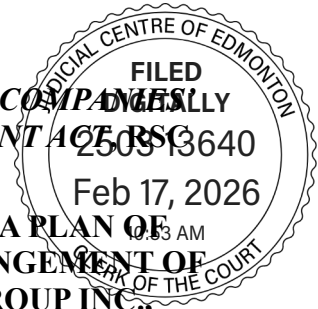


COURT FILE NUMBER 2503-13640  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE EDMONTON  
MATTER

**IN THE MATTER OF THE COMPANIES  
CREDITORS ARRANGEMENT ACT, RSC  
1985, c. C-36, as amended**

**AND IN THE MATTER OF A PLAN OF  
COMPROMISE OR ARRANGEMENT OF  
COAST AUTOMOTIVE GROUP INC.,  
COAST NORTH VANCOUVER AUTO  
SALES INC., COAST AUTO DRAYTON  
INC., AND 2461765 ALBERTA LTD.**



DOCUMENT SECOND SUPPLEMENT TO THE THIRD  
REPORT OF BDO CANADA, IN ITS  
CAPACITY AS COURT-APPOINTED  
MONITOR OF COAST AUTOMOTIVE  
GROUP INC., COAST NORTH VANCOUVER  
AUTO SALES INC., COAST AUTO  
DRAYTON INC., AND 2461765 ALBERTA  
LTD.

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

**MONITOR**

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**SECOND SUPPLEMENT TO THE THIRD REPORT OF THE MONITOR  
BDO CANADA LIMITED  
February 13, 2026**

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**APPENDICES**

Appendix “A” – Fourth Revised Cash Flow Forecast

## **INTRODUCTION**

1. The background to these CCAA proceedings is summarized at paragraphs 1 to 9 of the Supplement to the Third Report dated January 28, 2026 (the “**First Supplement**”), which paragraphs are incorporated into this Second Supplement by reference. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Third Report and the First Supplement.

## **TERMS OF REFERENCE**

2. The purpose of this second supplement to the Third Report (the “**Second Supplement**”) is to provide information to the Court with respect to the current status of the CCAA Proceedings and the Monitor’s request for an extension of the Stay Period to the earlier of March 27, 2026 and filing of the CCAA Termination Certificate.
3. The Terms of Reference and Disclaimer set out in paragraphs 11 through 14 of the Third Report are incorporated into this Second Supplement by reference.

## **UPDATE SINCE THE FIRST SUPPLEMENT TO THE THIRD REPORT**

4. Since filing the First Supplement, the Monitor has continued to address the steps contemplated by the Litigation Timetable.
5. Pursuant to the Litigation Timetable, on January 8, 2026, the Coast Auto Group delivered written interrogatories (the “**Interrogatories**”) to the Monitor which were stated to be in respect of the Third Report of the Monitor dated December 3, 2025 (the “**Third Report**”). In accordance with the Litigation Timetable, the Monitor’s response to the interrogatories (the “**Monitor’s Response**”) was delivered on January 15, 2026.
6. The Litigation Timetable also contemplated questioning on the Affidavit of Joe Randhawa sworn December 8, 2025 (the “**Randhawa Affidavit**”) and the Fee Affidavit of Clark Lonergan sworn December 2, 2025 (the “**Second Fee Affidavit**”). Such questioning took place on January 22 and 23, 2026.

7. On January 29, 2026, two weeks after the Monitor’s Response was delivered, counsel for the Plaintiffs sent an e-mail (the “**January 29 Email**”), alleging, for the first time, deficiencies in the Monitor’s Response and outlining a proposed application to (i) compel answers to questions not answered at the questioning on the Second Fee Affidavit and to “cross examine” the Monitor on the Monitor’s Response or, in the alternative, to demand further and better answers to the Interrogatories; and (ii) modify the Litigation Timetable.
8. On February 4, 2026, the Coast Group, Sundeep Cheema and Deepak Parmar brought an urgent application (the “**Urgent Application**”) for an order (i) compelling the oral examination of Paul Clark Lonergan, a corporate representative of BDO Canada Limited, in its capacity as court-appointed Monitor of the Coast Group on the Third Report, or, in the alternative, compelling the Monitor to provide answers to certain questions by way of affidavit, (ii) ordering the re-attendance for cross examination of Mr. Lonergan, as a representative of the Monitor, concerning the Second Fee Affidavit, and (iii) varying the December 9, 2025 Order (the “**Scheduling Order**”) such that the filing of briefs and the full day hearing be adjourned *sine die* and that the Urgent Application be heard during the full day hearing scheduled for February 18, 2026.
9. On February 6, 2026, BMO brought an application for an order, among other things, directing the Coast Auto Group to post security for costs (the “**Security for Costs Application**”).
10. On February 6, 2026, the Court granted an Order (i) varying the Litigation Timetable, (ii) adjourning the Application and Cross-Application to a date to be set by the Court, (iii) setting dates and deadlines for the service of materials in relation to the Urgent Application, and (iv) scheduling the Urgent Application and Security for Costs Application to be heard on February 18, 2026.

#### **STAY PERIOD EXTENSION AND FOURTH REVISED CASH FLOW FORECAST**

11. The Stay Period currently expires on February 27, 2026. Due to the adjournment of the Application and Cross-Application, the Monitor will not be in a position to terminate the CCAA proceedings before expiry of the Stay Period and a further

extension of the Stay Period is required. The Monitor is requesting an extension of the Stay Period to the earlier of March 27, 2026 and filing of the CCAA Termination Certificate.

12. The Fourth Revised Cash Flow Forecast has been prepared for the 7-week period from February 9, 2026 to the week ending March 29, 2026 (the “**Fourth Revised Cash Flow Period**”), projecting the Company’s estimated liquidity needs during the Fourth Revised Cash Flow Period. A copy of the Fourth Revised Cash Flow Forecast is attached hereto as **Appendix “A”**.
13. The Fourth Revised Cash Flow Forecast is presented on a weekly basis and represents the Monitor’s estimates of the projected cash flow during the Fourth Revised Cash Flow Period. The Fourth Revised Cash Flow Forecast has been prepared by the Monitor in consultation with former management (“**Management**”) of the Company, using probable and hypothetical assumptions (the “**Assumptions**”) as set out in the notes to the Fourth Revised Cash Flow Forecast.
14. The Monitor has reviewed the Fourth Revised Cash Flow Forecast to the standard required of a Court-appointed monitor by section 23(1)(b) of the CCAA. In accordance with this standard, the Monitor conducted inquiries, performed analytical procedures, held discussions, and read documents related to the information supplied to it by certain key members of Management and employees of the Company. Based on the Monitor’s review, nothing has come to its attention that causes it to believe, in all material respects, that:
  - a. the Assumptions are not consistent with the purpose of the Fourth Revised Cash Flow Forecast;
  - b. as at the date of this Second Supplement, the Assumptions are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Fourth Revised Cash Flow Forecast, given the probable and hypothetical assumptions; or
  - c. the Fourth Revised Cash Flow Forecast does not reflect the Assumptions.

15. The Monitor notes that the Fourth Revised Cash Flow Forecast has been prepared solely for the purpose described above and since the Fourth Revised Cash Flow Forecast is based on Assumptions regarding future events, actual results will vary from the information presented even if the Assumptions occur, and the variations could be material. Readers are cautioned that it may not be appropriate for other purposes.
16. The Monitor is of the view that the requested extension of the of the Stay Period is appropriate including because (a) the Monitor is unable to terminate the CCAA proceedings before the current expiry of the Stay Period due to the adjournment of the Monitor's Application and the Cross-Application, (b) the Fourth Cash Flow Forecast demonstrates that sufficient funds are available to satisfy remaining operating expenses, professional fees and disbursements and the Bankruptcy Reserve; and (c) the Company, under the supervision of the Monitor and through the exercise of the Monitor's expanded powers under the ARIO, has acted, and is acting, in good faith and with due diligence
17. The Fourth Revised Cash Flow Forecast shows that during the Fourth Revised Cash Flow Period, if the CCAA proceedings cannot be terminated at an earlier date, the Company will have a closing cash balance of \$9,113. This assumes that the costs of the Urgent Application, Application and Cross-Application and steps associated therewith remain below the reserve taken by the Monitor in connection with such costs. The cumulative net cash flow during the Fourth Revised Cash Flow Period is anticipated to be \$670,887, which funds will be expended almost solely in connection with the Urgent Application, Application and Cross-Application. If the costs of the Urgent Application, Application and Cross-Application exceed the reserve taken by the Monitor in connection therewith, or if these proceedings extend beyond the Fourth Revised Cash Flow Period, the Monitor may be required to seek advice and direction from the Court relating to its ongoing mandate as court-officer.

**All of which is respectfully submitted this 13<sup>th</sup> day of February 2026.**

**BDO Canada Limited**

In its capacity as the Monitor of Coast Automotive Group Inc.,  
Coast North Vancouver Auto Sales Inc., Coast Auto Drayton Inc.,  
and 2461765 Alberta Ltd. and not in its personal or corporate capacity.

A handwritten signature in black ink, appearing to read "Clark Lonergan". The signature is written in a cursive style with a large, looping initial "C".

Per:

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Clark Lonergan, CA, CPA, CIRP, LIT  
Partner/Senior Vice President

**Appendix "A"**

**Fourth Revised Cash Flow Forecast**

Coast Automotive Group Inc., Coast North Vancouver Auto Sales Inc., Coast Auto Drayton Inc., and 2461765 Alberta Ltd. (the "Companies" or the "Debtors")  
 Combined Cash Flow Forecast for the Period  
 February 9th, 2026 to March 29th, 2026  
 (\$ CAD)

Week Beginning		1	2	3	4	5	6	7	Total
Week Ending		2026-02-15	2026-02-22	2026-03-01	2026-03-08	2026-03-15	2026-03-22	2026-03-29	
<b>Receipts</b>	<b>Notes</b>								
New Vehicle Sales		-	-	-	-	-	-	-	-
Used Vehicle Sales		-	-	-	-	-	-	-	-
Parts & Service Sales	1	-	-	65,000	-	-	-	-	65,000
GST/PST Collected		-	-	-	-	-	-	-	-
<b>Total Receipts</b>		-	-	65,000	-	-	-	-	65,000
<b>Operating Disbursements</b>									
Lien Payouts		-	-	-	-	-	-	-	-
Vehicle Purchases		-	-	-	-	-	-	-	-
Parts Purchases		-	-	-	-	-	-	-	-
Payroll (Including Taxes)		-	-	-	-	-	-	-	-
KERP		-	-	-	-	-	-	-	-
Consultants	2	25,000	-	-	-	25,000	-	-	50,000
Employee Benefits		-	-	-	-	-	-	-	-
WCB		-	-	-	-	-	-	-	-
Property Taxes		-	-	-	-	-	-	-	-
Corporate Credit Card Repayment		-	-	-	-	-	-	-	-
Vendor Payments	3	10,000	10,000	10,000	10,000	-	-	-	40,000
Rent Payments		-	-	-	-	-	-	-	-
Insurance Payments		-	-	-	-	-	-	-	-
Professionals & Restructuring Costs	4	125,000	-	125,000	-	125,000	-	125,000	500,000
Contingency	5	7,500	7,500	7,500	7,500	5,000	5,000	2,500	42,500
GST/PST Paid		-	-	-	-	-	-	-	-
GST/PST Remittance (Refund)	6	83,387	-	-	-	-	20,000	-	103,387
<b>Debt Service</b>									
Floor Plan Payments to/ (from) BMO		-	-	-	-	-	-	-	-
BMO Floor Plan Interest		-	-	-	-	-	-	-	-
DIP Interest		-	-	-	-	-	-	-	-
<b>Total Disbursements</b>		250,887	17,500	142,500	17,500	155,000	25,000	127,500	735,887
<b>Net Cash Inflow/(Outflow)</b>		(250,887)	(17,500)	(77,500)	(17,500)	(155,000)	(25,000)	(127,500)	
<b>Cumulative Net Cash Flow</b>		(250,887)	(268,387)	(345,887)	(363,387)	(518,387)	(543,387)	(670,887)	(670,887)
<b>Opening Cash Balance</b>		190,000	429,113	411,613	334,113	316,613	161,613	136,613	190,000
Net Funds held by the Monitor after Reserves for Charges, Priorities and Bankruptcy Costs	7	490,000	-	-	-	-	-	-	490,000
Net Cash Inflow/(Outflow)		(250,887)	(17,500)	(77,500)	(17,500)	(155,000)	(25,000)	(127,500)	(670,887)
<b>Closing Cash Balance</b>		<b>429,113</b>	<b>411,613</b>	<b>334,113</b>	<b>316,613</b>	<b>161,613</b>	<b>136,613</b>	<b>9,113</b>	<b>9,113</b>
<b>Cumulative DIP Drawn</b>	8	-	-	-	-	-	-	-	-

Coast Automotive Group Inc., Coast North Vancouver Auto Sales Inc. ("North Van"), Coast Auto Drayton Inc. ("Drayton Valley"), and 2461765 Alberta Ltd. (together, the "Companies" or the "Debtors")  
Combined Cash Flow Forecast for the Period  
February 9th, 2026 to March 29th, 2026  
(\$ CAD)

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**Notes to the Unaudited 7-Week Cash Flow Forecast of the Applicants**

In preparing this 7-week cash flow forecast (the "Fourth Revised Cash Flow Forecast") the Debtors have relied upon unaudited financial information and the Debtors have not attempted to further verify the accuracy or completeness of such information. The Fourth Revised Cash Flow Forecast includes estimates concerning the operations of the Debtors and additional information discussed below with respect to the requirements of a Companies Creditors Arrangements Act ("CCAA") filing. Since the Fourth Revised Cash Flow Forecast is based upon assumptions of future events and conditions that are not ascertainable, the actual results achieved during the period will vary from the Fourth Revised Cash Flow Forecast, even if the assumptions materialize, and such variation may be material. There is no representation, warranty or other assurances that any of the estimates, forecasts or projections will be realized.

**Overview**

The Fourth Revised Cash Flow Forecast includes the receipts and disbursements of all of the Debtors during the Fourth Revised Cash Flow Forecast Period. The Debtors, with the assistance of BDO Canada Limited in its capacity as the monitor of the Debtors (the "Monitor") have prepared the Fourth Revised Cash Flow Forecast based primarily on estimated disbursements related to the ongoing operations and to the CCAA proceedings.

**The Fourth Revised Cash Flow Forecast excludes any amounts or proceeds realized from the sale of the North Van and Drayton Valley dealership assets and distributions of the proceeds thereof to the Bank of Montreal which have occurred to date.**

**Assumptions:**

- 1 Based on estimated works orders submitted and the collection of outstanding receivables after the close of both sale transactions.
- 2 Payment for the corporate controller and Coast North Van's general manager who continue to assist the Monitor with various wind-down and litigation matters.
- 3 Payment of the remaining vendor payments.
- 4 Costs of the Monitor and its counsel associated with the on-going litigation claim.
- 5 Contingency (inclusive of GST/PST) is assumed to cover unanticipated costs.
- 6 Remaining GST and PST remittances for November and December 2025.
- 7 Cash proceeds from the sale transactions net of reserves for the Court Charges, potential priorities, bankruptcy costs, etc.
- 8 The Interim DIP financing provided by the Bank of Montreal has been repaid inclusive of interest.