38,282	267,974
KERP	*4*	-	-	-	-	-	-	-	-	-	-	-	-	234,425	234,425
Source Deductions	*5*	665,851	-	-	-	-	-	-	-	-	-	-	-	-	665,851
Notice Period Employees	*6*	-	-	158,341	-	-	-	-	-	-	-	-	-	-	158,341
Total Payroll Expense		947,675	-	440,165	-	281,824	-	281,824	-	281,824	-	281,824	-	516,249	3,031,385
Other Operating Expenses	*7*														
Rent	*8*	116,653	-	-	-	36,041	-	-	-	-	36,041	-	-	-	188,735
Software	*9*	58,246	-	-	-	33,046	-	11,547	3,877	-	33,046	-	-	21,391	161,154
Interest	*10*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Selling, General & Administration	*11*	6,820	9,579	6,199	49,095	6,820	9,579	49,095	6,199	58,674	6,820	9,579	6,199	49,095	273,754
Other Operating Expenses		181,719	9,579	6,199	49,095	75,907	9,579	60,642	10,076	58,674	75,907	9,579	6,199	70,486	623,643
Total Operating Disbursements		**1,129,395**	**9,579**	**446,364**	**49,095**	**357,732**	**9,579**	**342,466**	**10,076**	**340,498**	**75,907**	**291,403**	**6,199**	**586,735**	**3,655,029**
Net Cashflow From Operations		(1,129,395)	(9,579)	(446,364)	(49,095)	(357,732)	(9,579)	(342,466)	(10,076)	(340,498)	(75,907)	(291,403)	(6,199)	(586,735)	(3,655,029)
Non-Operating Disbursements															
Bron Legal Counsel Fees	*12*	113,688	75,792	75,792	56,844	56,844	56,844	56,844	56,844	56,844	56,844	56,844	56,844	56,844	833,712
Proposed Monitor Fees		75,792	75,792	75,792	-	75,792	-	75,792	-	75,792	-	75,792	-	75,792	606,336
Monitor Catch up Fees		121,267	-	-	-	-	-	-	-	-	-	-	-	-	121,267
Proposed Monitor's Legal Counsel Fees		-	75,792	75,792	-	75,792	-	75,792	-	75,792	-	75,792	-	75,792	530,544
Proposed Monitor's Legal Counsel Catch up Fees		26,527	-	-	-	-	-	-	-	-	-	-	-	-	26,527
US Legal Fees and US Filing Fees	*13*	190,000	-	-	-	-	-	-	-	-	-	85,000	-	-	275,000
UK Legal Fees	*14*	75,792	-	-	-	-	-	-	-	-	-	-	-	-	75,792
DIP Financing Fees		18,948	-	-	-	18,948	-	-	-	18,948	-	-	-	18,948	75,792
CCAA Professional Fees		622,015	227,376	227,376	56,844	227,376	56,844	208,428	56,844	227,376	56,844	293,428	56,844	227,376	2,544,971
Total Disbursements		**1,751,409**	**236,955**	**673,740**	**105,939**	**585,108**	**66,423**	**550,894**	**66,920**	**567,874**	**132,751**	**584,831**	**63,043**	**814,111**	**6,200,000**
Net Cashflow		(1,751,409)	(236,955)	(673,740)	(105,939)	(585,108)	(66,423)	(550,894)	(66,920)	(567,874)	(132,751)	(584,831)	(63,043)	(814,111)	(6,200,000)
DIP Financing					-										
DIP Financing Advances		1,751,409	236,955	673,740	105,939	585,108	66,423	550,894	66,920	567,874	132,751	584,831	63,043	814,111	6,200,000
Ending Cash Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative DIP Financing		1,751,409	1,988,364	2,662,105	2,768,044	3,353,151	3,419,575	3,970,469	4,037,389	4,605,263	4,738,015	5,322,846	5,385,889	6,200,000	6,200,000

Appendix "A"

BRON MEDIA GROUP ("Bron")
Notes to the Cash Flow Forecast
July 19, 2023 to October 18, 2023 (the "Cash Flow Period")

Disclaimer

1. This Cash Flow Forecast is prepared by Bron in accordance with s. 23(1)(b) of the Companies Creditors' Arrangement Act ("CCAA").
2. Bron has prepared this Forecast on probable and hypothetical assumptions that reflect the Bron's planned course of action for the period of 13 weeks. Management is of the opinion that, as at the date of filing the Cash Flow Forecast, the assumptions used to develop the projection represent the most probable set of economic conditions facing Bron and that the assumptions used proved a reasonable basis for and are consistent with the purpose of this Cash Flow Forecast.
3. The Cash Flow Forecast has been prepared by Bron and has been reviewed by the Proposed Monitor. The Proposed Monitor has not verified or confirmed certain expenses incurred by Bron which are reflected in this Cash Flow Forecast.
4. The information contained in this Cash Flow Forecast is subject to changing assumptions and/or with the receipt of new or additional information this actual results may vary. This Cash Flow Forecast should not be used for any other purpose than its stated purpose, and creditors are cautioned that the information provided in this Cash Flow Forecast could vary based on changing future circumstances.

Note 1
The Cash Flow Forecast assumes there will be no material opening cash balance.

Note 2
Bron advises that there will be no corporate receipts during the Cash Flow Period.

Note 3
Payroll expense assumes Bron reduces headcount and production of the Digital Projects is placed on hold. Work will continue on Bron's Fortnite rollout under the Interactive Group.

Note 4
Bron advises that it intends to seek a Key Employee Retention Plan ("KERP") in the CCAA proceedings.

Note 5
Pursuant to an agreement between the Companies and CWM, amounts relate to outstanding source deductions in respect of payroll, withholding taxes and dues for government programs, but does not include amounts relating to source deductions for the last pay period.

Note 6
Bron advises that it terminated a number of employees in June 2023. The Cash Flow Forecast includes amounts to be paid to these employees as they work their respective notice periods. Bron has not provided a breakdown of these amounts by employee to date.

Note 7
Operating expenses assume a CCAA filing with pre-filing amounts stayed, other than as disclosed in Note 11. Critical supplier payments are included, but are not material.

Note 8
Rent is for studios in Los Angeles and Burnaby. Bron advises that it intends to disclaim its Los Angeles lease and move to a smaller facility in Los Angeles as part of its restructuring. The Los Angeles lease is CAD $111,564 monthly so rent expense may decrease during the Cash Flow Period. Bron has yet to provide a projected cost for the replacement Los Angeles studio.

Note 9
Software is Zoom, Microsoft, Vision 33 (accounting), Bamboo (HR) and others necessary for Bron's operations during the Cash Flow Period. The amounts also include licence renewal fees.

Note 10
The Cash Flow Forecast assumes that interest on existing loans will be accrued during the Cash Flow Period.

Note 11
SG&A includes employee benefits payments. The Cash Flow Forecast assumes that pre-filing employee benefits will be paid.

Note 12
Bron Legal Counsel Fees assumes no material costs in regard to litigation in connection with the orders sought in Canada during the CCAA proceeding, however does assume fees in recognition of litigation in the US.

Note 13
The Cash Flow Forecast assumes that there will be Chapter 15 bankruptcy proceedings in the US in conjunction with the CCAA proceedings.The $190,000 reflected in week one is required by legal counsel upon approval of the initial CCAA Order.

Note 14
The Cash Flow Forecast assumes that there will be UK recognition orders.

Tuesday, July, 18, 2023

Bron Media Group

Per: ______________________
Dave Whitney, Chief Financial Officer

Grant Thornton Limited, as Proposed Monitor

Per: ______________________
Mark Wentzell, CPA, CA, CIRP, LIT, Senior Vice President

BRON MEDIA GROUP ("Bron")
Consolidated Cash Flow Forecast
July 19, 2023 to October 18, 2023 (the "Cash Flow Period")

For the week ending, In USD	Notes	Actual Week 1-11	*Forecast Week 12* 11-Oct-23	*Forecast Week 13* 18-Oct-23	Total Week 12-13	Total 13 Weeks
Opening Cash Balance	*1*	1,058,107	1,923,137	508,118	1,923,137	508,118
Receipts	*2*	-	-	-	-	-
Total Receipts		-	-	-	-	-
Operating Disbursements						
Payroll Expense	*3*					
BRON Media		336,366	76,915	5,556	82,471	418,837
BRON Animation		335,320	16,728	17,267	33,995	369,315
BRON Studios		217,645	28,862	7,148	36,010	253,655
BRON Studios USA		326,254	134,743	10,650	145,393	471,647
BRON Digital USA		109,028	118,061	-	118,061	227,089
BRON Digital USA (Interactive Group)		161,143	76,384	-	76,384	237,527
KERP	*4*	179,272	55,150	-	55,150	234,423
Source Deductions	*5*	667,877	7,028	-	7,028	674,905
Notice Period Employees	*6*	-	-	-	-	-
Total Payroll Expense		2,332,905	513,870	40,621	554,491	2,887,396
Other Operating Expenses	*7*					
Rent	*8*	197,308	37,152	-	37,152	234,460
Software	*9*	17,395	8,923	25,844	34,767	52,162
Interest	*10*	-	-	-	-	-
Selling, General & Administration	*11*	171,651	68,269	0	68,269	239,920
Other Operating Expenses		386,355	114,344	25,844	140,187	526,542
Total Operating Disbursements		**2,719,260**	**628,214**	**66,465**	**694,678**	**3,413,938**
Net Cashflow From Operations		(2,719,260)	(628,214)	(66,465)	(694,678)	(3,413,938)
Non-Operating Disbursements						
Bron Legal Counsel Fees	*12*	476,752	138,377	218,583	356,960	833,712
Proposed Monitor Fees		549,035	227,240	75,000	302,240	851,275
Monitor Catch up Fees		143,464	-	-	-	143,464
Proposed Monitor's Legal Counsel Fees		324,967	277,994	75,792	353,786	678,753
Proposed Monitor's Legal Counsel Catch up Fees		-	-	-	-	-
Monitor US Legal Fees		-	74,540	-	74,540	74,540
US Legal Filing Fees		-	-	-	-	-
US Legal Fees and US Filing Fees	*13*	263,204	11,811	-	11,811	275,015
UK Legal Fees		151,507	-	-	-	151,507
DIP Financing Fees		-	56,844	18,948	75,792	75,792
CCAA Professional Fees		1,908,929	786,805	388,323	1,175,128	3,084,058
Total Disbursements		**4,628,189**	**1,415,019**	**454,788**	**1,869,807**	**6,497,996**
Net Cashflow		(4,628,189)	(1,415,019)	(454,788)	(1,869,807)	(6,497,996)
DIP Financing						
DIP Financing Advances	*14*	5,708,009	-	-	-	5,708,009
Ending Cash Balance		**1,283,188**	**508,118**	**53,330**	**53,330**	**53,330**
Cumulative DIP Financing		5,708,009	5,708,009	5,708,009	5,708,009	5,708,009

BRON MEDIA GROUP ("Bron")
Notes to the Cash Flow Forecast
July 19, 2023 to October 18, 2023 (the "Cash Flow Period")

Disclaimer

1. This Cash Flow Forecast is prepared by Bron in accordance with s. 23(1)(b) of the Companies Creditors' Arrangement Act ("CCAA").
2. Bron has prepared this Forecast on probable and hypothetical assumptions that reflect the Bron's planned course of action for the period of 13 weeks. Management is of the opinion that, as at the date of filing the Cash Flow Forecast, the assumptions used to develop the projection represent the most probable set of economic conditions facing Bron and that the assumptions used proved a reasonable basis for and are consistent with the purpose of this Cash Flow Forecast.
3. The Cash Flow Forecast has been prepared by Bron and has been reviewed by the Proposed Monitor. The Proposed Monitor has not verified or confirmed certain expenses incurred by Bron which are reflected in this Cash Flow Forecast.
4. The information contained in this Cash Flow Forecast is subject to changing assumptions and/or with the receipt of new or additional information this actual results may vary. This Cash Flow Forecast should not be used for any other purpose than its stated purpose, and creditors are cautioned that the information provided in this Cash Flow Forecast could vary based on changing future circumstances.
5. This Cash Flow Forecast includes the actual results for Week 1-11, in relation to the Cash Flow Forecast completed by Management, dated July 18, 2023, and included in the Monitor's pre-filing report dated July 18, 2023. The forecast amounts relating to Week 12 and Week 13 include i) costs associated with those employees who are expected to be engaged as contractors, under contracts agreements, following the termination of all employees on October 6, 2023 as well as ii) forecasted professional fees for the remainder of the Cash Flow Period.

Note 1
The Cash Flow Forecast assumes there will be no material opening cash balance. Week 12 of the Cash Flow Forecast now reflects the addition of $639 000 relating to funds that were not previously classified as 'available for use.'

Note 2
Bron advises that there will be no corporate receipts during the Cash Flow Period.

Note 3
Payroll expense assumes Bron reduces headcount and production of the Digital Projects is placed on hold. Work will continue on Bron's Fortnite rollout under the Interactive Group.

Note 4
Bron advises that it intends to seek a Key Employee Retention Plan ("KERP") in the CCAA proceedings.

Note 5
Pursuant to an agreement between the Companies and CWM, amounts relate to outstanding source deductions in respect of payroll, withholding taxes and dues for government programs, but does not include amounts relating to source deductions for the last pay period.

Note 6
Bron advises that it terminated a number of employees in June 2023. The Cash Flow Forecast includes amounts to be paid to these employees as they work their respective notice periods. Bron has not provided a breakdown of these amounts by employee to date

Note 7
Operating expenses assume a CCAA filing with pre-filing amounts stayed, other than as disclosed in Note 11. Critical supplier payments are included, but are not material.

Note 8
Rent is for studios in Los Angeles and Burnaby. Bron advises that it intends to disclaim its Los Angeles lease and move to a smaller facility in Los Angeles as part of its restructuring. The Los Angeles lease is CAD $111,504 monthly so rent expense may decrease during the Cash Flow Period. Bron has yet to provide a projected cost for the replacement Los Angeles studio

Note 9
Software is Zoom, Microsoft, Vision 33 (accounting), Bamboo (HR) and others necessary for Bron's operations during the Cash Flow Period. The amounts also include licence renewal fees.

Note 10
The Cash Flow Forecast assumes that interest on existing loans will be accrued during the Cash Flow Period.

Note 11
SG&A includes employee benefits payments. The Cash Flow Forecast assumes that pre-filing employee benefits will be paid

Note 12
Bron Legal Counsel Fees assumes no material costs in regard to litigation in connection with the orders sought in Canada during the CCAA proceeding, however does assume fees in recognition of litigation in the US.

Note 13
The Cash Flow Forecast assumes that there will be Chapter 15 bankruptcy proceedings in the US in conjunction with the CCAA proceedings
The $190,000 reflected in week one is required by legal counsel upon approval of the initial CCAA Order.

Note 14
Reflects Drawdown Advance amount requested in Week 11, however only received in Week 12

Thursday, October, 05, 2023

Bron Media Group

Per: ____________________
Dave Whitney, Chief Financial Officer

Grant Thornton Limited, as Proposed Monitor

DocuSigned by:
Mark Wentzell
1B07A7F220F456

Per: ____________________
Mark Wentzell, CPA, CA, CIRP, LIT, Senior Vice President

BRON MEDIA GROUP ("Bron")
Consolidated Updated Cash Flow Forecast
October 19, 2023 to November 8, 2023 (the "Updated Cash Flow Period")

For the week ending, In USD	Notes	*Forecast* 25-Oct-23	*Forecast* 01-Nov-23	*Forecast* 08-Nov-23	Total
Opening Cash Balance	1	53,330	-	-	-
Receipts	2	-	-	-	-
Total Receipts		-	-	-	-
Operating Disbursements					
Payroll Expense	3				
BRON Media		5,556	5,556	5,556	16,667
BRON Animation		17,267	17,267	17,267	51,802
BRON Studios		7,148	7,148	7,148	21,444
BRON Studios USA		10,650	10,650	10,650	31,950
Total Payroll Expense		**40,621**	**40,621**	**40,621**	**121,863**
Other Operating Expenses	4				
Rent	5	-	37,152	-	37,152
Software	6	19,621	-	-	19,621
Interest					-
Selling, General & Administration	7		12,687	-	12,687
Other Operating Expenses		19,621	49,838	-	69,460
Total Operating Disbursements		**60,242**	**90,459**	**40,621**	**191,323**
Net Cashflow From Operations		(60,242)	(90,459)	(40,621)	(191,323)
Non-Operating Disbursements	8				
Bron Legal Counsel Fees			50,000		50,000
Monitor Fees		50,000	50,000	30,000	130,000
Monitor's Legal Counsel Fees		50,000	50,000	30,000	130,000
US Legal Filing Fees			50,000		50,000
CCAA Professional Fees		100,000	200,000	60,000	360,000
Total Disbursements		**160,242**	**290,459**	**100,621**	**551,323**
Net Cashflow		(160,242)	(290,459)	(100,621)	(551,323)
DIP Financing					
DIP Financing Advances		106,912	290,459	100,621	497,993
Ending Cash Balance		-	-	-	-
Cumulative DIP Financing		5,814,921	6,105,381	6,206,002	6,206,002

Disclaimer

1. This Cash Flow Forecast is prepared by Bron in accordance with s. 23(1)(b) of the Companies Creditors' Arrangement Act ("CCAA").
2. Bron has prepared this Updated Cash Flow Forecast on probable and hypothetical assumptions that reflect the Bron's planned course of action for the period of 3 weeks. Management is of the opinion that, as at the date of filing the Updated Cash Flow Forecast, the assumptions used to develop the projection represent the most probable set of economic conditions facing Bron and that the assumptions used proved a reasonable basis for and are consistent with the purpose of this Updated Cash Flow Forecast.
3. The Updated Cash Flow Forecast has been prepared by Bron and has been reviewed by the Monitor. The Monitor has not verified or confirmed certain expenses incurred by Bron which are reflected in this Updated Cash Flow Forecast.
4. The information contained in this Updated Cash Flow Forecast is subject to changing assumptions and/or with the receipt of new or additional information this actual results may vary. This Updated Cash Flow Forecast should not be used for any other purpose than its stated purpose, and creditors are cautioned that the information provided in this Updated Cash Flow Forecast could vary based on changing future circumstances.

Note 1
The Updated Cash Flow Forecast assumes there will be no material opening cash balance.

Note 2
Bron advises that there will be no corporate receipts during the Updated Cash Flow Period.

Note 3
"Payroll expenses" relates to costs associated with those employees who are expected to be engaged as contractors, under contracts agreements, following the termination of all employees on October 6, 2023

Note 4
Operating expenses assume a CCAA filing with pre-filing amounts stayed, other than as disclosed in Note 11. Critical supplier payments are included, but are not material.

Note 5
Rent is for the leased property in Burnaby.

Note 6
Software is Microsoft, Vision 33 (accounting), Bamboo (HR) and others necessary for Bron's operations during the Updated Cash Flow Period. The amounts also include licence renewal fees.

Note 7
SG&A include amounts related to utilities and internet services relating to the leased property in Burnaby.

Note 8
Non-Operating Disbursements relate to professional fees including, but not limited to, those costs required to the completion of the SISP process, costs with regard to the transition of assets, as well as subsequent court hearings relating to the CCAA proceeding.

Wednesday, October, 04, 2023

Bron Media Group

Per:

Dave Whitney, Chief Financial Officer

Grant Thornton Limited, as Proposed Monitor

DocuSigned by:
Mark Wentzell
B572AFF3DCF485...

Per:

Mark Wentzell, CPA, CA, CIRP, LIT, Senior Vice President

Appendix "B"

Barristers & Solicitors

WeirFoulds LLP

October 3, 2023

Philip Cho
Partner
t. 416-619-6296
pcho@weirfoulds.com

File 00527.42759

SENT BY EMAIL: mark.wentzell@ca.gt.com

Mark Wentzell
Grant Thornton Limited
Suite 1600 - 333 Seymour Street
Vancouver BC V6B 0A4

Dear Mr. Wentzell:

Re: Investor Creditors re BRON Media CCAA

I am writing on behalf of the investor creditors (each an "**Investor Creditor**", and together, the "**Investor Creditors**") listed in the attached schedule "A", together with their respective counsel. The Investor Creditors have certain concerns as set out herein.

Accuracy and Status of Petitioners' Indebtedness

The Investor Creditors are parties to certain agreements through which they have acquired interests in project loans (a "**Project Loan**") in film or television productions owned by one or more of the Petitioning Entities, the Non-Petitioning Entities or in some cases, a BRON-related production company that is neither a Petitioning nor a Non-Petitioning Entity (in such capacity, a "**Primary Debtor Entity**"). The Primary Debtor Entity for a particular production is a special purpose production and/or holding company. In some cases, another BRON entity provided a guarantee (in such capacity, a "**Guarantor**"). We have previously provided you with a table setting out the basic particulars of such Project Loans (the "**Table of Project Loans**"). Each Investor Creditor, through their respective counsel, has provided, or will provide, the underlying documentation for the Project Loans.

We refer to paragraphs 147-149 of the First Affidavit of Aaron Gilbert (the "**First Affidavit**") where Mr. Gilbert describes various project-based secured claims involving both Creative Wealth Media Lending LP 2016 ("**CWM LP**") and Creative Wealth Media Finance ("**CWMF**") aggregating approximately $317M. We also refer to correspondence from the Petitioners' counsel dated August 9, 2023 (which you were copied on), wherein Ms. Faheim advises that Exhibit H to the First Affidavit sets out a summary of the project loans totalling $317M.

Although Exhibit H sets out a number of loans, the loans set out therein do not appear to be Project Loans as the borrowers are listed as Bron entities, not production companies. More importantly, the loans listed in Exhibit H do not correspond with those listed in the Table of Project Loans. While some payments had been made on some Project Loans, the Project Loans have not been paid in full and remain outstanding. Based on our review of the materials filed by the Petitioners, the Project Loans have not been identified, despite there being over $140M (CDN) outstanding in principal and accrued interest.

We request that the Monitor take steps to review the books and records of the Primary Debtor Entities to determine and report on the following:

a. dates, amounts and sources of loan advances received by, or on behalf of, the Primary Debtor Entity;

b. dates and amounts of any repayments made by, or on behalf of, the Primary Debtor Entity, and the particulars as to whom such repayments were made;

c. to the extent, any repayments were not paid to the applicable Investor Creditor, particulars as to the use or receipt of such repayments; and,

d. any directions received by the applicable Primary Debtor Entity, or any Bron entity, regarding repayment.

In addition, we request that the Monitor review the security granted in respect of the Project Loans by each Primary Debtor Entity, as applicable. We understand that in some cases, security interests may have been subordinated without the knowledge or consent of the Investor Creditor. To the extent that monies that should have repaid a Project Loan were redirected to another project, an Investor Creditor may have a trust claim.

Extent of Connections between Petitioners, DIP Lender and CW Parties

The Investor Creditors understand that Mr. Jason Cloth, a director of CWMF is also the director of certain Bron entities (Bron Creative Corp. and Bron Ventures 1 (Canada) Corp.), as set out in the First Affidavit. Until at least August 2022, Mr. Cloth was also a director of Bron Media Corp. ("**BMC**"), one of the Bron parent companies. Mr. Cloth appears to be a director of Creative Wealth Holdings Ltd. ("**CW Holdings**"), which we understand is the parent company of Creative Wealth Media GenPar Ltd. ("**CWM GP**", together with CWMF, CW Holdings and CW LP, the "**CW Parties**"). CWM GP is the general partner of CW LP, the DIP Lender. Attached is a corporate search of BMC as at August 19, 2022; corporate search of CW Holdings; and, an excerpt from a trust indenture showing the relationship between CW Holdings and CWM GP.

In our view, these are relationships and facts that ought to have been disclosed at the time when the DIP facility and SISP was approved. The numerous transactions involving one or more of the CW Parties who were not at arms' length, and the potential non-arms' length nature of the DIP facility would have been relevant considerations, particularly in light of the relatively short SISP and tight cash flow projection prescribed by the DIP facility.

We request that the Monitor take steps to review the nature of these relationships, whether there are other relationships that have not been disclosed, and whether sufficient safeguards have been put in place to guard against any inappropriate effects on the insolvency process.

Aaron Gilbert's Role in Crystal Wealth Media Fund

The Investor Creditors understand that Mr. Gilbert was involved in the Crystal Wealth Media Fund matter, which was the subject of a receivership proceeding initiated by the Ontario Securities Commission: https://www.grantthornton.ca/service/advisory/creditor-updates/#Crystal-Wealth-Group. Many investors in the Crystal Wealth Media Fund were adversely affected by the manner in which investments and transactions occurred between the Crystal Wealth Media Fund and one or more of Mr. Gilbert's companies, including Media House Capital (Canada) Corp. and certain Bron entities.

We understand that Mr. Gilbert, through one of his companies, acquired certain loans from the Receiver of Crystal Wealth. Some of the loans acquired relate to productions and/or production companies that some of the Investor Creditors later advanced funds under participation agreements.

We request that the Monitor consider the information publicly available in the Crystal Wealth Receivership in respect of the Project Loans with a view to identifying any concerns that should be brought to the Court's attention, including whether Investor Creditor funds were utilized to repay aged loans purchased from the Receiver.

Summary

The above issues have been identified by the Investor Creditors based on limited information disclosed in the CCAA proceedings and other sources of information. The Investor Creditors reserve their right to raise additional issues and concerns based on the Monitor's reporting and other evidence filed in these proceedings.

We would be pleased to discuss in more detail with the Monitor.

Yours truly,

WeirFoulds LLP

Philip Cho Digitally signed by: Philip Cho
DN: CN = Philip Cho email = pcho@weirfoulds.com C = CA O = WeirFoulds LLP
Date: 2023.10.03 20:58:07 -04'00'

Philip Cho
Partner

pd/PC

Encl.

19561110.1

SCHEDULE "A"

RE CCAA OF BRON MEDIA CORP. ET AL

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