Court File No. CV-25-00743485-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N

ARBAT CAPITAL GROUP LTD.

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

FIFTH REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED IN ITS CAPACITY AS COURT-APPOINTED MONITOR

February 20, 2026

Doane Grant Thornton

Grant Thornton Limited,
200 King Street West, Floor 11,
Toronto, ON M5H 3T4

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INTRODUCTION

1. On May 20, 2025, Arbat Capital Group Ltd. (the "**Applicant**" or "**Arbat Capital**") made an application to the Superior Court of Justice (Commercial List) in Ontario ("**Court**") under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**") to commence proceedings pursuant to the CCAA (the "**CCAA Application**"), in respect of The Second Cup Coffee Company Inc. (the "**Debtor**" or "**Second Cup**").

2. In support of the CCAA Application, Grant Thornton Limited ("**GTL**"), at that time the proposed monitor, provided further background information and clarification regarding the CCAA Application through a pre-filing report of the proposed monitor dated May 21, 2025 (the "**Pre-Filing Report**").

3. On May 22, 2025, Justice Cavanagh heard various submissions from counsel present and granted an initial order pursuant to the CCAA (the "**Initial Order**"). Pursuant to the Initial Order, GTL was appointed as monitor of Second Cup (in such capacity, the "**Monitor**"). Since the Debtor had no chief financial officer and the director of finance resigned shortly before the CCAA filing, the Applicant sought the appointment of a chief restructuring officer. Pursuant to the Initial Order, Maxim Lojevsky, the current chairman of the board of directors of Second Cup (the "**Board**"), was appointed as the Chief Restructuring Officer over and in respect of the Debtor (in such capacity, the "**CRO**").

4. The Initial Order, among other things:

   (a) declared that Second Cup is a company to which the CCAA applies;

   (b) ordered that the Debtor shall remain in possession and control of its Property (as defined in the Initial Order) and continue to operate its Business (as defined in the Initial Order) in the ordinary course;

   (c) ordered that until and including June 1, 2025 or such later date as the Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each a "**Proceeding**") shall be commenced or continued against or in respect of the Debtor or the Monitor, or affecting the Business or the Property, except with the written consent of the Monitor and Second Cup, or with leave of the Court, and any and all Proceedings currently under way against or in respect of the Debtor or affecting the Business or the Property are hereby stayed and suspended pending further Order of the Court;

(d) granted a charge on the Property of the Debtor, not to exceed an aggregate amount of $275,000, as security for the payment of the professional fees and disbursements of the Monitor and its counsel, the CRO and counsel to the Applicant (the "**Administration Charge**");

(e) authorized and empowered the Debtor to obtain and borrow under the debtor-in-possession term sheet (the "**DIP Facility Term Sheet**") between the Debtor, as the borrower, and the Applicant, as lender (in such capacity, the "**DIP Lender**"). The DIP Facility Term Sheet provided for borrowings until the comeback hearing (the "**Comeback Hearing**") not to exceed $200,000 plus interest, fees, and expenses, unless permitted by further Order of the Court, in order to finance the Debtor's working capital requirements, the restructuring process, other general corporate purposes, accrued interest, expenses, and capital expenditures, all in accordance with the terms of the DIP Facility Term Sheet (the "**DIP Facility**");

(f) granted the DIP Lender a priority charge on the Property of Second Cup (the "**DIP Facility Charge**"), in the maximum amount of $200,000 plus interest, fees, and expenses pursuant to the DIP Facility Term Sheet, which DIP Facility Charge shall not secure an obligation that exists before the Initial Order was made;

(g) granted a charge on the Property of the Debtor not to exceed an aggregate amount of $100,000, in favour of the directors and officers of Second Cup (the "**Directors' Charge**"); and

(h) set down the Comeback Hearing for May 29, 2025.

5. At the Comeback Hearing on May 29, 2025, the Court granted an amended and restated Initial Order (the "**ARIO**"), which among other things:

(a) extended the Stay Period to August 28, 2025;

(b) approved certain pre-filing payments to vendors that were deemed critical to Second Cup's ongoing business operation (the "**Critical Suppliers**");

(c) approved an amended and restated DIP Facility Term Sheet (the "**Amended DIP Term Sheet**"), which among other things, increased the amounts which may be borrowed by the Debtor under the DIP Facility Term Sheet to $900,000, which, together with the other obligations of the Debtor under the DIP Facility Term Sheet are to be secured by the DIP Lender's Charge;

(d) increased the amount of the Administration Charge to $500,000; and

(e) increased the amount of the Directors' Charge to $220,000, in light of there being no Directors' and Officers' liability insurance being in place.

6. At the Comeback Hearing, the Court also granted a claims identification order (the "**Claims Identification Order**"), approving the process to identify claims which may be outstanding in respect of the Debtor or the Board.

7. On August 21, 2025 the Applicant brought a motion (the "**August 21 Motion**") for an order (the "**SISP Order**") to approve, among other things, a sale and investment solicitation process ("**SISP**") and the Stalking Horse Subscription Agreement between Arbat Capital and Second Cup dated August 15, 2025 (the "**Stalking Horse Agreement**").

8. Following the August 21 Motion, the Court approved and granted the SISP Order as well as an order, which among other things:

(a) extended the Stay Period to November 7, 2025; and

(b) approved an amendment to the Amended DIP Term Sheet (the "**DIP Amendment**"), to among other things, increase the amounts which may be borrowed by the Debtor under the Amended DIP Term Sheet to $1,500,000, which together with the other obligations of the Debtor under the Amended DIP Term Sheet and the DIP Amendment would be secured by the DIP Lender's Charge.

9. On October 3, 2025, the Monitor administered an auction in accordance with the SISP. Upon conclusion of the bidding, the bid submitted by Arbat Capital (in its capacity as the Stalking Horse Bidder), represented the highest consideration received and the strongest overall bid. Accordingly, Arbat Capital was selected as the successful bidder (the "**Successful Bidder**"), and the resulting amendments to the Stalking Horse Agreement (the "**Amended Purchase Agreement**"), together with the reverse vesting transaction (the "**Arbat Transaction**") contemplated therein, were selected by the Monitor pursuant to the SISP as the winning bid. A detailed description of the process of selecting the Successful Bidder and the Arbat Transaction can be found in the Monitor's Third Report to Court dated October 20, 2025 ("**Third Report**"). Copies of the Third Report and the Supplement to the Third Report dated October 29, 2025 (the "**Supplemental Third Report**") without appendices are attached hereto as **Appendix "A"** and **Appendix "B"** respectively.

10. On October 30, 2025, the Monitor brought a motion (the "**October 30 Motion**") for an order (the "**Approval and Vesting Order**") approving the Arbat Transaction which, on closing, will have the effect of replacing Second Cup in these CCAA Proceedings with 1001400034 Ontario Inc. ("**ResidualCo**") as well as providing the Monitor with enhanced powers to close the Arbat Transaction on behalf of the Debtor and enhanced powers over ResidualCo, upon its closing.

11. Following the October 30 Motion, the Court approved and granted the Approval and Vesting Order as well as an Ancillary Order, which among other things:

    (a) extended the Stay Period to January 31, 2026; and

    (b) approved the professional fees and disbursements of the Monitor and its counsel from the commencement of the CCAA Proceedings through September 30, 2025.

12. Copies of the Approval and Vesting Order as well as the Ancillary Order dated October 30, 2025, are attached hereto as **Appendix "C"** and **Appendix "D"**, respectively.

13. On January 29, 2026, the Applicant brought a motion (the "**January 29 Motion**") for an Order amongst other things:

    (a) approving distributions to creditors following closing of the Arbat Transaction including the Monitor's proposed methodology thereto (the "**Proposed Distribution Methodology**") including the Restructuring Claim Holdback

    (b) extending the Stay Period to the CCAA Termination Time;

    (c) upon closing of the Arbat Transaction, terminating these CCAA Proceedings and discharging the Monitor and granting certain releases in favour of the Monitor and its counsel upon the Monitor completing the Remaining Activities and on execution and filing of a Monitor's termination certificate (the "**CCAA Termination and Discharge Relief**") ;

    (d) approving the Monitor's Final Fees and Bankruptcy Reserve.

14. A detailed overview of the Proposed Distribution Methodology can be found in the Monitor's Fourth Report to Court dated January 26, 2026 (the "**Fourth Report**"). A copy of the Fourth Report without appendices is attached hereto as **Appendix "E"**. The Fourth Report and the Proposed Distribution Methodology included the anticipated flow of funds resulting from the Arbat Transaction and how the Purchase Price was to be allocated to

quantify the funds to be remitted by the Purchaser Group[1] to the Monitor on Closing (the "**Closing Payment**"). The Proposed Distribution Methodology provided that the Closing Payment to be paid to the Monitor was calculated by deducting a set off of the estimated distribution to the Purchaser Group (the "**Set-Off Mechanism**").

15. On January 29, 2026, Justice Kimmel granted an Order extending the Stay Period to February 27, 2026 (the "**February Stay Extension Order**") and adjourned the balance of the relief requested as follows:

(a) The relief relating to the Proposed Distribution Methodology was adjourned to February 4, 2026;

(b) The CCAA Termination and Discharge Relief was adjourned to February 25, 2025 following the anticipated closing of the Arbat Transaction.

16. Copies of the February Stay Extension Order and corresponding endorsement are attached hereto as **Appendix "F"** and **Appendix "G"**, respectively. On February 4, 2026, Justice Steele granted an Order which amongst other things; approved the Proposed Distribution Methodology and the Set-Off Mechanism, the Monitor's Final Fees and the Bankruptcy Reserve (the "**Distribution Order**").

17. Copies of the Distribution Order and corresponding endorsement are attached hereto as **Appendix "H"** and **Appendix "I"**, respectively.

18. This fifth report of the Monitor (the "**Fifth Report**") and other information in respect of these CCAA proceedings (the "**CCAA Proceedings**") are posted on the Monitor's case website at www.DoaneGrantThornton.ca/SecondCup.

PURPOSE OF THE FIFTH REPORT

19. This Fifth Report is intended to provide the Court with the following:

(a) an update on the Arbat Transaction and the status of its closing;

(b) an update on the Debtor's cash flow forecast up to March 31, 2026 (the "**March Cash Flow**"); and,

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[1] Comprised of Arbat Capital, Svetlana Borsova, and Park Investors LLC, who collectively represent the substantial majority of the total accepted against Second Cup.

(c) the Monitor's views on the Applicant's motion for an order by the Court extending the Stay Period to March 31, 2026.

TERMS OF REFERENCE

20. In preparing this Fifth Report, the Monitor has been provided with, and has relied upon unaudited internal financial statements, certain other financial information and financial projections of the Debtor, discussions with the management and shareholders of the Debtor ("**Management**"), discussion with the Applicant's counsel, and financial information provided by other stakeholders (collectively, the "**Information**"). While the Monitor reviewed the Information for reasonableness and believes that the information herein provides a fair summary of the transactions as reflected in the documents of the Debtor, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Generally Accepted Auditing Standards.

21. Some of the information used in preparing this Fifth Report consists of financial projections, including cash flow projections. The Monitor cautions that these projections are based upon assumptions about future events and conditions that are not ascertainable. The Debtor's actual results may vary from the cash flow projections, even if the hypothetical and probable assumptions contained therein ("**Probable and Hypothetical Assumptions**") materialize, and the variations could be significant.

22. Over the course of its mandate, the Monitor has assumed the integrity and truthfulness of the information and explanations presented to it by the Debtor 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 during the Monitor's specific inquiries. Accordingly, this Fifth Report is based solely on the information (financial or otherwise) made available to the Monitor by the Applicant, the Debtor, Management, the CRO and respective counsellors involved in these CCAA Proceedings.

23. This Fifth Report has been prepared for the use of this Court and the Debtor's stakeholders as general information relating to the Debtor and to assist the Court in determining whether to grant the relief sought by the Monitor. Accordingly, the reader is cautioned that this Fifth

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 Fifth Report contrary to the provisions of this paragraph.

24. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Affidavits of Alexey Golubovich, sworn May 19, 2025, May 27, 2025, August 15, 2025, January 26, 2026 and February 20, 2026, , the Pre-Filing Report, the Monitor's first report to Court dated May 28, 2025, the Monitor's second report to Court dated August 18, 2025, Third Report, the Supplemental Third Report, the Fourth Report and this Fifth Report.

THE ARBAT TRANSACTION

25. Upon Court approval of the Arbat Transaction and as reported in the Third Report and Fourth Report, the Monitor and its counsel worked with Arbat Capital, the Debtor, and its respective counsel to advance the remaining matters to be finalized prior to closing the Arbat Transaction before the Outside Date.

26. The Monitor in its Fourth Report noted that it had been advised by counsel to Arbat Capital, Miller Thomson LLP, that part of the Closing Payment had already been delivered to them in escrow and the balance would be delivered prior to the motion returnable on January 29, 2025. Prior to the January 29 Motion and at the hearing, counsel to Arbat Capital advised it had received wire confirmations for the balance of the Closing Payment.

27. However, on February 9, 2026, the Monitor was advised by counsel to Arbat Capital that despite their understanding that the balance of the Closing Payment had cleared and been delivered the funds had not been received and multiple attempts to wire the funds had failed.

28. The Monitor immediately requested proof of funding, which was received on February 10, 2026 and worked with Arbat Capital to facilitate receipt of the funds directly to the Monitor.

29. The Monitor understands that Arbat Capital initiated multiple wires, however; they have been rejected primarily through intermediary banks in the United States prior to arriving in Canada. As discussed in the Monitor's previous reports, similar funding delays were

experienced with the receipt of the DIP Financing. As a result, the Monitor has been working closely with Arbat Capital to resolve this issue.

30. As at the date of this Fifth Report, neither the Monitor nor Arbat's counsel have received the balance of the Closing Payment. However, the Monitor has been working closely with Arbat Capital and its counsel to resolve this matter as quickly as possible.

31. Most recently, on February 19, 2026, Arbat Capital funded amounts to another member of the Purchaser Group to send directly to the Monitor. The Monitor is tracking to confirm if the funds have been received.

32. However, given the impeding stay expiry, the Monitor is of the view that the funds will not arrive in time for the Arbat Transaction to close and for the Monitor to provide sufficient and appropriate service of court materials in connection with the CCAA Termination and Discharge Relief.

33. The Monitor has reviewed bank statements from Arbat Capital and notes that Arbat Capital has provided sufficient proof of funds. Accordingly, the Monitor is of the view that closing risk is minimal at this time; however, the only delay is caused by clerical matters between the banks.

34. As further discussed below, the Applicant is seeking a stay extension to allow breathing room for Arbat Capital to send the balance of the Closing Payment and for the Arbat Transaction to close.

35. The Monitor is of the view that the only impact to the extension would be an increase in the professional fees in connection with the delayed closing including preparation for this motion and for the time that has been spent assisting Arbat Capital with funding the balance of the Closing Payment. These amounts are secured by the Administration Charge, which amounts are to be paid by the Purchaser Group on closing. The Fourth Report included estimated distributions to unsecured creditors including the Purchaser Group in accordance with the Proposed Distribution Methodology. However, due to the delays in closing and increased professional fees the estimated distributions to the unsecured creditors, in accordance with the Cout-approved Proposed Distribution Methodology, will reduce and the Purchaser Group will be required to fund an additional amount to address the increased closing costs. As described below, Second Cup has cash on hand which will be acquired by the Purchaser Group on Closing and these funds

or additional amounts wired to the Monitor by the Purchaser Group may be used to fund the additional amounts.

36. The Monitor will report back to this Court once the Arbat Capital Transaction is closed and will further disclose the amounts to be distributed to unsecured creditors pursuant to the Distribution Order.

CASH FLOW FORECAST AND THE DEBTORS' RECEIPTS AND DISBURSEMENTS

37. As reported in the Fourth Report, the Debtor and the CRO, with assistance from the Monitor, prepared an updated version of the October 20 Cash Flow (the "**January 26 Cash Flow**"). The January 26 Cash Flow was prepared under the same Probable and Hypothetical Assumptions as the October 20 Cash Flow and that the Debtor's franchise operations and collections would continue in the ordinary course.

38. The Monitor has continued to review the cash flows of the Debtor since the Fourth Report was issued (the "**Fifth Report Period**"). The following table summarizes the Debtor's receipts and disbursements up to the week ending January 24, 2026, along with the budget to actual variances from Week 37 to Week 39 of the January 26 Cash Flow included with the Fourth Report:

The Second Cup Coffee Company Inc. Summary of Actual Results For the Period Ending February 14, 2026 CAD $000	Week 1-36 (Actual) + Week 37-39 (Forecast)	Week 1-39 (Actual)	Week 37-39 (Variance)
Cash Receipts			
Franchise Collections	573,628	617,784	44,155
Supply Purchases	55,680	55,680	-
A/R Collections	218,029	218,029	-
Miscellaneous Receipts	3,329	3,593	264
Total Cash Receipts	**850,666**	**895,085**	**44,420**
Cash Disbursements			
Operational Stability Costs	104,681	104,681	-
Labour	519,757	523,599	3,842
Leases	87,766	87,676	(90)
Operational	479,149	478,279	(870)
Total Cash Disbursements	**1,191,354**	**1,194,236**	**2,882**
Total Financing Disbursements	**38,264**	**38,264**	**-**
Total Professional Fees	**947,106**	**947,106**	**-**
Total Cash Disbursements	**2,176,723**	**2,179,605**	**2,882**
Net Cash Flows	**(1,326,057)**	**(1,284,520)**	**41,538**
Cash from Interim Financing			
DIP Financing	1,509,936	1,509,936	-
Opening Cash Balance	1,432	1,432	-
Closing Cash Balance	**185,311**	**226,849**	**41,538**

39. The following information details the Debtor's actual receipts and disbursements, along with the notable variances from the January 26 Cash Flow over the course of the three-week period from Week 37 to Week 39 of the Fifth Report Period as well as general commentary on the results from same:

(a) DIP Financing – As noted in the Fourth Report, the final installment towards the DIP Financing was received on January 15, 2026 (Week 35). As discussed in previous reports, the delays in receiving the DIP Financing contributed to several of the variance items throughout previous cash flow periods of the CCAA Proceedings. The DIP Facility remains fully drawn upon.

(b) Franchise and Accounts Receivable Collections – Accounts receivable arrears collections were consistent with what was projected in the January 26 Cash Flow. Due to certain franchise partners experiencing banking delays, an outstanding balance on pre-filing accounts receivable remains. The Debtor is of the view that certain arrear balances are still collectable but are not expected to be received in the short term. Franchise collections on post filing revenue has continued to improve since the payments to Critical Suppliers and the maintaining of purchase orders. Collections from franchise partners were $44,155 higher than forecasted over the Fifth Report Period. The primary driver of the increase was due to catchup payments being made on previously missed post filing royalty revenue. As noted in the Fourth Report, the increased stability of Second Cup following the selection of the Successful Purchaser has encouraged franchise partners to remit their royalty payments.

(c) Operational Stability Costs – There were no Operational Stability Costs incurred during the Fifth Report Period.

(d) Labour – Labour costs were $3,842 higher than projected over the three-week period of the Fifth Report period due to expense reimbursement payments made to employees and contractors which were not reflected in the January 26 Cash Flow.

(e) Operating Expenses & Purchases – Operating Expenses & Purchases were generally consistent with the January 26 Cash Flow over the Fifth Report Period. The negative variance is primarily due to the cancellation of the automobile insurance policy. The associated vehicle was repossessed by the leasing company and subsequently sold. The Debtor was able to cancel the insurance policy once the leasing company confirmed the sale of the vehicle.

(f) Financing Disbursements – As noted in the Fourth Report, interest payments owing in respect of the BMO line of credit are maintained post-filing. The variance in financing disbursements is attributed to no interest payments being made on the DIP Facility, due to interest accruing. The accrued interest on the DIP Facility will be an Assumed Liability pursuant to the Amended Purchase Agreement.

(g) Professional Fees – There were no professional fee arrears forecasted to be paid by Second Cup during the Fifth Report Period As described in the Fourth Report, there remains to be a variance in the actual professional fees paid. The variance in professional fees will be satisfied, as described above, as a part of the Administration Charge.

40. Considering the above variances, the changes to Second Cup's operations, that the Arbat Transaction has not closed, and the Monitor's need to continue to report on the receipts and disbursements of the Debtor, Management and the CRO, with the assistance of the Monitor, prepared the March Cash Flow. The March Cash Flow was prepared under the same Probable and Hypothetical Assumptions as the January 26 Cash Flow.

41. Below is a summary of the March Cash Flow, reflecting the actual results from May 22, 2025, to February 14, 2026, and the projected receipts and disbursements over the now extended period from February 14, 2026, to March 31, 2026:

March Cash Flow Summary			
For the week beginning February 15, 2026 In CAD	**Actuals Week 1-39**	**Forecast Week 37-41**	**TOTAL**
Cash Receipts			
Franchise Collections	617,784	152,500	770,284
Supply Purchases	55,680	-	55,680
A/R Collections	218,029	-	218,029
Miscellaneous Receipts	3,593	300	3,893
Total Cash Receipts	**895,085**	**152,800**	**1,047,885**
Cash Disbursements			
Operational Stability Costs	104,681	-	104,681
Labour	523,599	72,060	595,659
Leases	87,676	5,364	93,041
Operational	478,279	26,931	505,211
Total Cash Disbursements	**1,194,236**	**104,355**	**1,298,591**
Total Financing Disbursements	**38,264**	**8,546**	**46,809**
Total Professional Fees	**947,106**	**-**	**947,106**
Total Cash Disbursements	**2,179,605**	**112,901**	**2,292,506**
Net Cash Flows	**(1,284,520)**	**39,899**	**(1,244,621)**
Cash from Interim Financing			
DIP Financing	1,509,936	-	1,509,936
Opening Cash Balance	1,432	226,849	1,432
Closing Cash Balance	**226,849**	**266,747**	**266,747**

42. The March Cash Flow is attached hereto as **Appendix "J"**.

43. The Monitor has reviewed the March Cash Flow to the standard required of a Court-appointed monitor by s. 23(1)(b) of the CCAA. The Monitor's review of the March Cash

Flow consisted of inquiries, analytical procedures, and discussions related to information supplied to the Monitor by Management and the CRO of the Debtor. Since the Probable and Hypothetical Assumptions need not be supported, the Monitor's procedures with respect to same were limited to evaluating whether they were consistent with the purpose of the March Cash Flow. The Monitor has also reviewed the support provided by the Debtor for the Probable and Hypothetical Assumptions and the preparation and presentation of the March Cash Flow. Based on the Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:

(a) the Probable and Hypothetical Assumptions are not consistent with the purpose of the March Cash Flow;

(b) as at the date of this Fifth Report, the Probable and Hypothetical Assumptions developed by Management are not suitably supported and consistent with the Debtor's plans or do not provide a reasonable basis for the March Cash Flow, given the Probable and Hypothetical Assumptions; or

(c) the March Cash Flow does not reflect the Probable and Hypothetical Assumptions.

44. The Monitor makes the following general comments on the adjustments made to the January 26 Cash Flow in the preparation of the March Cash Flow:

(a) the cash flow period has been extended up to March 31, 2026, to account for the currently anticipated timeline for Closing;

(b) cash flows are now forecasted beyond the previously anticipated Closing;

(c) collections assumptions have been adjusted to be more in line with the results of the Fifth Report Period;

(d) operating expenses have been adjusted to more accurately reflect Second Cup's operational changes over the Fifth Report Period;

(e) the March Cash Flow has adjusted the timing and amounts of certain other disbursements to be in line with the historical results of the Fifth Report Period;

(f) contemplates an anticipated closing date by March 31, 2026; and

(g) accounts for the impact of the Arbat Transaction and the transition of the CCAA Proceedings to ResidualCo on Closing.

45. Since the March Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the Probable and Hypothetical Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the March Cash Flow will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy or completeness of any financial information presented in this Fifth Report or relied upon by the Monitor in preparing this Fifth Report.

46. The March Cash Flow has been prepared solely for the purposes described on the face of the March Cash Flow and readers are cautioned that it may not be appropriate for other purposes.

EXTENSION OF THE STAY PERIOD

47. The Applicant is seeking the approval of the Court that the Stay Period be extended to March 31, 2026. The Monitor is of the view that no creditor would face material prejudice should this Court grant such request.

48. The Monitor is further of the view that the extension of the Stay Period provides sufficient time to allow for the Closing. Extending the Stay Period will also avoid a further request for an additional Order extending the Stay Period further and save professional costs that would otherwise be distributed to creditors.

49. The Monitor is supportive of the Applicant's request and continues to maintain the view that the Arbat Transaction is in the best interests of the Debtor's stakeholders. The Monitor respectfully requests that this Court grant the Applicant's requested relief.

CONCLUSION

50. Since the date of the Fourth Report, the Monitor is of the opinion that Second Cup has continued to act in good faith and with due diligence in respect of exploring various options which would enable it to restructure its business and operations.

51. As at the date of this Fifth Report, nothing has come to the attention of the 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.

52. For the reasons set out in this Fifth Report, the Monitor recommends that this Court make the Orders granting the requested relief.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 20th day of February 2026.

GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS COURT-APPOINTED MONITOR
OF THE SECOND CUP COFFEE COMPANY INC., AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

DocuSigned by:
Per: Jason Kanji
5B43CCA3D954459...

Jason Kanji, CPA, CA, CIRP, LIT
Vice-President

APPENDIX “A”

Court File No. CV-25-00743485-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N

ARBAT CAPITAL GROUP LTD.

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

THIRD REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED IN ITS CAPACITY AS COURT-APPOINTED MONITOR

October 20, 2025

Grant Thornton Limited,
200 King Street West, Floor 11,
Toronto, ON M5H 3T4

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Appendix B – Claims Identification Order dated May 29, 2025

Appendix C – SISP Order dated August 21, 2025

Appendix D – Ancillary Order dated August 21, 2025

Appendix E – Monitor's Second Report dated August 18, 2025

Appendix F – Second Cup Teaser

Appendix G – Newspaper Advertisement of SISP

Appendix H – Auction Procedures

Appendix I – Redacted Draft Amending Agreement No. 1 to Stalking Horse Subscription Agreement

Appendix J – October 20 Cash Flow

Appendix K – Fee Affidavit of Jason Kanji sworn October 20, 2025

Appendix L – Fee Affidavit of Natalie E. Levine sworn October 20, 2025

CONFIDENTIAL APPENDICES

Confidential Appendix A – Minutes of the Auction

Confidential Appendix B – Draft Amending Agreement No. 1 to Stalking Horse Subscription Agreement

Confidential Appendix C – Copy of Back-Up Bid

Confidential Appendix D – Proposed Transaction Waterfall

Confidential Appendix E – ResidualCo. Cash Flow

INTRODUCTION

1. On May 20, 2025, Arbat Capital Group Ltd. (the "**Applicant**" or "**Arbat Capital**") made an application to the Superior Court of Justice (Commercial List) in Ontario ("**Court**") under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**") to commence proceedings pursuant to the CCAA (the "**CCAA Application**"), in respect of The Second Cup Coffee Company Inc. (the "**Debtor**" or "**Second Cup**").

2. In support of the CCAA Application, Grant Thornton Limited ("**GTL**"), at that time the proposed monitor, provided further background information and clarification regarding the CCAA Application through a pre-filing report of the proposed monitor dated May 21, 2025 (the "**Pre-Filing Report**").

3. On May 22, 2025, Justice Cavanagh heard various submissions from counsel present and granted an initial order pursuant to the CCAA (the "**Initial Order**"). Pursuant to the Initial Order, GTL was appointed as monitor of Second Cup (in such capacity, the "**Monitor**"). Since the Debtor had no chief financial officer and the director of finance resigned shortly before the CCAA filing, the Applicant sought the appointment of a chief restructuring officer. Pursuant to the Initial Order, Maxim Lojevsky, the current chairman of the board of directors of Second Cup (the "**Board**"), was appointed as the Chief Restructuring Officer over and in respect of the Debtor (in such capacity, the "**CRO**").

4. The Initial Order, among other things:

   (a) declared that Second Cup is a company to which the CCAA applies;

   (b) ordered that the Debtor shall remain in possession and control of its Property (as defined in the Initial Order) and continue to operate its Business (as defined in the Initial Order) in the ordinary course;

   (c) ordered that until and including June 1, 2025 or such later date as the Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each a "**Proceeding**") shall be commenced or continued against or in respect of the Debtor or the Monitor, or affecting the Business or the Property, except with the written consent of the Monitor and Second Cup, or with leave of the Court, and any and all Proceedings currently under way against or in respect of the Debtor or affecting the Business or the Property are hereby stayed and suspended pending further Order of the Court;

(d) granted a charge on the Property of the Debtor, not to exceed an aggregate amount of $275,000, as security for the payment of the professional fees and disbursements of the Monitor and its counsel, the CRO and counsel to the Applicant (the "**Administration Charge**");

(e) authorized and empowered the Debtor to obtain and borrow under the Debtor-in-possession term sheet (the "**DIP Facility Term Sheet**") between the Debtor, as the borrower, and the Applicant, as lender (in such capacity, the "**DIP Lender**"). The DIP Facility Term Sheet provides for borrowings until the comeback hearing (the "**Comeback Hearing**") not to exceed $200,000 plus interest, fees, and expenses, unless permitted by further Order of the Court, in order to finance the Debtor's working capital requirements, the restructuring process, other general corporate purposes, accrued interest, expenses, and capital expenditures, all in accordance with the terms of the DIP Facility Term Sheet (the "**DIP Facility**");

(f) granted the DIP Lender a priority charge on the Property of Second Cup (the "**DIP Facility Charge**"), in the maximum amount of $200,000 plus interest, fees, and expenses pursuant to the DIP Facility Term Sheet, which DIP Facility Charge shall not secure an obligation that exists before the Initial Order was made;

(g) granted a charge on the Property of the Debtor not to exceed an aggregate amount of $100,000, in favour of the directors and officers of Second Cup (the "**Directors' Charge**"); and

(h) set down the Comeback Hearing for May 29, 2025.

5. At the Comeback Hearing on May 29, 2025, the Court granted an amended and restated Initial Order (the "**ARIO**"), which among other things:

(a) extended the Stay Period to August 28, 2025;

(b) approved certain pre-filing payments to vendors that were deemed critical to Second Cup's ongoing business operation (the "**Critical Suppliers**");

(c) approved an amended and restated DIP Facility Term Sheet (the "**Amended DIP Term Sheet**"), which among other things, increased the amounts which may be borrowed by the Debtor under the DIP Facility Term Sheet to $900,000, which, together with the other obligations of the Debtor under the DIP Facility Term Sheet are to be secured by the DIP Lender's Charge;

(d) increased the amount of the Administration Charge to $500,000; and

(e) increased the amount of the Directors' Charge to $220,000, in light of there being no Directors' and Officers' liability insurance being in place.

6. At the Comeback Hearing, the Court also granted a claims identification order (the "**Claims Identification Order**"), approving the process to identify claims which may be outstanding in respect of the Debtor or the Board (the "**Claims Identification Process**"). Copies of the ARIO and the Claims Identification Order are attached hereto as **Appendix "A"** and **Appendix "B"**, respectively.

7. On August 21, 2025 the Applicant brought a motion (the "**August 21 Motion**") for an order (the "**SISP Order**") to approve, among other things, a sale and investment solicitation process ("**SISP**") and the Stalking Horse Subscription Agreement between Arbat Capital and Second Cup dated August 15, 2025 (the "**Stalking Horse Agreement**").

8. Following the August 21 Motion, the Court approved and granted the SISP Order as well as, an ancillary order, which among other things:

(a) extended the Stay Period to November 7, 2025; and

(b) approved an amendment to the Amended DIP Term Sheet (the "**DIP Amendment**"), to among other things, increase the amounts which may be borrowed by the Debtor under the Amended DIP Term Sheet to $1,500,000, which together with the other obligations of the Debtor under the Amended DIP Term Sheet and the DIP Amendment would be secured by the DIP Lender's Charge.

9. Copies of the SISP Order including the SISP and the ancillary order dated August 21, 2025 are attached hereto as **Appendix "C"** and **Appendix "D"**, respectively.

10. This third report of the Monitor (the "**Third Report**") and other information in respect of these CCAA proceedings (the "**CCAA Proceedings**") are posted on the Monitor's case website at www.DoaneGrantThornton.ca/SecondCup.

PURPOSE OF THE THIRD REPORT

11. This Third Report is intended to provide the Court with the following:

(a) an update on the activities of the Monitor since August 18, 2025, the date of the Second Report;

(b) an update on the Claims Identification Process;

(c) an update on the conclusion of the SISP, the selection of an Amended Purchase Agreement (as defined herein) by Arbat Capital as the Successful Bid ("**Successful Bidder**") pursuant to the SISP, and the proposed reverse vesting transaction ("**Proposed Transaction**") derived therefrom;

(d) the Monitor's views on the Proposed Transaction and commentary on the expected recovery to the Debtor's creditors should the Proposed Transaction be approved by this Court and subsequently close;

(e) the Monitor's views on its motion for the following orders:

i. a reverse vesting order ("**RVO**"), among other things:

a. approving the Proposed Transaction as contemplated in the Stalking Horse Agreement, as proposed to be amended following the Auction by the Amending Agreement No. 1 to Stalking Horse Subscription Agreement (the "**Amending Agreement**") (together, the "**Amended Purchase Agreement**") with the Successful Bidder, that has the effect of replacing Second Cup in these CCAA Proceedings with ResidualCo. (as defined below);

b. providing the Monitor with enhanced powers to close the Proposed Transaction on behalf of the Debtor and enhanced powers over ResidualCo., upon filing the Monitor's Closing Certificate confirming that the Proposed Transaction has closed.

ii. an ancillary Order (the "**Ancillary Order**"), among other things:

a. extending the Stay Period to January 31, 2026;

b. approving the Third Report, as well as the activities of the Monitor and its counsel as reported herein;

c. approving the confidential appendices to the Third Report ("**Confidential Appendices**") and granting a sealing order thereto;

(f) approving the fees and disbursements of the Monitor and its counsel from the commencement of the CCAA Proceedings through September 30, 2025. an update on the Debtor's actual cash flows through October 11, 2025 compared to the cash flow forecast filed in the Second Report; and

(g) the Monitor's views on the Debtor's revised cash flow forecast for the period of October 12, 2025, to November 8, 2025.

TERMS OF REFERENCE

12. In preparing this Third Report, the Monitor has been provided with, and has relied upon unaudited internal financial statements, certain other financial information and financial projections of the Debtor, discussions with the management and shareholders of the Debtor ("**Management**"), discussion with the Applicant's counsel, and financial information provided by other stakeholders (collectively, the "**Information**"). While the Monitor reviewed the Information for reasonableness and believes that the information herein provides a fair summary of the transactions as reflected in the documents of the Debtor, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Generally Accepted Auditing Standards.

13. Some of the information used in preparing this Third Report consists of financial projections, including cash flow projections. The Monitor cautions that these projections are based upon assumptions about future events and conditions that are not ascertainable. The Debtor's actual results may vary from the cash flow projections, even if the hypothetical and probable assumptions contained therein ("**Probable and Hypothetical Assumptions**") materialize, and the variations could be significant.

14. Over the course of its mandate, the Monitor has assumed the integrity and truthfulness of the information and explanations presented to it by the Debtor 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 during the Monitor's specific inquiries. Accordingly, this Third Report is based solely on the information (financial or otherwise) made available to the Monitor by the Applicant, the Debtor, Management, the CRO and respective counsellors involved in these CCAA Proceedings.

15. This Third Report has been prepared for the use of this Court and the Debtor's stakeholders as general information relating to the Debtor and to assist the Court in determining whether to grant the relief sought by the Monitor. Accordingly, the reader is cautioned that this Third 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 Third Report contrary to the provisions of this paragraph.

16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

17. Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Affidavits of Alexey Golubovich, sworn May 19, 2025, May 27, 2025 and August 15, 2025, (collectively, the "**Golubovich Affidavits**"), the Pre-Filing Report, the Monitor's first report to Court dated May 28, 2025 (the "**First Report**"), and the Monitor's second report to Court dated August 18, 2025 (the "**Second Report**").

ACTIVITIES OF THE MONITOR

18. Since the date of the Second Report the Monitor has amongst other things:

(a) maintained the Monitor's case website (www.DoaneGrantThornton.ca/SecondCup) and updated it accordingly. Since the Second Report, the following documents have been added to the case website:

i. the Applicant's Motion Record returnable on August 21, 2025;

ii. the Second Report dated August 18, 2025;

iii. the Endorsement of Justice Osborne dated August 21, 2025;

iv. the Ancillary Order dated August 21, 2025;

v. the SISP Order dated August 21, 2025;

vi. the SISP;

vii. a SISP solicitation document (the "**Teaser Letter**");

viii. a non-disclosure agreement ("**NDA**") for parties to participate in the SISP; and

ix. an updated E-Service List as at August 17, 2025.

(b) maintained frequent contact with the CRO who continues to have discussions with the suppliers and franchise partners that were identified to be key to the ongoing operations of Second Cup. The Monitor has also continued to have several meetings with the CRO and Management, including, amongst other things, financial resources required, funding requirements, timelines for supplying products to the franchise partners, reporting requirements, the Revised Cash Flow and the October 20 Cash Flow (as defined and discussed further below), and the Claims Identification Process;

(c) assisted the Debtor and CRO in addressing the needs of the franchise partners;

(d) assisted the Debtor in their internal transition following the resignation of Second Cup's Chief Executive Officer as described below;

(e) continued to maintain communication with stakeholders and provided updates on these CCAA Proceedings;

(f) administered the Claim Identification Process; and

(g) implemented the SISP as further described within this Third Report;

CLAIMS IDENTIFICATION PROCESS

19. On May 29, 2025 the Court granted the Claims Identification Order, approving the process to identify and quantify claims against Second Cup. Undefined capitalized terms in this section shall have the meanings ascribed to them in the Claims Identification Order.

20. As noted in the Second Report, by the Claims Bar Date (being June 30, 2025), the Monitor received the following claims:

Claim Type	Number of Claims Received	Quantum of Claims received (CAD)
Pre-Filing Claims for which the Monitor received a Proof of Claim	15	$36,844,858
Restructuring Claims	0	$0
D&O Claims	2	$25,052,115
Total Claims Received	**17**	**$36,896,973**

Note:
1. One Pre-Filing Claim was received after the Claims Bar Date.
2. A priority claim from Canada Revenue Agency is included as a Pre-Filing Claim. All other claims are ordinary unsecured claims.
3. Both D&O Claims are also against Second Cup.

4. D&O Claims include a litigation claim of $25,000,000 from a former shareholder. The claimant also filed an unsecured claim against the Debtor.

21. A total of seventeen (17) Claims were submitted to the Monitor by sixteen (16) Claimants. Each Claim received was reviewed and adjudicated by the Monitor in accordance with the Claims Identification Order.

Monitor's Determination of Priority Claims

22. As stated in the Monitor's previous reports, the Monitor anticipated that the only Claim with a priority under the CCAA would be from Canada Revenue Agency (the "**CRA"**). The CRA submitted its claim (the "**CRA Claim**") in respect of deemed trust amounts for deductions at the source withheld by Second Cup pre-filing inclusive of interest and penalties.

23. Based on a review of the CRA Claim by the Monitor and its counsel, the deemed trust portion of the CRA Claim was determined to rank in priority to the Claims of any secured creditors, including the DIP Lender and Bank of Montreal, in accordance with the ARIO and Section 37 of the CCAA. There are no other priority Claims submitted to the Monitor and all other Claims were unsecured in nature.

Monitor's Adjudication of Claims

24. Paragraph 25 of the Claims Identification Order empowers the Monitor to, among other things, accept, revise, or disallow (in whole or in part) any Claim. Where the Monitor determines that a Claim is to be revised or disallowed, the Monitor was to deliver to that Creditor a Notice of Revision or Disallowance (a "**NORD**"). Following the Monitor and its counsel's review of the seventeen (17) Claims received, the Monitor issued NORDs in respect of a total of five (5) claims. All other Claims were accepted by the Monitor, as filed.

25. As of the date of this Third Report, four (4) claimants have issued a notice of dispute on the Monitor's determination of their claim ("**Notices of Dispute**"). The Monitor continues to review each of the Notices of Dispute, within its authority through the Claims Identification Order.

26. The Claims Identification Order permits the Monitor, in its sole discretion, to refer a dispute raised in a Notice of Dispute to a claims officer for determination or discontinue the adjudication process in respect of such Claim and deem such Claim entirely unaffected by the Claims Identification Process if it is determined to be in the best interests of the Debtor and its stakeholders.

27. As described below, the Amended Purchase Agreement permits the Successful Bidder to designate Retained Liabilities (as defined in the Amended Purchase Agreement) up to five (5) days prior to the Closing Time.

28. The Monitor continues to review the Notices of Dispute and is also in discussions with the Successful Bidder regarding whether those Claims may become Retained Liabilities under the Amended Purchase Agreement. The Monitor intends to report back to the Court on its planned course of action in respect of these Claims.

SALE AND INVESTMENT SOLICITATION PROCESS

29. The SISP outlined a process pursuant to which the Monitor, working in conjunction with the Debtor, would solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Debtor's assets and business (the "**Opportunity**").

30. As a part of the SISP, the SISP Order approved the Stalking Horse Agreement between Arbat Capital (in such capacity, the "**Stalking Horse Bidder**") and the Debtor on or about August 15, 2025. Pursuant to the Stalking Horse Agreement, the Stalking Horse Bidder agreed to subscribe to and purchase all of the Debtor's share capital and act as the stalking horse bid in the SISP (the "**Stalking Horse Bid**").

31. The Monitor provided a detailed description of the SISP in the Second Report. A copy of the Second Report without appendices is attached hereto is **Appendix "E"**.

32. Undefined capitalized terms in this section shall have the meanings ascribed to them in the SISP Order.

<u>Marketing Overview</u>

33. In accordance with the milestones set out in the SISP Order, the Monitor prepared a list of potential bidders including Known Potential Bidders and on August 22, 2025, the Monitor began circulating the Teaser and NDA to a listing of Potential Bidders. A total of eighty-four (84) Potential Bidders were sent the Teaser and NDA throughout the SISP. The Potential Bidder list was developed by the Monitor using information provided by the Debtor, parties that reached out to the Monitor directly, industry research, and the Monitor's contacts from its internal network including, the Monitor's Corporate Finance team. A copy of the Teaser is attached hereto as **Appendix "F".**

34. Potential Bidders contacted by the Monitor during operation of the SISP included parties that were involved in the food and beverage industry, restaurant chains, private investors, other strategic industry players, and private equity firms. These entities were located globally, including parties in Canada, United States, United Kingdom, Australia, India, and other countries in Asia, Europe and the Middle East.

35. Pursuant to paragraph 13 of the SISP, the Monitor also posted advertisements of the SISP in Insolvency Insider and The Globe & Mail (National Edition) on August 26, 2025. A copy of The Globe & Mail (National Edition) August 26, 2025 tear sheet is attached hereto as **Appendix "G**".

Due Diligence

36. To facilitate due diligence and ensure the integrity of the SISP, the Monitor in conjunction with legal counsel and the Debtor created a virtual data room ("**VDR**") using a due diligence tracking tool and prepared a form of NDA. This tracking tool helped the Monitor streamline the diligence process by anticipating information requests, providing a structure to rapidly respond to questions and ensure the completeness and transparency of data within the VDR.

37. The Monitor hosted the VDR on Firmex which, amongst other things, notified all registered users when new information was posted to the VDR.

38. The Monitor also established an internal process to track and respond to questions received by Potential Bidders and update the VDR as appropriate, while maintaining the confidentiality of the Potential Bidders.

The Bidders

39. On August 27, 2025 the Monitor opened the VDR to 'go live' for those Potential Bidders who returned to the Monitor a properly executed NDA (each, a "**Participating Bidder**"). Throughout the SISP a total of ten (10) parties signed NDAs and received access to the VDR, becoming Participating Bidders.

40. Additionally, to assist Participating Bidders on understanding the Opportunity, the Monitor developed a Confidential Information Memorandum which was uploaded to the VDR on August 25, 2025.

Insider Involvement

41. In accordance with the SISP no later than 10 days following the granting of the SISP Order any officer, director, employee, or equity holder of the Debtor that intended to acquire an interest in a Potential Bidder or be a Potential Bidder (a "**Participating Insider**") was required to disclose their involvement in writing to the Monitor.

42. As described in the Second Report, Arbat Capital, in its capacity as the Stalking Horse Bidder, is a Participating Insider for the purpose of the SISP. The Monitor became aware that the CRO was or would become involved in some capacity with the Stalking Horse Bid or the Stalking Horse Bidder and as such, out of an abundance of caution, the SISP was designed to be conducted exclusively by the Monitor and the Monitor also treated the CRO as a Participating Insider in connection with the SISP.

43. On September 1, 2025, the Monitor received communication from counsel to Mr. Ragas, the then President and Chief Executive Officer of the Debtor, advising that Mr. Ragas was declaring himself a Participating Insider under the SISP. In accordance with the SISP, Mr. Ragas, through his counsel, also confirmed to the Monitor that as a Participating Insider he would not take any steps to affect or impair the integrity of the SISP, including by providing inaccurate or incomplete information to other Potential Bidders or by discouraging Potential Bidders from participating fully in the SISP.

44. On September 5, 2025, Mr. Ragas informed the Monitor that he had resigned from his position as President and Chief Executive Officer of the Debtor, effective October 3, 2025. Subsequently, on September 10, 2025, Mr. Ragas informed the Monitor that he was advancing his resignation date to be effective, September 12, 2025.

45. In accordance with the SISP none of the Participating Insiders participated in the Monitor's review or consideration of the Qualified Bids (as defined below), selection of the Successful Bid or negotiation of the Proposed Transaction documents.

<u>Bids Received</u>

46. On the Bid Deadline of September 30, 2025, the Monitor received a total of one (1) formal offer to purchase or make an investment in the Debtor (a "**Bid**") and this Bid was accompanied by a deposit. In accordance with the SISP, the Monitor was required to only accept a Bid which complied with the requirements set out in paragraphs 28 to 34 of the SISP (a "**Qualified Bid**").

47. The Monitor assessed the Bid received and designated it as a Qualified Bid. Pursuant to the SISP, the Stalking Horse Bid was also to be considered as a Qualified Bid. Including the Stalking Horse Bid, a total of two (2) Qualified Bids were received.

48. A summary of activity throughout the SISP is shown below:

Stage	Count (#)
Potential Bidders contacted	84
Executed NDAs received	10
Qualified Bids	2

The Auction: Selection of the Successful Bidder and the Back-Up Bidder

49. In accordance with the SISP, if the Monitor received at least one Qualified Bid in addition to the Stalking Horse Bid, the Monitor was required to conduct and administer an auction (the "**Auction**").

50. In accordance with the SISP, on October 1, 2025, the Monitor provided all parties who submitted a Qualified Bid (collectively, the "**Qualified Parties**", and each a "**Qualified Party**"), with the details of the leading bid (the "**Leading Bid**"). Pursuant to the SISP, the Leading Bid became the initial Bid at the Auction.

51. Upon each Qualified Party confirming their participation in the Auction, the Qualified Parties were provided with a document on October 1, 2025, outlining the procedures of the Auction as modified from the auction procedures provided in the SISP Order (the "**Auction Procedures**"). A copy of the Auction Procedures is attached hereto as **Appendix "H"**.

52. Both the Qualified Parties confirmed to the Monitor their intention to participate in the Auction by the deadline contemplated in the Auction Procedures. The Monitor thereafter provided each Qualified Party with dial-in details of the Auction.

53. The Auction was administered by the Monitor on October 3, 2025, via Microsoft Teams.

54. The Auction proceeded over several rounds. In each case, the applicable Qualified Party made an Overbid in each round and confirmed that the only change made in the Overbid was the cash consideration. All bids were received in the Auction on an open basis and both Qualified Parties were present for submission of each Overbid.

55. The Auction concluded with the Qualified Party other than the Stalking Horse Bidder confirming on the record that it did not wish to submit an Overbid in excess of the Stalking Horse Bidder's final Overbid.

56. Upon the conclusion of the bidding at the Auction, the Monitor announced that the bid submitted by the Stalking Horse Bidder was the highest consideration received and best Bid of the Auction (the "**Successful Bid**") and the other Qualified Bidder was the next highest and otherwise second-best Overbid (as defined in the Auction Procedures) of the Auction (the "**Back-Up Bid**"). Accordingly, Arbat Capital was selected as the Successful Bidder. The Monitor's Minutes of the Auction are attached hereto as **Confidential Appendix "A"**.

MONITOR'S VIEW ON THE SISP

57. The Monitor is of the view that the implementation of the SISP was fair and reasonable, given that:

(a) the SISP was (i) conducted in accordance with the SISP Order; (ii) well defined and transparent; (iii) consistent with similar Court approved sales processes for opportunities of this nature; and (iii) implemented and administered by the Monitor in order to maintain its integrity;

(b) the Monitor has both significant and recent experience with sales mandates for opportunities of this nature in insolvency proceedings;

(c) the one-stage process provided each Participating Bidder with sufficient time to complete their due diligence, as facilitated by the Monitor. The SISP was designed to ensure that Participating Bidders would have all the necessary information required to develop and submit an informed Bid within a highly competitive process, using the Amended Purchase Agreement as a template and reference tool;

(d) the Opportunity was widely marketed, canvassing parties across Canada, the United States, and internationally that included industry participants, competitors, private equity sponsors, strategic players, and parties who had expressed interest to the Monitor directly; and

(e) protective steps were put in place surrounding Participating Insiders potentially becoming a Potential Bidders or having direct involvement in the submission of a Qualified Bid.

58. The Monitor is of the view that the Proposed Transaction with the Successful Bidder is the result of good faith efforts and an extensive and transparent SISP that represented a reasonable balance between the Debtor's circumstances and the time required to successfully market and solicit Bids to complete a transaction of this nature. The SISP created competitive tension amongst Bidders throughout the process and the Auction, and the fact that the SISP was implemented and administered by the Monitor ensured the continuing efficacy and integrity of the process that resulted in the Proposed Transaction.

59. The Proposed Transaction represents the best executable offer received for Second Cup pursuant to the SISP.

THE PROPOSED TRANSACTION

60. An amendment has been agreed in principle the terms of an amendment to the Stalking Horse Agreement to reflect the updated purchase price that arose from the Auction. A copy of a draft, redacted Amending Agreement, with the final purchase price redacted, is attached hereto as **Appendix** "**I**" and a copy a draft unredacted Amending Agreement is attached hereto as **Confidential Appendix "B"**.

61. As set out below, the Monitor is seeking authorization to execute the Amending Agreement, on behalf of the Debtor. If the RVO is granted the Amending Agreement will be executed.

62. The Proposed Transaction contemplates the purchase of Second Cup as a going concern by the Successful Bidder, who is expected to continue investing in and operating the business. The Monitor understands that it is the Successful Bidder's intention that most if not all current staff will maintain employment under the Proposed Transaction. The target closing date ("**Target Closing Date**") for the Proposed Transaction is November 10, 2025 (the "**Closing**").

63. The Proposed Transaction contemplated by the Successful Bidder is structured in the form of the RVO and effected through a subscription agreement with the same terms as the Stalking Horse Agreement and with the quantum of the Successful Bid, pursuant to which all existing shares of Second Cup will be cancelled and the Successful Bidder will

subscribe for, and be issued, new common shares (the "**Purchased Shares**") in Second Cup. This will have the effect that upon Closing, the Successful Bidder will be the sole registered and beneficial owner of the Purchased Shares and Second Cup will be wholly owned, directly or indirectly, by the Successful Bidder free and clear of all Claims and Encumbrances (except for any Permitted Encumbrances and Retained Liabilities). The Excluded Assets and Excluded Liabilities (as will be submitted prior to Closing) will be vested out of Second Cup into a new company to be incorporated prior to Closing ("**ResidualCo.**").

64. The terms of the Amended Purchase Agreement are the same as the Stalking Horse Agreement save and except for the quantum of the Cash Payment and the Administrative Wind-down Amount as described below.

65. Pursuant to the Amended Purchase Agreement, among other things:

(a) the Successful Bidder will subscribe for the Purchased Shares for an amount equal to the Purchase Price (as defined herein), free and clear of any Claims and Encumbrances, except Retained Liabilities and Permitted Encumbrances.

(b) the Articles of Reorganization as defined in the Amended Purchase Agreement will be filed, which will have the effect of:

i. Creating a new class of common shares of Second Cup; and

ii. Providing for the redemption or cancellation of all issued and outstanding common shares and other equity interests of Second Cup, for no consideration on Closing.

(c) immediately after the issuance of the Purchased Shares and the redemption or cancellation of the existing Second Cup shares and equity interests, the Successful Bidder will become the sole shareholder of Second Cup;

(d) the Excluded Assets, Excluded Liabilities and Excluded Contracts will be removed from Second Cup and vest in ResidualCo., pursuant to the RVO. For certainty, the interests, obligations and payments relating to the Purchase Price will be transferred to ResidualCo. for eventual distribution to Second Cup's creditors by the Monitor pursuant to an order of the Court;

(e) the subscription to the Purchased Shares and cancellation of the existing Second Cup shares will be completed on an "as is, where is" basis with no representation or warranty thereon, subject only to the stipulations of the Amended Purchase Agreement and the RVO;

(f) all claims and encumbrances attached to the Excluded Assets will continue to attach to the Excluded Assets and will similarly be transferred to ResidualCo. and become obligations of ResidualCo.; and

(g) after Closing, ResidualCo., which will have more than $5 million in liabilities and be insolvent, would replace Second Cup as the Debtor in these CCAA Proceedings and Second Cup would exit the CCAA Proceedings.

<u>Consideration Received Pursuant to Amended Purchase Agreement</u>

66. The consideration included in the purchase price ("**Purchase Price**") pursuant to the Proposed Transaction, the Amended Purchase Agreement and the terms of the RVO consists of:

(a) the balance of the DIP Facility, plus interest accrued through to and including the Closing Date, and any and all fees and expenses associated therewith will be a Retained Liability;

(b) the Secured Indebtedness, including principal and interest accrued through to and including the Closing Date will be a Retained Liability; and

(c) a closing cash payment, includes the Over-Bid Top-Up that arose from the Auction (the "**Closing Payment**") paid to the Monitor to be used to fund (i) the Priority Payments; (ii) amounts owing as secured by the Administration Charge (iii) the costs incurred in connection with the administration and wind-down of ResidualCo, and (iv) distributions of the remaining portion in respect of accepted Claims pursuant to the Claims Identification Order.

67. The Implementation Steps outlined in the Amended Purchase Agreement, include certain actions to be taken by Second Cup and the Successful Bidder that ensure the Proposed Transaction proceeds in an efficient manner for the Successful Bidder. The Monitor has discussed these steps with its counsel, Second Cup and the Successful Bidder and understands the rationale for such steps, which are primarily to effect the Proposed Transaction in an efficient manner and not unreasonable in the circumstances. The Amended Purchase Agreement provides that such Implementation Steps can be modified as appropriate leading up to closing, upon consent of the Monitor.

Administrative Wind-down Amount

68. The Stalking Horse Agreement contemplated a $50,000 Administrative Wind-down Amount to be used to satisfy costs incurred by the Monitor and its professional advisors after Closing to: (a) administer ResidualCo and the Excluded Assets and Excluded Liabilities and (b) wind-down and/or dissolve ResidualCo.

69. This $50,000 estimate was premised on the assumption that ResidualCo. would be subject to a no-asset bankruptcy with minimal winddown activities required. However, as described below, given that ResidualCo. may have Claims to address, and there are excess proceeds generated from the Auction, the Monitor and Successful Bidder have agreed to adjust the quantum and terms of the Administrative Wind-down Amount. This adjustment will ensure there is sufficient funds for the Monitor to appropriately deal with the Claims of ResidualCo. and wind down the estate effectively.

70. The RVO and Amended Purchase Agreement provides that on Closing the Closing Payment will be paid to the Monitor, in trust and the Monitor shall use these funds:

(a) to pay the Priority Payments;

(b) to pay amounts owing as secured by the Administration Charge;

(c) the balance of which shall be used to:

    i. satisfy costs incurred by the Monitor and its professional advisors after Closing to:

        a. administer ResidualCo and the Excluded Assets and Excluded Liabilities

        b. wind-down and/or dissolve ResidualCo;

    ii. distribute remaining funds in respect of accepted Claims pursuant to the Claim Identification Order.

PROPOSED APPROVAL AND REVERSE VESTING ORDER

71. The Monitor is seeking approval from the Court of the Proposed Transaction, which is to be implemented through an RVO. As of the date of this Third Report, the Monitor has received no objection or communication from any creditors or stakeholders related to the proposed use of an RVO for the Proposed Transaction and such parties received notice

of the RVO structure on or around August 21, 2025, when the Applicant sought approval of the SISP Order.

72. The Monitor understands that an RVO is essentially similar to a more typical approval and vesting order, in that it provides the purchaser of assets from an insolvent entity the ability to obtain the debtor's interests in those assets "free and clear". However, an RVO varies from typical vesting orders by reason of the following:

(a) the purchaser becomes the sole shareholder of the debtor company;

(b) the debtor company retains its assets, including key contracts, capital structure, licenses, leases, and tax attributes;

(c) the liabilities not assumed by the purchaser are vested out and transferred, together with any excluded assets, into a ResidualCo. that takes the place of the Debtor in the insolvency proceeding; and

(d) the debtor company exits the CCAA Proceedings.

73. The proposed RVO in these CCAA Proceedings includes the approval of the Amended Purchase Agreement and the Proposed Transaction, as well as certain additional relief required to implement the Proposed Transaction. This additional relief includes, among other things:

(a) the RVO shall constitute the only authorization required by Second Cup and ResidualCo. to complete the Proposed Transaction and no further authorizations, approvals or filings will be required;

(b) ResidualCo. will be added as a respondent to the CCAA Proceedings and Second Cup will cease being a respondent. ResidualCo. will assume the Excluded Assets and Excluded Liabilities, which substantially exceed $5 million, and as a consequence thereof, ResidualCo. will be insolvent;

(c) due to the resignation of the President & Chief Executive Officer and the CRO's involvement in the Successful Bidder, an order granting the Monitor enhanced powers to close the Proposed Transaction and executing the Amending Agreement, on behalf of the Debtor;

(d) an order granting the Monitor enhanced powers with respect to ResidualCo. upon the filing of the Monitor's Closing Certificate (as defined below); and

(e) a release in favor (i) Alexey Golubovich, Maxim Lojevsky and Larissa Khomutova in their capacity as directors of the Debtor, (ii) the consultants, legal counsel, and advisors of the Debtor and ResidualCo. (iii) the Monitor and its legal counsel and their respective present and former directors, officers, partners, employees, and advisors and (iv) the CRO (each a "**Released Party**"), in each case in respect of claims taking place prior to Closing Time or relating to the Proposed Transaction or matters completed pursuant to the terms of the RVO.

74. As described below, the Monitor understands from the Debtor and the Successful Bidder that there are multiple franchise agreements and IP registrations across many jurisdictions which comprise the bulk of the Debtor's Business. While these agreements may permit assignment, there is uncertainty regarding enforcing the assignment of these agreements across multiple jurisdictions. As such, in order to preserve the critical intellectual property and agreements the Successful Bidder has structured the transaction as a reverse vesting order to ensure the agreements are maintained.

75. The Monitor understands that the proposed reverse vesting structure is necessary in the circumstances to achieve the benefits to the Debtor's stakeholders from the Proposed Transaction. The Monitor's view on the proposed RVO is outlined below.

MONITOR'S VIEW ON APPROPRIATENESS OF THE RVO

76. The Monitor understands that courts across the country caution the use of RVOs except in unusual or extraordinary circumstances, and not simply because it is more convenient for a purchaser.

77. The Monitor understands that RVOs have been approved in circumstances wherein, among other things:

(a) the debtor operated in multiple jurisdictions where the transfer of existing contracts would be practically impossible to transfer to a purchaser in an expeditious and certain manner. The RVO structure in these circumstances provides a timely and efficient resolution to this issue, such that the purchaser would not be exposed to the material risks, uncertainty delays and costs associated with the transfer of contracts that would otherwise make a transaction uneconomical or impossible to consummate;

(b) the debtor was the registrant or applicant of trademarks and copyrights in multiple jurisdictions; and

(c) no party would be materially prejudiced by the use of an RVO structure, relative to another means of completing a transaction.

78. Additionally, while the Debtor has not completed audited financial statements for several years, the Monitor expects that there are tax losses that can be carried forward and may remain available post Closing.

79. Outlined below are the Monitor's considerations in respect of whether the use of an RVO is appropriate for the Proposed Transaction.

<u>Necessity and Characteristics of the RVO</u>

80. The Successful Bidder has requested that the Proposed Transaction be consummated through an RVO, and both Bids received pursuant to the SISP contemplated an RVO as an integral part of any proposed transaction.

81. Second Cup provides operational support to its international franchise partners and is the holder of master franchise agreements with franchise partners across more than 20 different jurisdictions, including but not limited to Egypt, Kenya, Pakistan, Azerbaijan, Kuwait, Saudi Arabia, Cyprus, Lebanon, and India. Specifically, there are:

(a) master franchise agreements across multiple different jurisdictions allowing over 170 stores to operate globally; and

(b) trademarks and copyright registrations in 68 different jurisdictions globally.

(the "**Second Cup IP**")

82. While the master franchise agreements may permit assignment, the transfer of these master franchise agreements and the transfer of the Second Cup IP to the Successful Bidder through a traditional vesting order would create material uncertainty around the timing, cost, and acceptance for each transfer across the various jurisdictions. This is especially heightened when these global jurisdictions operate under different legal regimes than in Ontario and will require significant professional fee expense.

83. The Monitor has been advised by the Successful Bidder that it would be required to retain legal counsel in each of the 68 different jurisdictions Second Cup operates or has registrations to effect a valid transfer and if a reverse vesting structure is not approved and

that the cost and uncertainty of this would likely render the Successful Bid unworkable/unviable. The cost of undertaking this effort would have resulted in the Successful Bidder making a lower Bid at the Auction and would result in significantly reduced recoveries for all stakeholders.

84. The Successful Bidder has further advised that the continued use of the master franchise agreements and retention of the Second Cup IP is critical to the ability of the Successful Bidder to continue operations in the ordinary course and maintain control of the Second Cup brand globally. Control of the Second Cup brand is required for Second Cup, as a franchisor, to operate. The uncertainty around timing, cost and acceptance of these contracts would materially impact the operations of Second Cup's business and the economics of the Proposed Transaction.

85. The Monitor understands that the assumption of the master franchise agreements with all franchise partners and the Second Cup IP are critical to the offer proposed by the Successful Bidder, the transfer of which would not be practicable in a timely or costly manner in a different transaction structure. The Monitor is of the view that no stakeholder will be materially disadvantaged by the reverse-vesting structure.

86. Given the Monitor's understanding of the market value of Second Cup derived from the SISP, the Monitor is of the view that the consideration provided in the Proposed Transaction reflects the value of the Debtor's intangible assets and key attributes which can only be preserved under the RVO structure. The Monitor notes that the completion of a transaction through an RVO structure was also contemplated by each of the Qualified Parties, as they recognized the RVO as the optimal structure to preserve Second Cup's key attributes, being Second Cup's intangible assets. The Monitor, in consultation with its legal counsel, considered if the above characteristics could be preserved through an alternative transaction structure, such as a traditional vesting order or plan of arrangement. The Monitor is of the view that an RVO would provide the timeliest, least costly, and most expedient for the transfer of the above characteristics of the Debtor to the Successful Bidder. The RVO structure also mitigates the operational risk associated with seeking to transfer such characteristics through a different transaction structure.

87. The Monitor therefore considers that an RVO is necessary, in these circumstances, to ensure that the Proposed Transaction be consummated on a timely and in the most expeditious manner for the benefit of Second Cup's stakeholders. By keeping all

intellectual property and contracts within the same legal entity, the RVO avoids disruption, ensures business continuity, and allows the Proposed Transaction to proceed efficiently.

Economic and Stakeholder Impact of the RVO Relative to Viable Alternatives

88. The Monitor is further of the view that the Proposed Transaction is the best offer received through the SISP and represents the market value of Second Cup after the conclusion of an extensive marketing process. A copy of the Back-Up Bid received is attached hereto as **Confidential Appendix "C"**.

89. Additionally, the Proposed Transaction through an RVO results in a return to unsecured creditors, the Monitor believes that a traditional approval and vesting order would not result in a different outcome to unsecured creditors.

90. The draft distribution analysis demonstrates that the Monitor expects there to be sufficient funds to go towards the secured creditors, priority payables, and other closing payments, with a surplus to unsecured creditors.

91. The Monitor believes that in any other transaction structure, a distribution to all stakeholders would be reduced by (a) additional professional fees (b) a decrease in the purchase price to account for the significant costs of addressing multiple jurisdictions and (c) additional expenses at the business level to account for a longer closing period which would require an increase to the DIP Facility.

92. Similarly, a plan of arrangement would require the support of the secured creditor and DIP Lender, who would likely be better off enforcing their security through a receivership to affect a sale of Second Cup rather than support a plan of arrangement that would likely require a larger portion of the sale proceeds to be paid to the unsecured creditors to secure their support for the plan of arrangement. The Monitor also understands that the additional time and expense required to formulate and implement a plan of arrangement would significantly impact the Successful Bidder's proposed timelines and would therefore create an additional and unacceptable closing risk, which in turn would reduce the Successful Bidder's proposed purchase price for Second Cup.

93. The Monitor is of the view that an RVO would provide an expeditious and efficient transfer of Second Cup's operations to the Successful Bidder. A smooth transition of control to the Successful Bidder will achieve the objectives of the CCAA by (i) preserving value of the Debtor's business, (ii) avoiding the economic hardship that would result to stakeholders

from a liquidation, and (iii) creating an opportunity for Second Cup's employees, suppliers, franchise partners, employees of the franchise partners across over 170 locations globally, and other stakeholders to realize the resultant future economic benefits accruing from the continuation of operations.

94. Given the factors outlined above, as well as the Monitor's understanding of how Participating Bidders considered these factors when assigning value to their Bids in the SISP, the Monitor is of the view that no stakeholder is worse off under the RVO structure than they would have been under any other viable structure for the sale of the Second Cup.

Notice of RVO Application to All Known Creditors

95. The Monitor intends to serve all known creditors, including unsecured creditors and shareholders with this Third Report and the associated motion materials as soon as practical after service of the motion materials, thereby providing reasonable notice prior to the return date of the motion.

96. The Monitor will also publish this Third Report, and all other relevant application materials to its website, www.DoaneGrantThornton.ca/SecondCup, as soon as practical after service of the motion materials.

Considerations as Related Party Transaction

97. Arbat Capital, as the Successful Bidder is a "related person" under the CCAA since it is person who directly or indirectly controls the Debtor.

98. As such, in accordance with Section 36 of the CCAA the Monitor has considered if (a) good faith efforts were made to sell or otherwise dispose of the assets to persons who are not related to the company; and (b) the consideration to be received is superior to the consideration that would be received under any other offer made in accordance with the process leading to the proposed sale or disposition.

99. As described above a robust and fulsome sale process was conducted to sell the Debtor's asset and business to parties not related to the Debtor. Many Potential Bidders were contacted which were not related to the Debtor, in fact, the second Qualified Bid who participated in the Auction, was not a related person under the CCAA. Furthermore, a competitive bidding process and Auction over several rounds were completed to ensure

the highest possible consideration could be obtained which is clear from the increased purchase price as a result of the Auction.

Conclusion: Monitor's View on Appropriateness of RVO

100. The Monitor is of the view that, in consideration of the factors outlined above, the RVO contemplated by the Proposed Transaction is fair and reasonable in the circumstances. As at the dated of this Third Report, the Monitor is not aware of any stakeholder who has opposed the RVO structure and the Proposed Transaction.

101. The Monitor considers there to be significant benefits to using a reverse vesting order structure as compared to a traditional asset sale, or a plan of arrangement. The RVO structure provides an economic result at least as favourable as any other viable alternative and significantly reduces costs to the estate.

102. Considering the factors above and the Monitor's consideration to factors set out in section 36(3) of the CCAA, the Monitor supports the Proposed Transaction and its RVO structure.

PROJECTED IMPACT OF THE PROPOSED TRANSACTION ON CREDITORS

103. To understand the expected impact of the Proposed Transaction on Second Cup's creditors, the Monitor has drafted an illustrative analysis (the "**Proposed Transaction Waterfall**"). This analysis demonstrates that the Proposed Transaction, which in the Monitor's view, is the best executable offer received pursuant to the SISP, is expected to result in a minimal distribution to unsecured creditors. The Proposed Transaction Waterfall has been attached hereto as **Confidential Appendix "D"**.

104. The Monitor notes that the Proposed Transaction Waterfall is based on the claims positively adjudicated in the Claims Identification Process and do not include the Claims subject to the Notices of Dispute nor costs to litigate the Notices of Dispute. The Purchase Price in the Proposed Transaction consists solely of cash and will be paid in full on Closing.

Releases

The proposed RVO includes releases in favour of:

(a) the consultants, and other advisors of the Debtor and ResidualCo.;

(b) the directors, officers, employees, consultants, legal counsel and other advisors to ResidualCo.;

(c) the Monitor and its legal counsel and respective current directors, officers, partners, employees, consultants, and advisors;

(d) Alexey Golubovich, Maxim Lojevsky, and Larissa Khomutova in their capacities as directors of the Debtor (the "**Released Directors**"); and

(e) the CRO;

105. The full scope of the release provision is set out in the proposed RVO and should be read in conjunction with this Third Report.

106. The Released Parties shall not be released from any claims for fraud or willful misconduct or any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

107. The Releases in favour of the Released Parties are being sought in order to achieve certainty and finality for the Released Parties in the most efficient and appropriate manner given the circumstances.

108. The Released Parties made significant and material contributions in connection with the Debtor's efforts to address its financial difficulties, the pre-filing process, CCAA Proceedings, DIP Facility and negotiation of the Amended Purchase Agreement and the Proposed Transaction, which provide for a going concern solution for the Debtor's business and represents the best outcome reasonably available to Debtor in the circumstances.

109. The Monitor understands that the Released Parties will also be critical to implementing the Proposed Transaction, if approved. As set out at paragraph 87 of the First Golubovich Affidavit, the Released Directors were unaware of the unpaid source deductions until February 2025. The Released Directors elected to remain involved in the Debtor and attempt to "right the ship" rather than resign immediately upon learning of the Debtors' significant liability.

110. The Monitor understands, the Released Directors are all involved in the Proposed Transaction and are therefore contributing to the repayment of significant CRA amounts owing as part of the Purchase Price which would be a liability of all directors. The Released Directors also worked to get the Proposed Transaction together and to ensure that it will result in some recovery to the Company's unsecured creditors.

111. During these CCAA Proceedings, many of the Released Parties were a necessary part of the successful restructuring. For example, the CRO stepped into a role to provide a stable

and independent monitoring of the Debtor's Business and the other Released Directors remained in place despite the increase in risk and scrutiny due to the insolvency proceedings. The CCAA Proceedings resulted in the Proposed Transaction, which represents a going concern outcome where all of Debtor's stakeholders including across multiple jurisdictions.

112. The Amended Purchase Agreement contemplates that the RVO include a release for all of the Debtor's consultants and other advisors, the CRO, the Monitor and its counsel. The Monitor has been advised by the Successful Bidder that the release for the Released Parties is critical for the Successful Bidder.

113. The Monitor is of the view that in the context of these CCAA Proceedings, each Released Party has contributed to the Proposed Transaction and the success of these CCAA Proceedings. Furthermore, it is the Monitor's understanding, in consultation with its counsel, that while the circumstances of this CCAA proceeding is somewhat unique, similar releases have been granted in other CCAA proceedings that contemplate a similar proposed transaction. Accordingly, the Monitor is of the view that the release provisions included in the RVO are reasonable and appropriate in the circumstances.

ENHANCED POWERS OF THE MONITOR

114. The RVO provides the Monitor with enhanced powers over Second Cup in order to enact the Proposed Transaction. As noted in this Third Report, the Second Cup President & Chief Executive Officer resigned effective September 12, 2025 and the CRO is participating in the Transaction. Accordingly, in the absence of someone at the Debtor to close the Transaction, the Monitor is seeking expanded authority to complete the Proposed Transaction on behalf of the Debtor.

115. The Monitor is of the view that providing it with the authority, powers, and protections set out in the draft Ancillary Order will facilitate the efficient and successful conclusion of these CCAA Proceedings for the benefit of stakeholders, by way of completing Proposed Transaction, including by executing the Amended Purchase Agreement.

116. The proposed RVO provides the Monitor be granted enhanced powers over ResidualCo, upon filing of the Monitor's Closing Certificate.

117. ResidualCo. will have no employees or directors at the time of filing Monitor's Closing Certificate by the Monitor. Accordingly, the RVO allows the Monitor to act on behalf of

ResidualCo. including with respect to, among other things, applying to this Court for an Order to distribute the net proceeds of sale from the Proposed Transaction to Second Cup's creditors in accordance with their relative order of priority. The Monitor would also be empowered to take the appropriate actions required, or that it deems necessary regarding the ongoing administration of the estate, including:

(a) the subsequent distribution to creditors; and, if necessary

(b) assigning ResidualCo. into bankruptcy if required or desirable in order to wind up the estate.

SEALING ORDER

118. The Monitor is requesting in the RVO to seal the Confidential Appendices to this Third Report, until the earlier of the closing of the Transaction, if approved or further order of the Court.

119. The Monitor's request for this relief is reasonable and necessary in the circumstances for the following reasons:

(a) the information in the Confidential Appendices is limited to the purchase price under the Amended Purchase Agreement;

(b) the public disclosure of the redacted information risks negatively impacting recoveries under further sale efforts if the Proposed Transaction and Back-Up Bid does not close. Sealing this information is beneficial and necessary to maximize and preserve the value of the Property and the Business of the Debtor and ensures the integrity of the SISP is maintained;

(c) the proposed sealing relief is limited to the earlier of the closing of the Proposed Transaction or further order of the Court, which is consistent with past sealing relief granted by this Court in proceedings of this nature; and

(d) the benefits of sealing the redacted information outweighs the deleterious effects of not doing so in the circumstances.

CASH FLOW FORECAST AND THE DEBTORS' RECEIPTS AND DISBURSEMENTS

120. As reported in the Second Report, the Debtor and the CRO, with assistance from the Monitor, prepared a revised and extended 13-Week Cash Flow (the "**Revised Cash Flow**"). The Revised Cash Flow was prepared under the same Probable and Hypothetical

Assumptions as the 13-Week Cash Flow and that the Debtor's franchise operations and collections would continue in the ordinary course.

121. The following table summarizes the Debtor's receipts and disbursements over the first 21 weeks of the Revised Extended Cash Flow Period, along with variances compared to Week 14 to Week 21 of the Revised Cash Flow included with the Second Report:

The Second Cup Coffee Company Inc. **Budget to Actual - Variance Report** **For the Period Ending October 11, 2025** CAD $000	**Week 1-13 (Actual) + Week 14-21 (Forecast)**	**Actual (Week 1-21)**	**Variance (Week 14-21)**
Cash Receipts			
Franchise Collections	$123,595	$147,342	$23,747
A/R Collections	$191,902	$92,407	$(99,495)
Miscellaneous Receipts	$1,936	$1,940	$4
Total Cash Receipts	**$317,432**	**$241,689**	**$(75,743)**
Cash Disbursements			
Operational Stability Costs	$101,445	$103,079	$1,634
Labour	$314,515	$292,624	$(21,891)
Leases	$51,274	$52,782	$1,507
Operating Expenses & Purchases	$302,048	$328,273	$26,225
Total Cash Disbursements	**$769,281**	**$776,757**	**$7,476**
Total Financing Disbursements	$44,426	$21,172	$(23,254)
Total Professional Fees	$783,998	$629,633	$(154,366)
Total Cash Disbursements	**$1,597,706**	**$1,427,562**	**$(170,144)**
Net Cash Flows	**$(1,280,274)**	**$(1,185,873)**	**$94,401**
Cash from Interim Financing			
DIP Financing	$1,300,000	$1,293,914	$(6,086)
Opening Cash Balance	$1,432	$1,432	$0
Closing Cash Balance	**$21,158**	**$109,473**	**$88,315**

122. The following information details the Debtor's actual receipts and disbursements, along with the notable variances from the Revised Cash Flow over the course of the eight-week period from Week 14 to Week 21 of the Revised Extended Cash Flow Period (the "**Third Report Period**"):

(a) DIP Financing – The receipt of DIP Financing continued to be delayed over the course of the Third Report Period. The Monitor notes that payments expected to be received in Weeks 16 and 19 were not received until Week 21. As is discussed below, the delay in receiving the DIP Financing has contributed to some of the other variance items. As described in the Second Report, one of the primary drivers for the delay in providing the DIP Financing is that the DIP Lender's bank account is in Cyprus, and as a result, wire transfers can take up to five business days or more to be received in the Monitor's trust account. The DIP Facility is expected to be fully drawn upon by the end of these CCAA Proceedings.

(b) Franchise and Accounts Receivable Collections – Accounts receivable arrears collections were lower than what was projected in the Revised Cash Flow. While certain franchisees have continued to make payments towards their balances owing, other franchisees have not remitted payment due to the franchise partners experiencing banking delays which have pushed back certain arrears payments. While collections on accounts receivable arrears have continued to be lower than expected, the current franchise collections have improved since the payments to Critical Suppliers and new purchase orders have been made. The Debtor anticipates that catchup payments on the delayed arrears collections will be received in future weeks.

(c) Operational Stability Costs – There have been minimal Operational Stability Costs incurred since the Second Report and the variance has, accordingly, remained largely unchanged.

(d) Labour – Labour costs were approximately $22,000 lower than projected over the Third Report Period due the Chief Executive Officer resigning in September, which has had the effect of lowering payroll, source deductions, and employee benefits.

(e) Operating Expenses & Purchases – The increase to the variance in Operating Expenses & Purchases was due to an additional purchase order placed by a franchise partner which was not captured in the Revised Cash Flow. The resulting additional payments were critical to maintain the operations of the Debtor and to provide the necessary support to the franchisee in question.

(f) Other Operating Expenses & Purchases – Other operational expenses in Weeks 14 to Week 21 were generally consistent with the budget, except for travel costs, which were higher than budgeted due to a contractor business trip occurring which was not captured in the Revised Cash Flow.

(g) Financing Disbursements – Interest payments owing in respect of the BMO line of credit have been maintained post-filing. The variance in financing disbursements is attributed to no interest payments being made on the DIP Facility, due to interest accruing. The accrued interest on the DIP Facility will be an Assumed Liability pursuant to the Amended Purchase Agreement.

(h) Professional Fees – As a result of the delays in receiving the DIP Financing, payment of certain professional fees have been delayed to later weeks. In the absence of the forecasted collections and delays in receiving the DIP Financing, critical operational disbursements were prioritized over professional fees, with approval from the Monitor. This variance is expected to be reversed in future weeks as the remaining DIP Financing and additional collections are received.

123. Considering the above variances, the Debtor and the CRO, with the assistance of the Monitor, prepared an amended Revised Cash Flow (the "**October 20 Cash Flow**"). The October 20 Cash Flow was prepared under the same Probable and Hypothetical Assumptions.

124. Below is a summary of the October 20 Cash Flow, reflecting the actual results from May 22, 2025 to October 11, 2025 and the projected receipts and disbursements over the revised extended period from October 12, 2025 to November 10, 2025:

October 20 Cash Flow Summary For the week beginning In CAD	Actuals Week 1-21	Forecast Week 14-25	TOTAL
Cash Receipts			
Franchise Collections	147,342	-	147,342
A/R Collections	92,407	53,000	145,407
Miscellaneous Receipts	1,940	200	2,140
Total Cash Receipts	**241,689**	**53,200**	**294,889**
Cash Disbursements			
Operational Stability Costs	103,079	-	103,079
Labour	292,624	39,172	331,796
Leases	52,782	10,500	63,282
Operational	328,273	14,500	342,773
Total Financing Disbursements	21,172	4,300	25,472
Professional Fees	629,633	299,365	928,998
Total Cash Disbursements	**1,427,562**	**367,837**	**1,795,399**
Net Cash Flows	**(1,185,873)**	**(314,637)**	**(1,500,511)**
DIP Financing	**1,293,914**	**206,086**	**1,500,000**
Opening Cash Balance	1,432	109,473	1,432
Closing Cash Balance	109,473	921	921

125. The October 20 Cash Flow is attached hereto as **Appendix "J"**.

126. The Monitor has reviewed the October 20 Cash Flow to the standard required of a Court-appointed monitor by s. 23(1)(b) of the CCAA. The Monitor's review of the October 20 Cash Flow consisted of inquiries, analytical procedures, and discussions related to information supplied to the Monitor by Management and the CRO of the Debtor. Since the Probable and Hypothetical Assumptions need not be supported, the Monitor's procedures with respect to same were limited to evaluating whether they were consistent with the purpose of the October 20 Cash Flow. The Monitor has also reviewed the support provided by the Debtor for the Probable and Hypothetical Assumptions and the preparation and presentation of the October 20 Cash Flow. Based on the Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:

(a) the Probable and Hypothetical Assumptions are not consistent with the purpose of the October 20 Cash Flow;

(b) as at the date of this Third Report, the Probable and Hypothetical Assumptions developed by Management are not suitably supported and consistent with the Debtor's plans or do not provide a reasonable basis for the October 20 Cash Flow, given the Probable and Hypothetical Assumptions; or

(c) the October 20 Cash Flow does not reflect the Probable and Hypothetical Assumptions.

127. The Monitor makes the following general comments on the adjustments made to the Revised Cash Flow in the preparation of the October 20 Cash Flow:

(a) the Revised Extended Cash Flow Period has been amended to November 8, 2025, to account for the estimated timeline for the Closing of the Proposed Transaction, if approved by the Court;

(b) collections on pre-filing accounts receivable have been adjusted to account for the variances noted above;

(c) payments towards future purchase orders have been eliminated in the October 20 Cash Flow. Considering the volume of purchase orders already made, the Debtor is not expecting any further supplier costs prior to the Closing Date;

(d) the October 20 Cash Flow has adjusted the timing and amounts of certain other disbursements to be more in line with the historical results; and

(e) accounted for the impact of the Proposed Transaction and the transition of the CCAA Proceedings to ResidualCo.

128. Since the October 20 Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the Probable and Hypothetical Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the October 20 Cash Flow will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy or completeness of any financial information presented in this Third Report or relied upon by the Monitor in preparing this Third Report.

129. The October 20 Cash Flow has been prepared solely for the purposes described on the face of the October 20 Cash Flow and readers are cautioned that it may not be appropriate for other purposes.

130. Additionally, the Monitor has prepared a cash flow forecast that illustrates the anticipated cash flow requirements post-Closing of the Proposed Transaction (the "**ResidualCo. Cash Flow**"). A copy of the ResidualCo. Cash Flow is attached hereto as **Confidential Appendix "E"**.

131. The ResidualCo. Cash Flow illustrates the Purchase Price to be received by the Monitor on Closing, distributions to priority claimants, secured creditors, allowed claimants positively adjudicated by the Monitor in the Claims Process and professional fees to complete the CCAA Proceedings. Since the ResidualCo. Cash Flow includes the Purchase Price; the Monitor is seeking to seal the ResidualCo. Cash Flow until the closing of the proposed Transaction or further order of the Court.

132. The ResidualCo. Cash Flow demonstrated that there is sufficient cash flow up to the proposed extension of the Stay Period (as discussed below).

EXTENSION OF THE STAY PERIOD

133. As explained in the First Report and the Second Report, Second Cup is relying on funding from the DIP Lender over the course of the short and medium term to inject capital for the purpose of continuing operations. Additionally, considering the timeline of the Proposed Transaction, and the Debtor's cash flow needs prior to and post-Closing, the Monitor is seeking the approval of the Court that the Stay Period be extended to January 31, 2026.

The Monitor is of the view that no creditor would face material prejudice should this Court grant such request.

FEES AND DISBURSEMENTS OF THE MONITOR AND COUNSEL

134. Pursuant to paragraph 33 of the ARIO, the Monitor and its legal counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred by the Debtor as part of the costs of the CCAA Proceedings. Pursuant to paragraph 34 of the ARIO, the Monitor and its counsel shall pass their accounts from time to time.

135. The Monitor is seeking to have its fees and disbursements up to September 30, 2025 and the fees and disbursement of its counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), up to September 30, 2025 approved by the Court. The Monitor and Cassels have maintained detailed records of their professional time and costs.

136. The total fees and disbursements for the Monitor from inception of this file to September 30, 2025, were $343,602.89, plus HST of $44,668.37, for a total of $388,271.26.

137. The time spent by the Monitor is more particularly described in the Affidavit of Jason Kanji sworn October 20, 2025 (the "**Kanji Affidavit**"), which is attached hereto as **Appendix "K"** and contains copies of invoices that set out the services provided during this period.

138. The total fees and disbursements of Cassels from inception of this file to September 30, 2025, amounted to $97,188.34, plus HST of $12,634.49, for a total of $109,822.83.

139. The time spent by Cassels is more particularly described in the Affidavit of Natalie Levine sworn October 20, 2025, which is attached hereto as **Appendix "L"** and contains, among other things, copies of invoices that set out the services provided during this period.

140. The Monitor is of the view that the fees and those of its legal counsel are reasonable, commensurate with the work performed to date, and reflect the complexity of these CCAA Proceedings as communicated to the Court through its reports to date and the significant amount of work undertaken by the Monitor and its legal counsel to facilitate the Claims Identification Process and SISP on behalf of Second Cup and its stakeholders. The Monitor respectfully requests that its fees and disbursements, and those of Cassels, be approved.

CONCLUSION

141. Since the date of the Second Report, the Monitor is of the opinion that Second Cup has continued to act in good faith and with due diligence in respect of exploring various options which would enable it to restructure its business and operations.

142. As at the date of this Third Report, nothing has come to the attention of the 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.

143. For the reasons set out in this Third Report, the Monitor recommends that this Court make the Orders granting the requested relief.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 20th day of October 2025.

GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS COURT-APPOINTED MONITOR
OF THE SECOND CUP COFFEE COMPANY INC., AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

DocuSigned by:
Per: Jason Kanji
5B43CCA3D954459

Jason Kanji, CPA, CA, CIRP, LIT
Vice-President

APPENDIX “B”

Court File No. CV-25-00743485-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N

ARBAT CAPITAL GROUP LTD.

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

SUPPLEMENT TO THIRD REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED IN ITS CAPACITY AS COURT-APPOINTED MONITOR

October 29, 2025

Doane Grant Thornton

Grant Thornton Limited,
200 King Street West, Floor 11,
Toronto, ON M5H 3T4

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Appendix A – Statement of Claim

INTRODUCTION[1]

1. On May 22, 2025 the Superior Court of Justice (Commercial List) in Ontario granted an initial order (as amended and restated on May 29, 2025) (the "**ARIO**") under the *Companies' Creditors Arrangement Act* in respect of The Second Cup Coffee Company Inc. (the "**Debtor**") and appointed Grant Thornton Limited as monitor of the Debtor (in such capacity, the "**Monitor**").

2. On October 20, 2025, the Monitor served its third report to the Court (the "**Third Report**"). The purpose of the Third Report was, among other things, to provide the Monitor's views on a proposed reverse vesting order ("**RVO**") approving the Amended Purchase Agreement with Arbat Capital Group Ltd. ("**Arbat Capital**"). The Monitor conducted the Court-approved SISP (including an auction) and the Amended Purchase Agreement is the successful bid from that sale process.

3. This report (the "**Supplemental Third Report**") is supplementary to and should be read in conjunction with the Third Report furthermore, this Supplemental Third Report is subject to the same terms of reference and disclaimers as set out in the Third Report in all respects.

PURPOSE OF THE SUPPLEMENTAL THIRD REPORT

4. The purpose of this Supplemental Third report is to provide additional information to the Court regarding developments that occurred after the filing of the Third Report in respect of the relief being sought and the issuance of the RVO and Ancillary Order.

RECEIPT OF STAMENT OF CLAIM

5. On October 23, 2025, Necpal Litigation, counsel to Mr. Jim Ragas ("**Ragas**"), ("**Ragas' Counsel**"), contacted Cassels Brock & Blackwell LLP, counsel to the Monitor, (the "**Monitor's Counsel**") advising that on September 30, 2025, his client, Ragas, was served with a statement of claim by the shareholders and directors of the Debtor, including Arbat Capital (collectively, the "**Plaintiffs**").

---

[1] All capitalized terms used herein but not defined shall have the meanings given to them in the Third Report.

6. On October 23, 2025, Ragas' Counsel sent a copy of the statement of claim dated September 25, 2025, and issued on September 29, 2025, (the "**Statement of Claim**") to the Monitor's Counsel. Neither the Monitor nor the Monitor's Counsel received the Statement of Claim until this time.

7. A copy of the Statement of Claim is attached hereto as **Appendix "A"** with the name of the Potential Bidder (as defined below) redacted in order to ensure the Monitor is complying with its obligations under the applicable NDA.

8. On October 23, 2025, the Monitor's Counsel promptly reached out to Miller Thomson LLP, counsel to the Plaintiffs (the "**Plaintiffs' Counsel**") to obtain more information regarding the Statement of Claim.

9. On October 24, 2025, the Monitor along with the Monitor's Counsel spoke to the Plaintiffs' Counsel. The Plaintiffs' Counsel advised the Monitor and Monitor's Counsel that in their view the Statement of Claim involved a shareholder dispute and the timing of the issuance and service of the Statement of Claim as it related to the SISP Bid Deadline, being September 30, 2025, was inadvertent.

10. The Monitor and the Monitor's Counsel have reviewed the Statement of Claim and make the following observations:

    (a) The Statement of Claim names the Debtor as a defendant but does not allege any wrongdoing by the Debtor.

    (b) The Statement of Claim explicitly states that the Debtor is named as a defendant "as a necessary party only".

    (c) The ARIO provides a stay of proceedings in respect of commencing any proceedings in respect of the Debtor. No request was made of the Monitor to lift the stay of proceedings in connection with the Statement of Claim.

    (d) The Statement of Claim makes various allegations against Ragas in his capacity as director and CEO of the Debtor. The Statement of Claim also references the oppression action initiated by Ragas on February 24, 2025, against the Plaintiffs (the "**Oppression Action**").

    (e) The Statement of Claim alleges, among other things, that upon his resignation as CEO in September 2025, Ragas, became employed by a potential bidder in the SISP to assist such potential bidder with a bid (the "**Potential Bidder**").

(f) The Statement of Claim alleges that Ragas contacted international partners and that the Plaintiffs “believe” that Ragas will assist the Potential Bidder in acquiring the Debtor by using information that Ragas holds due to his former position with the Debtor and that he will otherwise act in breach of his fiduciary duties to the Debtor.

11. The Bid Deadline of the SISP was September 30, 2025, at 5:00 PM EST. The Potential Bidder did sign an NDA and conducted due diligence during the SISP. The Monitor had numerous communications with the Potential Bidder during the due diligence period and the SISP.

12. Neither Ragas nor the Potential Bidder submitted a bid in the SISP.

13. On September 30, 2025, approximately 30 minutes after the Bid Deadline, the Monitor contacted the Potential Bidder to confirm that they had not submitted a Bid in the SISP, which is typical practice for the Monitor when it conducts sales processes since often a bid may be submitted late or there may be a delay in the Monitor receiving the bid.

14. The Potential Bidder advised the Monitor that it indeed had not submitted a Bid in the SISP as it was no longer interested.

15. The Monitor is not aware of the Potential Bidder having received a copy of the Statement of Claim.

16. As mentioned above, the Monitor nor the Monitor’s Counsel were aware of the Statement of Claim before October 23, 2025, and the Monitor did not advise the Debtor or the Plaintiffs, or their respective counsel of the Potential Bidder’s involvement in the SISP. The Monitor conducted the SISP in accordance with the SISP Order complied with all of its obligations.

17. On October 27, 2025, Ragas’ Counsel and the Plaintiffs Counsel advised the Monitor’s Counsel that the parties had reached an agreement on terms of settlement regarding the Oppression Action and the Statement of Claim.

REVISED RELEASED PARTIES

Ragas

18. On October 23, 2025, Ragas's Counsel indicated to Monitor's Counsel that his client would be seeking an amendment to the RVO such that Ragas would be included as a Released Party under the RVO.

19. On October 29,2025 counsel for Ragas served a Motion Record including an Affidavit of Ragas sworn October 28, 2025 (the "**Ragas Affidavit**") and a revised RVO proposing to add Ragas as a Released Party.

20. The Monitor and the Monitor's Counsel have reviewed the Ragas Affidavit and advise that in respect of paragraphs 18, 21 and 24 of the Ragas Affidavit and Exhibits "C", "D" and "F" thereto, that the Monitor notes that Ragas responded to the information requests from the Monitor which are included in those Exhibits.

21. Notwithstanding, the Monitor was in regular contact with the CRO during the CCAA Proceedings, regarding all material aspects of the Debtor operations, financials and cashflow matters. The Monitor's contact with Ragas was limited throughout the CCAA Proceedings.

22. As described in the Third Report the Monitor received Ragas' disclosure as a Participating Insider.

23. The Plaintiffs Counsel and Ragas Counsel have advised that the inclusion of Ragas as a Released Party is part of the settlement between the parties and that the Plaintiffs do not oppose such relief.

Claims Process and D&O Claims

24. To clarify from the Monitor's Third Report, the D&O Claims filed in the Claims Process will not be released in the Release included in the RVO and will be dealt with under the Claims Process.

UPDATE ON MONITORS RECOMMENDATIONS

25. The Monitor, for the reasons set out in its Third Report, continues to support the approval of the RVO and Ancillary Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 29th day of October 2025.

GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS COURT-APPOINTED MONITOR
OF THE SECOND CUP COFFEE COMPANY INC., AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

Per: Jason Kanji
Jason Kanji, CPA, CA, CIRP, LIT
Vice-President

APPENDIX “C”

Court File No. CV-25-00743485-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	THURSDAY, THE 30TH
	)	
JUSTICE MYERS	)	DAY OF OCTOBER, 2025

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

B E T W E E N:

ARBAT CAPITAL GROUP LTD

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

ORDER

(APPROVAL AND REVERSE VESTING ORDER)

THIS MOTION, made by Grant Thornton Limited ("**GTL**"), in its capacity as the Court-appointed monitor in these proceedings (in such capacity, the "**Monitor**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, among other things: (a) approving the stalking horse subscription agreement dated as of August 15, 2025 as amended by the Amending Agreement No. 1 to the Stalking Hose Subscription Agreement, effective October 30, 2025 (the "**Amending Agreement**", and collectively, the "**Amended Purchase Agreement**") attached a **Appendices "I"** to the Third Report of the Monitor dated October 20, 2025 (the "**Third Report**"), entered into between The Second Cup Coffee Company Inc. (the "**Debtor**"), as vendor, and Arbat Capital Group Ltd. (the "**Purchaser**"), as purchaser, and the Transaction contemplated therein; (b) adding 1001400034

Ontario Inc. ("**1001400034 Ontario Inc**") as a Respondent to these CCAA proceedings ("**CCAA Proceedings**") and removing the Debtor as the respondent in these CCAA proceedings; (c) transferring and vesting all of the right, title, and interest of the Debtor in and to the Excluded Assets and Excluded Liabilities (each as defined in the Amended Purchase Agreement) to and in ResidualCo.; (d) approving the release of the Released Parties (as defined below); (e) authorizing and directing the Debtor to file the Articles of Reorganization; (f) authorizing and directing the Debtor to issue the Purchased Shares, and vesting in and to the Purchaser, all right, title, and interest in and to the Purchased Shares, free and clear of any Claims and Encumbrances (as defined below), other than the Permitted Encumbrances; and (g) terminating and cancelling all of the Existing Shares of the Debtor, for no consideration, was heard this day at 330 University Avenue, Toronto, Ontario by judicial videoconference via Zoom.

ON READING the Motion Record of the Monitor, including the Third Report dated October 20, 2025 (the "**Third Report**"), the Supplement to the Monitor's Third Report dated October 29, 2025 (the "**Supplement Report**"), and on hearing the submissions of counsel for the Monitor, counsel for the Applicant and the Purchaser, and counsel for those other parties appearing as indicated by the Participant Information Form, no one appearing for any other party, although duly served as appears from the affidavits of service of Joshua Gordon dated October 20, 2025, and October 28, 2025 and October 29, 2025 as filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the notice of motion, the Third Report and the Motion Record is hereby abridged and validated so that this Motion is properly returnable on today's date and hereby dispenses with further service thereof.

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms not otherwise defined herein shall have the meanings given to them in the Amended Purchase Agreement or the Third Report.

APPROVAL AND VESTING

3. **THIS COURT ORDERS** that without derogating in any way from the relief contained in any order granted in these CCAA proceedings including the SISP Approval Order of this Court dated August 21, 2025, the Amended Purchase Agreement and the Transaction, be and are hereby approved and that the execution of the Amended Purchase Agreement by the Debtor is hereby authorized and approved, with such minor amendments as the parties thereto may deem necessary, with the approval of the Monitor. The Debtor and the Purchaser are hereby authorized and directed to perform their obligations under the Amended Purchase Agreement and to take all such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction in the sequence provided for in the Amended Purchase Agreement, including, but not limited to: (i) the issuance of the Purchased Shares to the Purchaser; and (ii) the cancellation, or redemption, of the Existing Shares for no consideration, with such minor alterations, changes, amendments, deletions, or additions thereto, as may be agreed to by the Debtor and the Purchaser, with the consent of the Monitor.

4. **THIS COURT ORDERS** that, notwithstanding any provision hereof, the closing of the Transaction shall be deemed to occur in the manner, order, and sequence set out in the Amended Purchase Agreement, including in accordance with the Implementation Steps, with such alterations, changes, or amendments as may be agreed to by the Debtor and the Purchaser, with the consent of the Monitor.

5. **THIS COURT ORDERS** that this Order shall constitute the only authorization required by the Debtor and the Chief Restructuring Officer ("**CRO**") to proceed with the Transaction and the Implementation Steps, and that no shareholder, director, regulatory, securities, or other approval shall be required in connection therewith, save for those authorizations expressly contemplated in the Amended Purchase Agreement, including, without limitation, as necessary to approve or file the Articles of Reorganization and any other articles of amendment, amalgamation, continuance or reorganization in respect of the Debtor or authorize and effect the cancellation of the Existing Shares.

6. **THIS COURT ORDERS** that upon the delivery of the Monitor's certificate substantially in the form attached as Schedule "A" hereto (the "**Monitor's Closing Certificate**") to the Purchaser (the time of such delivery being the "**Closing Time**"), the following shall occur and shall be deemed to have occurred at the Closing Time, all in accordance with the Implementation Steps set out in the Amended Purchase Agreement and the matters contemplated therein, in the following sequence:

(a) first, ResidualCo. shall be added to these CCAA Proceedings as a Respondent;

(b) second, all Employees designated by the Purchaser as Terminated Employees, if any, shall be deemed to be terminated;

(c) third, all of the Debtor's right, title, and interest in and to the Excluded Assets shall transfer to, and vest absolutely and exclusively in, ResidualCo. with all applicable Claims and Encumbrances (as defined herein) continuing to attach to the Excluded Assets, including, for certainty, the Proceeds (as defined below), if any, in accordance with paragraph 11 of this Order, in either case, with the same nature and priority as they had immediately prior to the transfer;

(d) fourth, all Excluded Liabilities shall be channeled to, assumed by, and vested absolutely and exclusively in ResidualCo., such that the Excluded Liabilities shall become the obligations of ResidualCo., and shall no longer be obligations of the Debtor, and all of the Retained Assets including the Debtor's respective assets, licenses, undertakings, and properties of every nature and kind whatsoever and wherever situate, including property held in trust for the Debtor shall be and are hereby forever released and discharged from such Excluded Liabilities and all related Claims and all Encumbrances affecting or relating to the Retained Assets are to be expunged and discharged as against the Retained Assets;

(e) fifth, the Articles of Reorganization shall be filed with the applicable Governmental Authority, and shall be deemed to have been filed;

(f) sixth, in consideration for the Purchase Price, the Debtor shall issue the Purchased Shares to the Purchaser, and all of the right, title and interest in and to the Purchased Shares shall vest absolutely in the Purchaser, and the Retained Assets, other than the Excluded Assets, will be retained by the Debtor, free and clear of and from any and all debts, liabilities, obligations, indebtedness, contracts, leases, agreements, and undertakings of any kind or nature whatsoever, whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, or due or not yet due, in law or equity, and whether based in statute or otherwise, including any and all encumbrances, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, "**Claims**"), including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the ARIO, the SISP Order or any other Order of the Court in these CCAA Proceedings, and (ii) all charges, security interests, or claims evidenced by registrations pursuant to the *Personal Property Security Act*, R.S.O. 1990, c. P.10, as amended, or any other real or personal property registry system (all of which are collectively referred to as "**Encumbrances**", which term shall not include the Permitted Encumbrances and as listed on Schedule "B" hereto);

(g) seventh, all Existing Shares of the Debtor outstanding prior to the issuance of the Purchased Shares, including all options, conversion privileges, equity-based awards, warrants, securities, debentures, loans, notes or other rights, agreements, or commitments of any character whatsoever that are held by any Person (as defined below) which are convertible or exchangeable for any securities of the Debtor or which require the issuance, sale, or transfer by the Debtor, of any shares or other securities of the Debtor and/or the share capital of the Debtor, or otherwise relating thereto, shall be deemed terminated and cancelled without consideration, and the only equity interests of the Debtor that shall remain shall be the Purchased Shares;

(h) eighth, the Closing Payment shall be released to the Monitor and the Monitor shall be authorized and directed to pay, and shall pay, on behalf of the Debtor the amounts as described in paragraph 24 hereof;

(i) ninth, the "Closing" shall be deemed to have occurred;

(j) tenth, any and all Liabilities arising from or relating to: (i) the transactions noted above; (ii) the change of control of the Debtor resulting from the transactions noted above; and (iii) the transfer of Excluded Contracts, Excluded Assets and Excluded

Liabilities to ResidualCo.; shall be transferred to ResidualCo. and the Debtor shall have no obligations in connection with such Liabilities; and

(k) eleventh, the Debtor shall be deemed to cease being a party in these CCAA Proceedings, and the Debtor shall be deemed to be released from the purview of the ARIO, SISP Order and all other Orders of this Court granted in respect of these CCAA Proceedings, save and except for this Order, the provisions of which shall continue to apply in all respects.

7. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Closing Certificate, forthwith after delivery thereof in connection with the Transaction.

8. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Debtor and the Purchaser regarding the satisfaction or waiver of conditions to Closing under the Amended Purchase Agreement and shall have no liability with respect to delivery of the Monitor's Closing Certificate.

9. **THIS COURT ORDERS** that upon delivery of the Monitor's Closing Certificate, and upon filing of a copy of this Order, together with any applicable registration fees, all governmental authorities, and any other applicable registrar or government ministries or authorities exercising jurisdiction with respect to the Debtor or the Retained Assets or Excluded Assets (collectively, "**Governmental Authorities**") are hereby authorized, requested, and directed to accept delivery of such Monitor's Closing Certificate and a copy of this Order as though they were originals and to register such transfers and interest authorizations as may be required to give effect to the terms of this Order and the Amended Purchase Agreement. Presentment of this Order and the Monitor's Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to

make and register transfers of interest against the Debtor or the Retained Assets and the Monitor, the Purchaser, and their respective counsel (being Cassels Brock & Blackwell LLP and Miller Thomson LLP, respectively) are hereby specifically authorized to discharge the registrations on the Retained Assets and the Excluded Assets, other than Permitted Encumbrances as applicable.

10. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the Transaction (the "**Proceeds**") shall stand in the place and stead of the Purchased Shares and Retained Assets and that from and after the delivery of the Monitor's Closing Certificate, subject to the funding of the Closing Payment, all Claims and Encumbrances (which, for greater certainty, shall not include the Permitted Encumbrances) shall attach to the Excluded Assets, which for greater certainty includes the Proceeds, with the same nature and priority as they had immediately prior to the Transaction as if the Transaction had not occurred.

11. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, the Debtor or the Monitor, as the case may be, are authorized, permitted, and directed to, at the Closing Time, disclose to the Purchaser, all human resources and payroll information in the Debtor's records pertaining to past and current employees of the Debtor. The Purchaser shall maintain and protect the privacy of such information in accordance with applicable law and shall be entitled to use the personal information provided to it in a manner that is in all material respects identical to the prior use of such information by the Debtor.

12. **THIS COURT ORDERS** that, at the Closing Time and without limiting the provisions of paragraph 6 hereof and paragraph 7 of the Amended and Restated Initial Order dated May 29, 2025, the Purchaser, the Debtor, and the Monitor shall be deemed released from

any and all claims, liabilities (direct, indirect, absolute, or contingent), or obligations with respect to any Taxes (including penalties and interest thereon) of or that relate to the Debtor, provided, as it relates to the Purchaser and the Debtor, such release shall not apply to: (a) Taxes in respect of the business and operations conducted by the Debtor on or after May 22, 2025 (the "**Filing Date**") ; (b) Taxes expressly assumed as Retained Liabilities pursuant to the Amended Purchase Agreement, including, without limiting the generality of the foregoing, all Taxes that could be assessed against the Purchaser or the Debtor (including their affiliates and any predecessor corporations) for which they could otherwise have joint or several liability . For greater certainty, nothing in this paragraph shall release or discharge any Claims with respect to Taxes that are transferred to ResidualCo.; or (c) Taxes owed or owing, including assessed or accrued Taxes, against the Debtor on or after the Filing Date.

13. **THIS COURT ORDERS** that any right of set off of Canada Revenue Agency is preserved to the extent that: (i) any amounts that are, or become, due to the Respondent with respect to obligations arising prior to the Filing Date are applied against any amounts that are, or become due, from the Respondent with respect to obligations arising prior to the Filing Date; or (ii) any amounts that are, or become, due to the Respondent with respect to obligations arising after the Filing Date until the Closing Time are applied against any amounts that are, or become due, from the Respondent with respect to obligations arising after the Filing Date until the Closing Time.

14. **THIS COURT ORDERS** that any right of set off of Canada Revenue Agency is preserved to the extent that any amounts that are, or become, due to Residual Co. with respect to obligations arising after the Closing Time are applied against any amounts that are, or become due, from Residual Co. with respect to obligations arising after the Closing Time.

15. **THIS COURT ORDERS** that except to the extent expressly contemplated by the Amended Purchase Agreement (and, for greater certainty, excluding the Excluded Assets and Excluded Liabilities and contracts relating thereto), all contracts to which the Debtor is a party at the time of delivery of the Monitor's Closing Certificate will be and remain in full force and effect upon and following delivery of the Monitor's Closing Certificate and no individual, firm, corporation, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set off, dilution, or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:

(a) any event that occurred on or prior to the Closing Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events of default arising as a result of the insolvency of the Debtor);

(b) the insolvency of the Debtor or the fact that the Debtor obtained relief under the CCAA;

(c) any compromises, releases, discharges, cancellations, transactions, arrangements, reorganizations, or other steps taken or effected pursuant to the Amended Purchase Agreement, the Transaction, the provisions of this Order, or any other Order of this Court in these CCAA Proceedings; or

(d) any transfer or assignment, or any change of control, of the Debtor arising from the implementation of the Amended Purchase Agreement, the Transaction, or the provisions of this Order.

16. **THIS COURT ORDERS**, for greater certainty, that (a) nothing in paragraph 15 hereof shall waive, compromise or discharge any obligations of the Debtor or the Purchaser, in respect of any Retained Liabilities, (b) the designation of any Claim as a Retained Liability is without prejudice to any of the Debtor's or the Purchaser's right to dispute the existence, validity, or quantum of any such Retained Liability, and (c) nothing in this Order or the Amended Purchase Agreement shall affect or waive the Debtor's or the Purchaser's rights and defences, both legal and equitable, with respect to any Retained Liability, including, but not limited to, all rights with respect to entitlements to set-offs or recoupments against such Retained Liability.

17. **THIS COURT ORDERS** that from and after the Closing Time, all Persons shall be deemed to have waived any and all defaults of the Debtor then existing or previously committed by the Debtor, or caused by the Debtor, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition, or obligation, expressed or implied in any contract, or lease existing between such Person and the Debtor (including, for certainty, those contracts or leases constituting the Retained Contracts) arising directly or indirectly from the filing by the Applicant under the CCAA and implementation of the Transaction, including, without limitation, any of the matters or events listed in paragraph 15 hereof, and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under a contract or a lease shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Debtor or the Purchaser from performing their obligations under

the Amended Purchase Agreement, or be a waiver of defaults by the Debtor or the Purchaser under the Amended Purchase Agreement and the related documents.

18. **THIS COURT ORDERS** that, from and after the Closing Time, any and all Persons shall be and are hereby forever barred, estopped, stayed, and enjoined from commencing, taking, applying for, or issuing or continuing any and all steps or proceedings, whether directly, derivatively, or otherwise, and including without limitation, administrative hearings and orders, declarations and assessments, commenced, taken, or proceeded with or that may be commenced, taken, or proceeded with against the Debtor or the Purchaser relating in any way to or in respect of any Excluded Assets or Excluded Liabilities and any other claims, obligations, and other matters that are waived, released, expunged, or discharged pursuant to this Order.

19. **THIS COURT ORDERS** that from and after the Closing Time:

(a) the nature of the Retained Liabilities, as retained by the Debtor, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of the Transaction or this Order;

(b) the nature of the Excluded Liabilities, including, without limitation, their amount and their secured or unsecured status, shall not be affected or altered as a result of their transfer to ResidualCo.; any Person that, prior to the Closing Time, had a valid right or claim against the Debtor under or in respect of any Excluded Liability (each an "**Excluded Liability Claim**") shall no longer have an Excluded Liability Claim against the Debtor but will have an equivalent Excluded Liability Claim against ResidualCo. in respect of the Excluded Liability from and after the Closing Time in its place and stead, and nothing in this Order limits, lessens, or extinguishes the Excluded Liability Claim of any Person as against ResidualCo.; and

(c) any Person with an Excluded Liability Claim against ResidualCo. following the Closing Time shall have the same rights, priority, and entitlement as against ResidualCo. as such Person, with an Excluded Liability Claim, had against the Debtor prior to the Closing Time.

20. **THIS COURT ORDERS** that, as of the Closing Time:

(a) ResidualCo. shall be a company to which the CCAA applies; and

(b) ResidualCo. shall be added as a party in these CCAA Proceedings and all references in any Order of this Court in respect of these CCAA Proceedings to (i) a "Respondent" or "Debtor" shall refer to and include ResidualCo.; and (ii) "Property" shall include the current and future assets, licenses, undertakings, and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof, of ResidualCo. (collectively, the "**ResidualCo. Property**"), and, for greater certainty, each of the Charges (as defined in the ARIO), shall constitute a charge on the Residual Co. Property.

21. **THIS COURT ORDERS** that for greater certainty, nothing in this Order, including the release of the Debtor from the purview of these CCAA Proceedings pursuant and the addition of ResidualCo. as the respondent in these CCAA Proceedings shall affect, vary, derogate from, limit or amend, and GTL shall continue to have the benefit of, any and all rights and approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the ARIO, this Order, any other Orders in these CCAA Proceedings or otherwise, including all approvals, protections and stays of proceedings in favour of GTL in its

capacity as Monitor, all of which are expressly continued and confirmed. Nothing in this Order shall constitute or be deemed to constitute the Monitor as a person subject to subsection 150(3) of the *Income Tax Act*, RSC 1985, c 1 (5th Supp), and the Monitor shall have no obligation to prepare or file any tax returns of ResidualCo. with any taxing authority.

IMPLEMENTATION STEPS

22. **THIS COURT ORDERS** that, in completing the Transaction contemplated in the Implementation Steps, the Debtor is hereby authorized:

(a) to execute and deliver any documents and assurances governing or giving effect to the Implementation Steps as the Debtor and the Purchaser, in their discretion and with the consent of the Monitor may deem to be reasonably necessary or advisable to conclude the Implementation Steps, including the execution of such deeds, contracts, or documents as may be contemplated in the Amended Purchase Agreement and all such deeds, contracts, or documents are hereby ratified, approved, and confirmed; and

(b) to take such steps as are, in the opinion of the Debtor and the Purchaser, with the consent of the Monitor necessary or incidental to the implementation of the Implementation Steps.

CORPORATE FILINGS

23. **THIS COURT ORDERS** that the Debtor be and is hereby permitted to execute and file articles of amendment, amalgamation, continuance or reorganization, or such other documents or instruments as may be required to permit or enable and effect the Implementation Steps, and that such articles, documents, or other instruments shall be

deemed to be duly authorized, valid, and effective notwithstanding any requirement under federal or provincial law to obtain director or shareholder approval with respect to such actions or to deliver any statutory declarations that may otherwise be required under corporate law to effect the Implementation Steps.

24. **THIS COURT ORDERS** that the Director of Companies appointed pursuant to the *Business Corporations Act*, R.S.O. 1990, c. B. 16, as amended, is hereby authorized and directed to accept and receive any articles of amendment, amalgamation, continuance or reorganization, or such other documents or instruments as may be required to permit or enable and effect the Implementation Steps contemplated in the Amended Purchase Agreement, filed either by the Debtor or ResidualCo., as the case may be.

CLOSING PAYMENT AND ADMINISTRATIVE WIND-DOWN AND CLAIMS AMOUNT

25. **THIS COURT ORDERS AND DIRECTS** that the Closing Payment shall be paid by the Purchaser to the Monitor by wire transfer of immediately available funds on or prior to the Closing Date, to be held by the Monitor in trust in an interest-baring account, consistent with the Implementation Steps and in accordance with the terms of the Amended Purchase Agreement and the Monitor is hereby directed and authorized to pay the Priority Payment and any amounts secured by the Administration Charge.

26. **THIS COURT ORDERS** that on the Closing Date, after payments of the amounts described in paragraph 25 hereof, the Monitor shall hold the balance of the Closing Payment in trust in an interest-bearing account (the "**Administrative Wind-Down and Claims Amount**") to:

(i) satisfy costs incurred by the Monitor and its professional advisors after Closing to:

(A) administer ResidualCo and the Excluded Assets and Excluded Liabilities;

(B) wind-down and/or dissolve ResidualCo; and

(ii) distribute remaining funds in respect of accepted Claims pursuant to the Claim Identification Order.

27. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these CCAA Proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3, as amended ("**BIA**"), in respect of ResidualCo. and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Debtor or ResidualCo.;

the Amended Purchase Agreement, the implementation of the Transaction (including, without limitation, the transfer and vesting of the Excluded Assets and Excluded Liabilities in and to ResidualCo., the transfer and vesting of the Purchased Shares in and to the Purchaser, any payment of the Closing Payment by the Purchaser, and any payments by or to the Purchaser, the Debtor, ResidualCo., or the Monitor authorized herein, or pursuant to the Amended Purchase Agreement) shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and/or ResidualCo. and shall not be void or voidable by creditors of the Debtor or ResidualCo., as applicable, nor shall they constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the CCAA, the BIA, or any other applicable federal, provincial, or foreign legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

MONITOR

28. **THIS COURT ORDERS** that, upon or prior to Closing Time, in addition to the prescribed rights pursuant to the CCAA, the powers and duties of the Monitor set out in the ARIO or any other Order of this Court granted in these CCAA Proceedings, and without altering in any way the limitations an obligations of the Debtor, including for greater certainty ResidualCo., as a result of the CCAA Proceedings, the Monitor be and is hereby authorized and empowered, but is not required, to:

(a) to take any and all actions and steps, and execute all agreements, documents, and writings, on behalf of and in the name of the Debtor including the Amending Agreement on behalf of the Debtor, effective October 30, 2025, or cause the Debtor to take any and all actions and steps, and execute all agreements, documents, and writings, contemplated to be taken or executed by the Debtor or required to be taken or executed pursuant to or in connection with the Amended Purchase Agreement, the Proposed Transaction contemplated therein (or as otherwise may be considered necessary or desirable in connection therewith), this Order, any Order of this Court or to facilitate the administration of Debtor's Business, Property, operations, affairs and estates as may be necessary, appropriate, or desirable, in the sole discretion of the Monitor;

(b) to take any and all actions and steps, and execute all agreements, documents, and writings, on behalf of and in the name of ResidualCo., or cause ResidualCo. to take any and all actions and steps, and execute all agreements, documents, and writings, contemplated to be taken or executed by the ResidualCo. or required to be taken or executed pursuant to or in connection with the Amended Purchase Agreement, the Transaction contemplated therein (or as otherwise may be considered necessary or desirable in connection therewith), any Order of this Court or to facilitate the administration of ResidualCo.'s Business, Property, operations, affairs and estates as may be necessary, appropriate, or desirable, in the sole discretion of the Monitor;

(c) exercise any powers which may be properly exercised by any board of directors or shareholders of the Debtor and/or ResidualCo.;

(d) cause ResidualCo. to take any action or make any disbursement permitted pursuant to the ARIO or any other Order granted in these CCAA Proceedings;

(e) conduct, supervise and direct the sale, market, conveyance, transfer, lease, assignment or disposal of any remaining Property of ResidualCo. or any part or parts thereof, whether or not outside of the normal course of business and notwithstanding any approvals of this Court as may be required pursuant to the ARIO;

(f) conduct, supervise and direct the continuation or commencement of any process or effort to recover Property or other assets (including any accounts receivable or cash) belonging or owing to ResidualCo.;

(g) engage, retain, or terminate the services of, or cause ResidualCo. to engage, retain or terminate the services of any officer, employee, consultant, consultant, agent, representative, advisor, or other persons or entities, all under the supervision and direction of the Monitor, as the Monitor, in its sole opinion, deems necessary or appropriate to assist with the exercise of its powers and duties;

(h) have access to all books and records that are the property of ResidualCo. in the Debtor's or the Purchaser's possession or control;

(i) facilitate or assist ResidualCo. with its accounting, tax and financial reporting functions, including the preparation of cash flow forecasts, employee-related remittances, T4 statements and records of employment, in each case based solely upon the information provided by ResidualCo. on the basis that the Monitor shall incur no liability or obligation to any person with respect to such reporting, remittances, statements and records;

(j) meet with and direct management or employees of, and persons retained by, ResidualCo. with respect to any of the foregoing;

(k) open one or more new accounts in the name of the Monitor, which may include existing trust accounts of the Monitor, for and on behalf of ResidualCo. (the "**ResidualCo. Accounts**") into which all funds, monies, cheques, instruments, and other forms of payment payable to ResidualCo. may be deposited from and after the making of this Order from any source whatsoever, and to operate and control, as applicable, on behalf of ResidualCo., the ResidualCo. Accounts in such a manner as the Monitor, in its sole discretion, deems necessary or appropriate to assist with the exercise of the Monitor's powers and duties;

(l) take any and all reasonable steps to direct or cause ResidualCo. to perform such other functions or duties as the Monitor considers necessary or desirable in to perform such other duties as the Monitor considers necessary or desirable to deal with the Property or the Business including in order to facilitate operations or assist the winding-down or liquidation of ResidualCo., the distribution of any proceeds of

ResidualCo.'s property, or any other related activities, including in connection with terminating these CCAA Proceeding, ;

(m) engage, deal, communicate, negotiate, agree, and settle with any creditor or other stakeholder of ResidualCo. (including any governmental authority) in the name of or on behalf of ResidualCo.;

(n) claim or cause ResidualCo. to claim any and all insurance refunds or tax refunds to which ResidualCo. is entitled including refunds of goods and services taxes and harmonized sales taxes, to which ResidualCo. is entitled;

(o) assign ResidualCo., or cause ResidualCo. to be assigned, into bankruptcy, and the Monitor shall hereby be entitled, but not obligated, to act as a trustee of ResidualCo. in any such bankruptcy;

(p) take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations; and

(q) apply to this Court for advice and directions or any further orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court, including for advice and directions with respect to any matter.

and in each case where the Monitor takes any such actions or steps, it shall be exclusively, authorized and empowered to do so, to the exclusion of all other Persons, including the Debtor, ResidualCo. and their past or present directors and officers and shareholders, and without interference from any other Persons, provided, however, that the Monitor shall comply with all applicable laws and shall not have any authority or power to elect or cause the election or removal of directors of the Debtor or ResidualCo. or to take any action to restrict or to transfer to the

Monitor any of their powers, duties, or obligations, except in accordance with section 11.5(1) of the CCAA.

29. **THIS COURT ORDERS** that the Monitor is authorized and empowered, but not required, to operate and control, on behalf of ResidualCo. all of ResidualCo.'s existing accounts at any financial institution or in its trust account (each an "**Account**" and collectively the "**Accounts**") in such manner as the Monitor, in its sole discretion, deems necessary or appropriate, including without limitation, to:

(a) exercise control over the funds credited to or deposited in the Accounts;

(b) effect any disbursement from the Accounts permitted by the ARIO or any other Order granted in these CCAA proceedings;

(c) give instructions from time to time with respect to the Accounts and the funds credited to or deposited therein, including to transfer the funds credited to or deposited in such Accounts to such other account or accounts as the Monitor may direct; and

(d) add or remove persons having signing authority with respect to any Account or to direct the closing of any Account;

30. **THIS COURT ORDERS** that the banks and/or financial institutions which maintain each of the Debtor's bank accounts are directed to recognize and permit the Monitor and its representatives to complete any and all transactions on behalf of the Debtor and for such purpose, the Monitor and its representatives are empowered and shall be permitted to execute documents for, or on behalf of and in the name of the Debtor, and shall be empowered and permitted to add and remove persons having signing authority with respect to the accounts of the Debtor. The financial institutions maintaining such accounts

shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken in accordance with the instructions of the Monitor for and on behalf of the Debtor, and/or as to the use or application of funds transferred, paid, collected or otherwise dealt with in accordance with such instructions and such financial institutions shall be authorized to act in accordance with and in reliance upon such instructions without any liability in respect thereof to any person.

31. **THIS COURT ORDERS** that: (i) in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, the Monitor and its legal counsel shall continue to have the benefit of all of the indemnities, charges, protections and priorities as set out in the ARIO and any other Order of this Court, and all such indemnities, charges, protections and priorities shall apply and extend to the Monitor in carrying out of the provisions of this Order and exercising any powers granted to it hereunder; and (ii) the Monitor shall incur no liability or obligation as a result of exercising any powers granted to it hereunder, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded by the Monitor by the CCAA, any other Order of this Court in these CCAA proceedings, or any applicable legislation.

32. **THIS COURT ORDERS** that no action lies against the Monitor by reason of this Order or the performance of any act authorized by this Order, except with leave of the Court following a motion brought on not less than fifteen (15) days' notice to the Monitor and its legal counsel. The entities related or affiliated with the Monitor or belonging to the same group as the Monitor (including, without limitation, any agents, employees, legal counsel or other advisors retained or employed by the Monitor) shall benefit from the protection granted to the Monitor under this order.

33. **THIS COURT ORDERS** that the Monitor shall not, as a result of this order or any matter contemplated hereby: (a) be deemed to have taken part in the management or supervision of the management of the Debtor or ResidualCo., or to have taken or maintained possession or control of the business or property of any of the Debtor or ResidualCo., or any part thereof; or (b) be deemed to be in Possession (as defined in the ARIO) of any property of the Debtor or ResidualCo. within the meaning of any applicable Environmental Legislation (as defined in the ARIO) or otherwise.

34. **THIS COURT ORDERS** that notwithstanding anything contained in this Order, the Monitor, its employees, and representatives are not and shall not be or be deemed to be, a director, officer, or employee of ResidualCo., de facto or otherwise, and shall incur no liability as a result of acting in accordance with this Order, other than any liability arising as a direct result of the gross negligence or wilful misconduct of the Monitor.

35. **THIS COURT ORDERS** that nothing in this order shall constitute or be deemed to constitute the Monitor as receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of ResidualCo. and/or the Debtor within the meaning of any relevant legislation and that any distributions to creditors of the Debtor and/or ResidualCo. by the Monitor will be deemed to have been made by the Debtor or ResidualCo. as applicable.

36. **THIS COURT ORDERS** that the enhancement of the Monitor's powers as set forth herein, the exercise by the Monitor of any of its powers, the performance by the Monitor of any of its duties, or the use or employment by ResidualCo. of any person under the direction of the Monitor in connection with the Monitor's appointment and the exercise and performance of its powers and duties shall not constitute the Monitor as the employer, successor employer or related employer of the employees of ResidualCo. within the

meaning of the *Employment Standards Act* (Ontario) or any other provincial, federal, municipal legislation or common law governing employment or labour standards or any other statute, regulation or rule of law or equity for any purpose whatsoever or expose the Monitor to any liability to any individuals arising from or relating to their employment by ResidualCo. and the Monitor shall not be liable for any employee related liability of the Debtor. In particular, the Monitor shall not be liable to any of the employees for any wages, including severance pay termination pay and vacation pay except for such wages as the Monitor may specifically agree to pay.

37. **THIS COURT ORDERS** that the Debtor and its current and former directors, officers, employees, consultants, agents, representatives and advisors shall cooperate fully with the Monitor and any directions it may provide pursuant to this Order, the ARIO, or any other Order granted in these CCAA Proceedings and shall provide such assistance as the Monitor may reasonably request from time to time to enable the Monitor to carry out its duties and powers pursuant to the CCAA, this Order, the ARIO, and any other Order granted in these CCAA Proceedings.

38. **THIS COURT ORDERS** that the Monitor is, prior to the Closing Time, authorized and empowered, but not required, to execute any agreement, document, instrument, or writing in the name of and on behalf of the Debtor as may be necessary or desirable in order to carry out the provisions of this Order, the ARIO, or any other Order granted in these CCAA Proceedings or to facilitate the orderly completion of these CCAA Proceedings and the administration of Debtor estate, including to disclaim or resiliate any agreements or real property leases in accordance with the terms of the CCAA.

39. **THIS COURT ORDERS** that the powers and authority granted to the Monitor by virtue of this Order shall, if exercised in any case, be paramount to the power and authority of the

Debtor with respect to such matters and, in the event of a conflict between the terms of this Order and those of the ARIO or any other Order of this Court, the provisions of this Order shall govern.

DISCHARGE OF THE CHIEF RESTRUCTURING OFFICER

40. **THIS COURT ORDERS** that upon delivery of the Monitor's Closing Certificate, the CRO be and is hereby discharged from its duties as the CRO and shall have no further duties, obligations or responsibilities as the CRO as set out in the engagement agreement between the Debtor and the CRO dated May 22, 2025.

RELEASES

41. **THIS COURT ORDERS** that, effective upon the filing of the Monitor's Closing Certificate, (a) Demetrios Ragas, Alexey Golubovich, Maxim Lojevsky, and Larissa Khomutova in their capacities as directors of the Debtor (together, the "**Released Directors**"); (b) the consultants and other advisors of the Debtor; (c) the directors, officers, employees, consultants, legal counsel, and other advisors to ResidualCo.; (d) the Monitor and its legal counsel and respective current directors, officers, partners, employees, consultants, and advisors; and (e) the CRO (the Persons listed in (a), (b), (c), (d), and (e) being, collectively, the "**Released Parties**") shall be deemed to be forever irrevocably released and discharged from any and all present and future liabilities, claims (including, without limitation, claims for contribution or indemnity), indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, duties, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured, or due or not yet due, in law or equity and whether based in statute or otherwise) based in

whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to the Closing Time or arising in connection with or relating to these CCAA Proceedings, the Amended Purchase Agreement, the consummation of the Transaction, any closing document, agreement, document, instrument, matter, or transaction involving the Debtor arising in connection with or pursuant to any of the foregoing and/or, including, without limitation, any liabilities or claims against the Released Directors relating to the Debtor's tax arrears and statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages for the period prior to the date of the ARIO, excluding any D&O Claims (as defined in the Third Report) which shall be resolved pursuant to the Claims Identification Order, (collectively, "**Released Claims**"), which Released Claims are hereby and shall be deemed to be fully, finally, irrevocably, and forever waived, discharged, released, cancelled, and barred as against the Released Parties, and are not vested nor transferred to ResidualCo. or to any other entity and are extinguished, provided that nothing in this paragraph shall waive, discharge, release, cancel or bar any claim for fraud or wilful misconduct, or gross negligence or any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA. For greater certainty, "**current**" in this paragraph refers to individuals who remain in their respective role(s) up to the date of the filing of the Monitor's Closing Certificate.

GENERAL

42. **THIS COURT ORDERS** that, in the event of a conflict between the terms of this Order and those of the ARIO or any other Order of this Court, the provisions of this Order shall govern.

43. **THIS COURT ORDERS** that, following the Closing Time, the Purchaser and the Debtor shall be authorized to take all steps as may be necessary to effect the discharge of the Claims and Encumbrances as against the Debtor, the Purchased Shares, and Retained Assets.

44. **THIS COURT ORDERS** that, following the Closing Time, the title of these CCAA Proceedings is hereby changed to

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

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF 1001400034 Ontario Inc.

45. **THIS COURT ORDERS** this Order shall have full force and effect in all provinces and territories in Canada.

46. **THIS COURT ORDERS** that the Monitor and the Purchaser shall be authorized to apply as they may consider necessary or desirable, with or without notice, to any other court, tribunal, or administrative body, whether in Canada, the United States, or elsewhere, for orders which aid and complement this Order. All courts, tribunals, and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide such assistance to the Purchaser and/or the Monitor as may be deemed necessary or appropriate for that purpose.

47. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this order and to assist the Debtor, the Purchaser, the Monitor, and their respective agents in carrying out the terms of this order. All courts, tribunals, regulatory

and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtor, the Purchaser and the Monitor, as an officer of this court, as may be necessary or desirable to give effect to this Order or to assist the Debtor, the Purchaser, the Monitor, and their respective agents in carrying out the terms of this Order.

48. **THIS COURT ORDERS** that this Order is effective as of 12:01 a.m. (Eastern Standard Time) on the date hereof that it is made and is enforceable without any need for entry and filing.

Justice FL Myers Digitally signed by Justice FL Myers
Date: 2025.10.30 16:07:38 -04'00'

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SCHEDULE A
FORM OF MONITOR'S CLOSING CERTIFICATE

Court File No. CV-25-00743485-00CL

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

B E T W E E N:

ARBAT CAPITAL GROUP LTD

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to the Initial Order of the Ontario Superior Court of Justice (Commercial List), ("**Court**") issued May 22, 2025, as amended and restated on May 29, 2025, the Applicant commenced proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in respect of The Second Cup Coffee Company (the "**Debtor**"), and Grant Thornton Limited was appointed as Monitor of the Debtor (in such capacity, the "**Monitor**").

B. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Approval and Reverse Vesting Order of this Court dated October 30, 2025 ("**ARVO**").

C. Pursuant to the ARVO, the Court approved the Transaction contemplated by the stalking horse subscription agreement dated as of August 15, 2025 as amended on October 20, 2025 (the "**Amended Purchase Agreement**") entered into between the Debtor, as vendor, and the Applicant (in such capacity, the "**Purchaser**"), as purchaser, and the Transaction, and ordered, inter alia, that: (i) all of the Debtor's right, title and interest in and to the Excluded Assets shall vest absolutely and exclusively in ResidualCo.; (ii) all of the Excluded Liabilities shall be transferred to, assumed by and vest in ResidualCo.; and (iii) all of the right, title, and interest in and to the Purchased Shares shall vest absolutely and exclusively in the Purchaser free and clear of and from any Claims and Encumbrances and terminating and cancelling all of the Existing Shares, which vesting, terminating, and cancelling is to be effective upon the delivery by the Monitor to the Purchaser and the Debtor of a certificate confirming that the Monitor has received written confirmation in the form and substance satisfactory to the Monitor from the Debtor and the Purchaser that all conditions to closing have been satisfied or waived by the parties to the Amended Purchase Agreement.

THE MONITOR CERTIFIES the following:

1. The Monitor has received the Closing Payment.

2. The Monitor has received written confirmation from the Debtor and the Purchaser, in form and substance satisfactory to the Monitor, that all conditions to closing have been satisfied or waived, as applicable, by the parties to the Amended Purchase Agreement.

3. This Monitor's Closing Certificate was delivered by the Monitor at Toronto on __________________, 2025.

GRANT THORNTON LIMITED, solely in its capacity as Monitor of the Debtor and not in its personal or corporate capacity.

Per: ________________________________

Name: Jason Kanji

Title: Vice President

SCHEDULE "B"

PERMITTED ENCUMBRANCES

Secured Party: Bank of Montreal/Banque de Montreal

File Number: 759543957

Registration Number: 20200123 1727 1532 5546 & 20241115 1649 1532 1180

ARBAT CAPITAL GROUP LTD. -and- THE SECOND CUP COFFEE COMPANY INC.

Applicant Respondent

Court File No. CV-25-00743485-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

APPROVAL AND VESTING ORDER

CASSELS BROCK & BLACKWELL LLP
Suite 3200, Bay Adelaide Centre - North Tower
40 Temperance Street
Toronto, ON M5H 0B4

Monique Sassi LSO #63638L
Tel: 416.860.6886
msassi@cassels.com

Joshua Gordon LSO #91617D
Tel: 416.869.5343
jgordon@cassels.com

Lawyers for the Court-appointed Monitor, Grant Thornton Limited

APPENDIX “D”

Court File No. CV-25-00743485-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	THURSDAY, THE 30TH
	)	
JUSTICE MYERS	)	DAY OF OCTOBER, 2025

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

B E T W E E N:

ARBAT CAPITAL GROUP LTD.

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

ANCILLARY ORDER

THIS MOTION, made by Grant Thornton Limited, in its capacity as the Court-appointed Monitor (in such capacity, the "**Monitor**") of the Second Cup Coffee Company Inc. (the "**Debtor**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order *inter alia*, expanding the Monitor's powers and related relief, pursuant to the Initial Order of this Court dated May 22, 2025, as amended and restated by and Order dated May 29, 2025 (as amended and restated, the "**ARIO**") in the within proceedings (the "**CCAA Proceedings**"), was heard this day by judicial videoconference via Zoom in Toronto, Ontario.

ON READING the Motion Record of the Monitor, including the Third Report of the Monitor dated October 20, 2025 (the "**Third Report**"), the Supplement to the Monitor's Third Report dated October 29, 2025 (the "**Supplement Report**"), and such other materials that were filed, and on hearing the submissions of the counsel to the Monitor, and such other counsel that were present, no one else appearing although duly served as appears from the affidavits of Joshua Gordon sworn October 20, 2025, October 28, 2025, and October 29, 2025 as filed.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Motion Record of the Monitor is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not defined herein shall have the meanings ascribed to them in the Third Report or the Amended and Restated Initial Order dated May 29, 2025 (the "**ARIO**").

EXTENSION OF STAY PERIOD

3. **THIS COURT ORDERS** that the Stay Period (as defined in the ARIO) be and is hereby extended until and including January 31, 2026.

SEALING ORDER

4. **THIS COURT ORDERS** that the Confidential Appendices to the Third Report, are hereby sealed and shall not form part of the public record until the Monitor's Certificate is filed or further order of the Court.

APPROVAL OF THE MONITOR'S THIRD REPORT, ACTIVITIES AND FEES

5. **THIS COURT ORDERS** that the Third Report and the activities, conduct, and decisions of the Monitor described therein are hereby approved, provided, however that only the Monitor in

its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

6. **THIS COURT ORDERS** that the professional fees and disbursements of the Monitor, and Cassels Brock & Blackwell LLP, as set out in the Third Report and the Fee Affidavits appended thereto, be and are hereby approved.

GENERAL

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Debtor, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

8. **THIS COURT ORDERS** that each of the Debtor and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

9. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Order.

10. **THIS COURT ORDERS** that this Order is effective from today's date and is enforceable without the need for entry and filing.

F.L. Myers J.

Justice FL Myers Digitally signed by Justice FL Myers
Date: 2025.10.30 16:09:12 -04'00'

ARBAT CAPITAL GROUP LTD. and THE SECOND CUP COFFEE COMPANY INC.

Applicant | Respondent

Court File No. CV-25-00743485-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

ANCILLARY ORDER

CASSELS BROCK & BLACKWELL LLP
Suite 3200, Bay Adelaide Centre - North Tower
40 Temperance Street
Toronto, ON M5H 0B4

Monique Sassi LSO #63638L
Tel: 416.860.6886
msassi@cassels.com

Joshua Gordon LSO #91617D
Tel: 416.869.5343
jgordon@cassels.com

Lawyers for the Court-Appointed Monitor, Grant Thornton Limited

LEGAL*69679132.8

APPENDIX “E”

Court File No. CV-25-00743485-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N

ARBAT CAPITAL GROUP LTD.

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

FOURTH REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED IN ITS CAPACITY AS COURT-APPOINTED MONITOR

January 26, 2026

Doane Grant Thornton

Grant Thornton Limited,
200 King Street West, Floor 11,
Toronto, ON M5H 3T4

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INTRODUCTION

1. On May 20, 2025, Arbat Capital Group Ltd. (the "**Applicant**" or "**Arbat Capital**") made an application to the Superior Court of Justice (Commercial List) in Ontario ("**Court**") under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**") to commence proceedings pursuant to the CCAA (the "**CCAA Application**"), in respect of The Second Cup Coffee Company Inc. (the "**Debtor**" or "**Second Cup**").

2. In support of the CCAA Application, Grant Thornton Limited ("**GTL**"), at that time the proposed monitor, provided further background information and clarification regarding the CCAA Application through a pre-filing report of the proposed monitor dated May 21, 2025 (the "**Pre-Filing Report**").

3. On May 22, 2025, Justice Cavanagh heard various submissions from counsel present and granted an initial order pursuant to the CCAA (the "**Initial Order**"). Pursuant to the Initial Order, GTL was appointed as monitor of Second Cup (in such capacity, the "**Monitor**"). Since the Debtor had no chief financial officer and the director of finance resigned shortly before the CCAA filing, the Applicant sought the appointment of a chief restructuring officer. Pursuant to the Initial Order, Maxim Lojevsky, the current chairman of the board of directors of Second Cup (the "**Board**"), was appointed as the Chief Restructuring Officer over and in respect of the Debtor (in such capacity, the "**CRO**").

4. The Initial Order, among other things:

   (a) declared that Second Cup is a company to which the CCAA applies;

   (b) ordered that the Debtor shall remain in possession and control of its Property (as defined in the Initial Order) and continue to operate its Business (as defined in the Initial Order) in the ordinary course;

   (c) ordered that until and including June 1, 2025 or such later date as the Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each a "**Proceeding**") shall be commenced or continued against or in respect of the Debtor or the Monitor, or affecting the Business or the Property, except with the written consent of the Monitor and Second Cup, or with leave of the Court, and any and all Proceedings currently under way against or in respect of the Debtor or affecting the Business or the Property are hereby stayed and suspended pending further Order of the Court;

(d) granted a charge on the Property of the Debtor, not to exceed an aggregate amount of $275,000, as security for the payment of the professional fees and disbursements of the Monitor and its counsel, the CRO and counsel to the Applicant (the "**Administration Charge**");

(e) authorized and empowered the Debtor to obtain and borrow under the debtor-in-possession term sheet (the "**DIP Facility Term Sheet**") between the Debtor, as the borrower, and the Applicant, as lender (in such capacity, the "**DIP Lender**"). The DIP Facility Term Sheet provided for borrowings until the comeback hearing (the "**Comeback Hearing**") not to exceed $200,000 plus interest, fees, and expenses, unless permitted by further Order of the Court, in order to finance the Debtor's working capital requirements, the restructuring process, other general corporate purposes, accrued interest, expenses, and capital expenditures, all in accordance with the terms of the DIP Facility Term Sheet (the "**DIP Facility**");

(f) granted the DIP Lender a priority charge on the Property of Second Cup (the "**DIP Facility Charge**"), in the maximum amount of $200,000 plus interest, fees, and expenses pursuant to the DIP Facility Term Sheet, which DIP Facility Charge shall not secure an obligation that exists before the Initial Order was made;

(g) granted a charge on the Property of the Debtor not to exceed an aggregate amount of $100,000, in favour of the directors and officers of Second Cup (the "**Directors' Charge**"); and

(h) set down the Comeback Hearing for May 29, 2025.

5. At the Comeback Hearing on May 29, 2025, the Court granted an amended and restated Initial Order (the "**ARIO**"), which among other things:

(a) extended the Stay Period to August 28, 2025;

(b) approved certain pre-filing payments to vendors that were deemed critical to Second Cup's ongoing business operation (the "**Critical Suppliers**");

(c) approved an amended and restated DIP Facility Term Sheet (the "**Amended DIP Term Sheet**"), which among other things, increased the amounts which may be borrowed by the Debtor under the DIP Facility Term Sheet to $900,000, which, together with the other obligations of the Debtor under the DIP Facility Term Sheet are to be secured by the DIP Lender's Charge;

(d) increased the amount of the Administration Charge to $500,000; and

(e) increased the amount of the Directors' Charge to $220,000, in light of there being no Directors' and Officers' liability insurance being in place.

6. At the Comeback Hearing, the Court also granted a claims identification order (the "**Claims Identification Order**"), approving the process to identify claims which may be outstanding in respect of the Debtor or the Board (the "**Claims Identification Process**"). Copies of the ARIO and the Claims Identification Order are attached hereto as **Appendix "A"** and **Appendix "B"**, respectively.

7. On August 21, 2025 the Applicant brought a motion (the "**August 21 Motion**") for an order (the "**SISP Order**") to approve, among other things, a sale and investment solicitation process ("**SISP**") and the Stalking Horse Subscription Agreement between Arbat Capital and Second Cup dated August 15, 2025 (the "**Stalking Horse Agreement**").

8. Following the August 21 Motion, the Court approved and granted the SISP Order as well as an order, which among other things:

(a) extended the Stay Period to November 7, 2025; and

(b) approved an amendment to the Amended DIP Term Sheet (the "**DIP Amendment**"), to among other things, increase the amounts which may be borrowed by the Debtor under the Amended DIP Term Sheet to $1,500,000, which together with the other obligations of the Debtor under the Amended DIP Term Sheet and the DIP Amendment would be secured by the DIP Lender's Charge.

9. Copies of the SISP Order including the SISP and the Ancillary Order dated August 21, 2025, are attached hereto as **Appendix "C"** and **Appendix "D"**, respectively.

10. On October 3, 2025, the Monitor administered an auction in accordance with the SISP (the "**Auction**"). Upon conclusion of the bidding, the bid submitted by Arbat Capital (in its capacity as the Stalking Horse Bidder), represented the highest consideration received and the strongest overall bid. Accordingly, Arbat Capital was selected as the successful bidder (the "**Successful Bidder**"), and the resulting amendments to the Stalking Horse Agreement (the "**Amended Purchase Agreement**"), together with the reverse vesting transaction (the "**Arbat Transaction**") contemplated therein, were selected by the Monitor pursuant to the SISP as the winning bid. A detailed description of the process of selecting the Successful Bidder and the Arbat Transaction can be found in the Monitor's Third

Report to Court dated October 20, 2025 ("**Third Report**"). Copies of the Third Report and the Supplement to the Third Report dated October 29, 2025 (the "**Supplemental Third Report**") without appendices are attached hereto as **Appendix "E"** and **Appendix "F"** respectively.

11. On October 30, 2025, the Monitor brought a motion (the "**October 30 Motion**") for an order (the "**Approval and Vesting Order**") approving the Arbat Transaction which, on closing, will have the effect of replacing Second Cup in these CCAA Proceedings with 1001400034 Ontario Inc. ("**ResidualCo**") as well as providing the Monitor with enhanced powers to close the Arbat Transaction on behalf of the Debtor and enhanced powers over ResidualCo, upon its closing.

12. Following the October 30 Motion, the Court approved and granted the Approval and Vesting Order as well as an Ancillary Order, which among other things:

    (a) extended the Stay Period to January 31, 2026; and

    (b) approved the professional fees and disbursements of the Monitor and its counsel from the commencement of the CCAA Proceedings through September 30, 2025.

13. Copies of the Approval and Vesting Order as well as the Ancillary Order dated October 30, 2025, are attached hereto as **Appendix "G"** and **Appendix "H"**, respectively.

14. This fourth report of the Monitor (the "**Fourth Report**") and other information in respect of these CCAA proceedings (the "**CCAA Proceedings**") are posted on the Monitor's case website at www.DoaneGrantThornton.ca/SecondCup.

PURPOSE OF THE FOURTH REPORT

15. This Fourth Report is intended to provide the Court with the following:

    (a) an update on the activities of the Monitor from the date of the Third Report and the Supplemental Third Report;

    (b) an update on the Claims Identification Process administered by the Monitor pursuant to the Claims Identification Order;

    (c) an update on the Arbat Transaction and the status of its closing;

    (d) the Monitor's views on the Applicant's motion for an order by the Court (the "**CCAA Termination Order**"), which includes:

i. approving a distribution to creditors including the Monitor's proposed methodology thereto (the "**Proposed Distribution Methodology**") including the Restructuring Claim Holdback (as defined below);

ii. sealing of Confidential Appendices A through E, given the commercially sensitive information contained within;

iii. extending the Stay Period to the CCAA Termination Time (as defined below);

iv. terminating these CCAA Proceedings and discharging the Monitor and granting certain releases in favour of the Monitor and its counsel upon the Monitor completing the Remaining Activities (as defined below) and on execution and filing of a Monitor's termination certificate ("**Monitor's Termination Certificate**");

v. terminating the Court-ordered DIP Lender's Charge, Administration Charge, and Directors' Charge upon the termination of these CCAA Proceedings;

vi. approving the Supplemental Third Report and the Fourth Report, as well as the activities of the Monitor and its counsel as reported therein;

vii. approving the fees and disbursements of the Monitor and its counsel from October 1, 2025 through December 31, 2025 and the estimated Final Fees (as defined below); and

viii. approving the Bankruptcy Reserve (as defined below).

(e) an update on the Debtor's actual cash flows through January 24, 2026, compared to the cash flow forecast filed in the Third Report; and

(f) the Monitor's views on the Debtor's revised cash flow forecast for the period of January 25, 2026, to February 28, 2026, and the Monitor's extended ResidualCo Cash Flow for the period of March 1, 2026, to the CCAA Termination Time.

TERMS OF REFERENCE

16. In preparing this Fourth Report, the Monitor has been provided with, and has relied upon unaudited internal financial statements, certain other financial information and financial projections of the Debtor, discussions with the management and shareholders of the Debtor ("**Management**"), discussion with the Applicant's counsel, and financial

information provided by other stakeholders (collectively, the “**Information**”). While the Monitor reviewed the Information for reasonableness and believes that the information herein provides a fair summary of the transactions as reflected in the documents of the Debtor, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Generally Accepted Auditing Standards.

17. Some of the information used in preparing this Fourth Report consists of financial projections, including cash flow projections. The Monitor cautions that these projections are based upon assumptions about future events and conditions that are not ascertainable. The Debtor’s actual results may vary from the cash flow projections, even if the hypothetical and probable assumptions contained therein (“**Probable and Hypothetical Assumptions**”) materialize, and the variations could be significant.

18. Over the course of its mandate, the Monitor has assumed the integrity and truthfulness of the information and explanations presented to it by the Debtor 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 during the Monitor’s specific inquiries. Accordingly, this Fourth Report is based solely on the information (financial or otherwise) made available to the Monitor by the Applicant, the Debtor, Management, the CRO and respective counsellors involved in these CCAA Proceedings.

19. This Fourth Report has been prepared for the use of this Court and the Debtor’s stakeholders as general information relating to the Debtor and to assist the Court in determining whether to grant the relief sought by the Monitor. Accordingly, the reader is cautioned that this Fourth 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 Fourth Report contrary to the provisions of this paragraph.

20. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Affidavits of Alexey Golubovich, sworn May 19, 2025, May 27, 2025, August 15, 2025, and January 26, 2026 (the "**Golubovich Affidavit**"), the Pre-Filing Report, the Monitor's first report to Court dated May 28, 2025, the Monitor's second report to Court dated August 18, 2025 (the "**Second Report**"), Third Report, and the Supplemental Third Report.

ACTIVITIES OF THE MONITOR

21. Since the date of the Third Report and the Supplemental Third Report the Monitor has amongst other things:

(a) maintained the Monitor's case website (www.DoaneGrantThornton.ca/SecondCup) and updated it accordingly. Since the Supplemental Third Report, the following documents have been added to the case website:

i. the Applicant's Motion Record returnable on October 30, 2025;

ii. the Third Report dated October 20, 2025;

iii. the Supplemental Third Report dated October 29, 2025;

iv. the Endorsement of Justice Myers dated October 30, 2025;

v. the Endorsement of Justice Myers dated October 31, 2025;

vi. the Ancillary Order dated October 30, 2025;

vii. the Approval and Vesting Order dated October 30, 2025;

viii. an updated E-Service List as at October 20, 2025.

(b) maintained frequent contact with the CRO who continues to have discussions with the suppliers and franchise partners that were identified to be key to the ongoing operations of Second Cup to ensure there is no interruption to the franchisee businesses. The Monitor has also continued to have several meetings with the CRO and Management, including, amongst other things, financial resources required, funding requirements, timelines for supplying products to the franchise partners, reporting requirements, the cash flow forecasting, operational changes, and outstanding claims pursuant to the Claims Identification Process;

(c) assisted the Debtor and CRO in addressing the needs of the franchise partners;

(d) continued to assist the Debtor in its internal transition following the resignation of Second Cup's Chief Executive Officer (as described in the Third Report);

(e) assisted the Debtor with the onboarding of a new Chief Operating Officer, external accountant, and an international contractor;

(f) continued to maintain communication with stakeholders and provided updates on these CCAA Proceedings;

(g) corresponded with creditors pursuant to the Claim Identification Process to resolve outstanding claims;

(h) worked with Canada Revenue Agency and the Debtor to complete a payroll trust account examination;

(i) took the necessary steps to work towards closing the Arbat Transaction; and

(j) prepared this Fourth Report.

CLAIMS IDENTIFICATION PROCESS AND DISTRIBUTION METHODOLOGY

22. On May 29, 2025, the Court granted the Claims Identification Order, approving the process to identify and quantify claims against Second Cup. Undefined capitalized terms in this section shall have the meanings ascribed to them in the Claims Identification Order.

23. As reported previously, by the Claims Bar Date (being June 30, 2025), the Monitor had received the following claims:

Claim Type	Number of Claims Received	Quantum of Claims received (CAD)
Pre-Filing Claims for which the Monitor received a Proof of Claim	15	$36,844,858
Restructuring Claims	0	$0
D&O Claims	2	$25,052,115
Total Claims Received	**17**	**$36,896,973**

Note:
1. One Pre-Filing Claim was received after the Claims Bar Date.
2. A priority claim from Canada Revenue Agency is included as a Pre-Filing Claim. All other claims are ordinary unsecured claims.
3. Both D&O Claims are also against Second Cup.
4. D&O Claims include a litigation claim of $25,000,000 from a former shareholder. The claimant also filed an unsecured claim against the Debtor.

24. A total of seventeen (17) Claims were submitted to the Monitor by sixteen (16) different Claimants. Each Claim received was reviewed and adjudicated by the Monitor in accordance with the Claims Identification Order.

Monitor's Adjudication of Claims

25. Following a detailed review of the Claims received by the Monitor and its counsel, pursuant to paragraph 25 of the Claims Identification Order, the Monitor issued a Notice of Revision or Disallowance (a "**NORD**") in respect of five (5) Claims (the "**Revised or Disallowed Claims**"). One (1) of the NORDs issued provided a revision to a Claim, while the other four (4) NORDs were disallowed in their entirety. All other Claims were accepted by the Monitor, as filed.

26. The Monitor received four (4) notices of dispute on the Monitor's determination of their Claims (the "**Notices of Dispute**"). The Successful Bidder has advised that three (3) of these claims will be retained as liabilities under the Arbat Transaction. One Notice of Dispute was formally withdrawn on January 26, 2025. Accordingly, no distribution is to be made to in respect of those three (3) claims. The Monitor has consensually agreed to resolve the fourth claim, and the parties have agreed on an amount payable to this claimant (the "**Settled Amount**").

27. The final Claimant who received the NORD revising their Claim did not file a Notice of Dispute, and the determination by the Monitor in the applicable NORD was therefore deemed to be accepted by the Claimant.

Canada Revenue Agency

28. As described in the Third Report, the Monitor determined that the claim received from the Canada Revenue Agency (the "**CRA**") in respect of deemed trust amounts for deductions at source withheld by Second Cup pre-filing (inclusive of interest and penalties) (the "**CRA Claim**"), had a priority for the deemed trust portion that ranked in priority to the DIP Lender and Bank of Montreal. The Monitor's views remain consistent with what was outlined in paragraphs 22-23 of the Third Report. The deemed trust portion of the CRA Claim will be paid as the "Priority Payment" and the balance of the CRA Claim will be paid along with other unsecured Claims as described below and as provided for in the Approval and Vesting Order and the Proposed Distribution Schedule (as defined below).

Distribution to Creditors

29. To understand the expected impact of the Arbat Transaction on each of Second Cup's creditors, the Monitor has updated the illustrative analysis provided in the Third Report (the "**Proposed Transaction Waterfall**"). This analysis demonstrates that the Arbat

Transaction is expected to result in a distribution to unsecured creditors. The updated Proposed Transaction Waterfall has been attached hereto as **Confidential Appendix "A"**.

30. As described above, the Monitor has reviewed and resolved all Claims received to date. The Monitor has prepared a proposed distribution schedule and the Proposed Distribution Methodology (the "**Proposed Distribution Schedule**"). The Proposed Distribution Schedule has been attached hereto as **Confidential Appendix "B".**

Arbat Capital, Svetlana Borsova, and Park Investors LLC Claims

31. As described in the Golubovich Affidavit and below, Arbat Capital, Svetlana Borsova, and Park Investors LLC, who comprise the purchaser group under the Arbat Transaction and who collectively represent the substantial majority of the total accepted Claims has requested that their Claims be offset to the purchase price that will need to be funded at Closing. Accordingly, the amount in which those parties would receive as a distribution on their unsecured debt Claims will be deducted from the amount payable to the Monitor when the Arbat Transaction closes.

Other Unsecured Creditors

32. As described above, all claims have been resolved. Subject to the Restructuring Claim Holdback (described below) all other unsecured creditors will receive a pro rata share of the remaining funds available for distribution in the ordinary course of distribution.

Restructuring Claim Holdback

33. The Monitor notes that no restructuring claims have been received as of the date of this Fourth Report. The Monitor has been advised that two restructuring claims will be filed prior to Closing in connection with claims which arose after the commencement of the CCAA Proceedings and has included a holdback for these claims in the Proposed Distribution Schedule (the "**Restructuring Claim Holdback**"). Pursuant to the Claims Identification Order, restructuring claims are not subject to the same Claims Bar Date as the debt claims. In the event that no restructuring claims are received by the 15th day after Closing, the Restructuring Claim Holdback will be redistributed on a pro rata basis to the creditors listed above.

Administrative Wind-Down Amount and Other Professional Fees

34. The Monitor further notes that any funds that have been set aside and not used to satisfy the Administration Charge, the Administrative Wind-down Amount, or the costs incurred in preparing for the January 29, 2026 motion, shall be redistributed on a pro rata basis to the creditors listed above and in accordance with the Proposed Distribution Methodology.

35. Collectively, paragraphs 22 to 34 are referred to as the "Proposed Distribution Methodology". The Monitor is of the view that the Proposed Distribution Methodology is fair and allows for distributions in an efficient manner. Accordingly, the Applicant is seeking the approval of this Court of the Proposed Distribution Methodology as described herein.

THE ARBAT TRANSACTION

36. The Arbat Transaction contemplates the purchase of Second Cup as a going concern by the Successful Bidder, who is expected to continue investing in and operating its business. The Monitor provided a detailed description of the process of selecting the Successful Bidder and the Arbat Transaction in the Third Report.

37. Undefined terms in this section shall have the meanings ascribed to them in the SISP, the SISP Order, the Amended Purchase Agreement, and the Approval and Vesting Order.

<u>Consideration Received Pursuant to Amended Purchase Agreement</u>

38. As described in the Third Report, the consideration included in the purchase price ("**Purchase Price**") pursuant to the Arbat Transaction, the Amended Purchase Agreement, and the terms of the Approval and Vesting Order consists of:

    (a) the balance of the DIP Facility, plus interest accrued through to and including the date of closing, and any and all fees and expenses associated therewith (the "**DIP Indebtedness**") will be a Retained Liability;

    (b) the secured indebtedness, including principal and interest accrued through to and including the date of closing (the "**Secured Indebtedness**") will be a Retained Liability; and

    (c) a closing cash payment, includes the Over-Bid Top-Up that arose from the Auction paid to the Monitor to be used to fund (i) the Priority Payments; (ii) amounts owing as secured by the Administration Charge (iii) the costs incurred in connection with the administration and wind-down of ResidualCo, and (iv) distributions of the remaining portion in respect of accepted Claims pursuant to the Claims Identification Order.

Mechanics of Closing

39. Pursuant to the Amended Purchase Agreement the initial target closing date was November 10, 2025, and the outside closing date was November 14, 2025.

40. In November 2025 the Purchaser advised the Monitor that they required more time to close the Arbat Transaction.

41. The Monitor has been advised that the extension of the closing date is due to delays and complexities in sending funds from foreign jurisdictions. Further, as described above, since the Arbat Capital, Svetlana Borsova and Park Investors LLC, hold the significant majority of Claims and the vast majority of distributions would be repaid to these parties they requested that closing be delayed until the Monitor had concluded its resolution of the Claims and the final amount payable to the Monitor on closing could be finalized.

42. As of the date of this Fourth Report the Arbat Transaction has not closed and pursuant to the Amended Purchase Agreement, the Monitor and Successful Bidder have agreed in writing to extend the outside closing dated to February 28, 2026 ("**Closing**").

43. The Proposed Transaction Waterfall demonstrates the anticipated flow of funds resulting from the Arbat Transaction and how the Purchase Price is to be allocated to quantify the funds to be remitted by the Successful Bidder to the Monitor on Closing (the "**Closing Payment**"). The net Closing Payment to the Monitor is calculated in the Proposed Transaction Waterfall by deducting the Secured Indebtedness, the DIP Indebtedness, professional fees and a set off of the calculated distribution to Arbat Capital, Svetlana Borsova, and Park Investors LLC, from the Purchase Price. The Monitor is of the view that the requested relief is reasonable, will reduce further costs that otherwise would be spent on professional fees and will expedite the termination of these CCAA Proceedings.

44. The Proposed Transaction Waterfall allocates the Closing Payment towards the following:

(a) the Priority Payment in respect of the deemed trust portion of the CRA Claim;

(b) any amounts owing as secured by the Administration Charge;

(c) the anticipated costs to be incurred in connection with the administration and wind-down of ResidualCo (the Administrative Wind-down Amount, as defined in the Amended Purchase Agreement);

(d) the estimate of the professional fees incurred by the Monitor and its counsel from January 1, 2026, until the CCAA Termination Time, as described below;

(e) the Settled Amount; and

(f) any remaining funds to be distributed in accordance with the Proposed Distribution Methodology.

The Closing Payment

45. The Monitor has been advised by counsel to Arbat Capital, Miller Thomson LLP, that part of the Closing Payment has already been delivered to them in escrow and the balance will be delivered prior to the motion returnable on January 29, 2026. The Closing Payment will then be remitted to the Monitor on Closing.

SEALING ORDER

46. The Applicant is requesting to seal the Confidential Appendices to this Fourth Report, until the earlier of the closing of the Arbat Transaction or further order of the Court.

47. The Applicant's request for this relief is reasonable and necessary in the circumstances for the following reasons:

(a) the information in the Confidential Appendices includes the Purchase Price under the Amended Purchase Agreement;

(b) the public disclosure of the redacted information risks negatively impacting recoveries under further sale efforts if the Arbat Transaction and Back-Up Bid does not close. Sealing this information is beneficial and necessary to maximize and preserve the value of the Property and the Business of the Debtor and ensures the integrity of the SISP is maintained;

(c) the proposed sealing relief is limited to the earlier of the Closing or further order of the Court, which is consistent with past sealing relief granted by this Court in proceedings of this nature; and

(d) the benefit of sealing the redacted information outweighs the deleterious effects of not doing so in the circumstances.

CASH FLOW FORECAST AND THE DEBTORS' RECEIPTS AND DISBURSEMENTS

48. As reported in the Third Report, the Debtor and the CRO, with assistance from the Monitor, prepared an updated version of the Revised Cash Flow (the "**October 20 Cash Flow**") The October 20 Cash Flow was prepared under the same Probable and Hypothetical Assumptions as the Revised Cash Flow and that the Debtor's franchise operations and collections would continue in the ordinary course.

49. The Monitor also prepared a cash flow forecast that illustrated the anticipated cash flow requirements post-Closing (the "**ResidualCo Cash Flow**"). The ResidualCo Cash Flow illustrated the Purchase Price to be received by the Monitor on Closing, distributions to priority claimants, secured creditors, allowed claimants positively adjudicated by the Monitor in the Claims Process, and professional fees to complete the CCAA Proceedings. Since the ResidualCo Cash Flow included the Purchase Price; it was sealed as a confidential appendix to the Third Report. The ResidualCo Cash Flow demonstrated that there was sufficient cash flow up to end of the existing Stay Period, being January 31, 2026.

50. As a result of the Arbat Transaction not closing on the originally anticipated timeline, the Monitor continued to review the cash flows of the Debtor beyond the period of the October 20 Cash Flow and into the period covered by the ResidualCo Cash Flow (the "**Fourth Report Period**").

51. The following table summarizes the Debtor's receipts and disbursements over the first 25 weeks of the October 20 Cash Flow Period (up to the week ending November 8, 2025), along with variances compared to Week 22 to Week 25 of the October 20 Cash Flow included with the Third Report:

The Second Cup Coffee Company Inc. Budget to Actual - Variance Report For the Period Ending November 8, 2025 CAD $000	Week 1-21 (Actual) + Week 22-25 (Forecast)	Week 1-25 (Actual)	Week 1-25 (Variance)
Cash Receipts			
Franchise Collections	147,342	211,974	64,632
A/R Collections	145,407	146,696	1,289
Miscellaneous Receipts	2,140	1,998	(141)
Total Cash Receipts	**294,889**	**360,668**	**65,779**
Cash Disbursements			
Operational Stability Costs	103,079	104,681	1,602
Labour	331,796	337,477	5,682
Leases	63,282	60,470	(2,812)
Operational	342,773	341,509	(1,263)
Total Cash Disbursements	**840,929**	**844,138**	**3,209**
Total Financing Disbursements	**25,472**	**25,445**	**(27)**
Total Professional Fees	**928,998**	**696,185**	**(232,812)**
Total Cash Disbursements	**1,795,399**	**1,565,768**	**(229,631)**
Net Cash Flows	**(1,500,511)**	**(1,205,100)**	**295,410**
Cash from Interim Financing			
DIP Financing	1,500,000	1,457,354	(42,646)
Opening Cash Balance	1,432	1,432	-
Closing Cash Balance	**921**	**253,685**	**252,764**

52. The following table summarizes the Debtor's receipts and disbursements over the 11-week period from November 9, 2025, to January 24, 2026 (as this cash flow period was beyond the range of the October 20 Cash Flow, there are no budgeted results to compare them to):

The Second Cup Coffee Company Inc. Summary of Actual Results For the Period Ending January 24, 2026 CAD $000	Week 26-36 (Actual)	TOTAL Week 1-36 (Actual)
Cash Receipts		
Franchise Collections	341,655	553,628
Supply Purchases	55,680	55,680
A/R Collections	71,333	218,029
Miscellaneous Receipts	1,181	3,179
Total Cash Receipts	**469,848**	**830,516**
Cash Disbursements		
Operational Stability Costs	-	104,681
Labour	138,358	475,835
Leases	18,402	78,872
Operational	130,622	472,131
Total Cash Disbursements	**287,382**	**1,131,519**
Total Financing Disbursements	**8,546**	**33,991**
Total Professional Fees	**250,921**	**947,106**
Total Cash Disbursements	**546,848**	**2,112,616**
Net Cash Flows	**(77,000)**	**(1,282,100)**
Cash from Interim Financing		
DIP Financing	52,582	1,509,936
Opening Cash Balance	253,685	1,432
Closing Cash Balance	**229,268**	**229,268**

53. The following information details the Debtor's actual receipts and disbursements, along with the notable variances from the October Cash Flow over the course of the four-week period from Week 22 to Week 25 of Fourth Report Period, as well as general commentary on the results from Week 26 to Week 36 (within the period of the ResidualCo Cash Flow) of the Fourth Report Period:

(a) DIP Financing – The receipt of DIP Financing continued to be delayed over the course of the Fourth Report Period. The Monitor notes that the final installment towards the DIP Financing was received on January 15, 2026 (Week 35). As discussed in previous reports, the delays in receiving the DIP Financing contributed to several of the variance items throughout previous cash flow periods of the CCAA Proceedings. As described in the Second Report and Third Report, one of the primary drivers for the delay in the receipt of the DIP Financing was that the DIP Lender's bank account is in Cyprus, and as a result, the wire transfers took several weeks to be received in the Monitor's trust account. As of the date of this Fourth Report, the DIP Facility has been fully drawn upon.

(b) Franchise and Accounts Receivable Collections – Accounts receivable arrears collections were consistent with what was projected in the October 20 Cash Flow. Due to certain franchise partners experiencing banking delays, an outstanding balance on pre-filing accounts receivable remains. The Debtor is of the view that certain arrear balances are still collectable. Franchise collections on post filing revenue has continued to improve dramatically since the payments to Critical Suppliers and new purchase orders are being made. Second Cup collected more royalty revenue in the seven-week period from Week 26 to Week 32 than the previous 25 weeks combined. The primary drivers of the increase in collections were that the purchase orders for critical supplies have now been fulfilled, and goods have been delivered, as well as increased operational stability following the selection of the Successful Bidder. The Debtor anticipates that further catchup payments will be received in future weeks for post filing royalty revenue.

(c) Operational Stability Costs – Since the Third Report, a critical supplier payment of $1,602 was made to one of the Claimants to satisfy their claim in full. The Claimant in question provided certain information technology services to Second Cup that were critical to their billing process. Payment towards their Claim in full was required to affect a transition to a different service provider without interrupting the Debtor's billing cycle.

(d) Labour – Labour costs were $5,682 higher than projected over the four-week period of the October 20 Cash Flow due to the timing of source deduction and contractor payments. Over the Fourth Report Period as a whole, labour costs were disproportionately higher due to the hiring a new COO in November, the hiring of another contract employee overseas, and the termination of two employees in December resulting in a payout of termination and vacation pay. Furthermore, in December the Debtor engaged a third-party payroll service provider to process their payroll on a go forward basis.

(e) Operating Expenses & Purchases – Operation Expenses & Purchases were generally consistent with the October 20 Cash Flow over its period. Throughout the Fourth

Report Period there were several operating expense items which were disproportionately higher than in previous periods. As a result of the increase in royalty collections, additional supply orders were placed in November and December. The Debtor also incurred costs for several international trips to grow the business and train new franchise partners. In November, Second Cup also retained a third-party bookkeeper to provide accounting assistance, to assist in filling the role of a CFO, which has been vacant since the CCAA Proceedings commenced.

(f) Financing Disbursements – Interest payments owing in respect of the BMO line of credit are maintained post-filing. The variance in financing disbursements is attributed to no interest payments being made on the DIP Facility, due to interest accruing. The accrued interest on the DIP Facility will be an Assumed Liability pursuant to the Amended Purchase Agreement and will be paid in accordance with the Proposed Transaction Waterfall.

(g) Professional Fees – As a result of the delays in receiving the DIP Financing, payment of certain professional fees were delayed to later weeks. In the absence of the forecasted collections in prior periods and the delays in receiving the DIP Financing, critical operational disbursements were prioritized over professional fees, with approval from the Monitor. The variance will be satisfied as a part of the Administration Charge, as outlined in the Proposed Transaction Waterfall.

54. Considering the above variances, the changes to Second Cup's operations, that the Arbat Transaction has not closed, and the Monitor's need to continue to report on the receipts and disbursements of the Debtor, Management and the CRO, with the assistance of the Monitor, prepared an updated cash flow forecast (the "**January 26 Cash Flow**"). The January 26 Cash Flow was prepared under the same Probable and Hypothetical Assumptions as the October 20 Cash Flow.

55. Below is a summary of the January 26 Cash Flow, reflecting the actual results from May 22, 2025, to January 24, 2026, and the projected receipts and disbursements over the now extended period from January 25, 2026, to February 28, 2026, the outside closing date of the Arbat Transaction:

January 26 Cash Flow Summary For the week beginning January 25, 2026 In CAD	Actuals Week 1-36	Forecast Week 37-41	TOTAL
Cash Receipts			
Franchise Collections	553,628	30,000	583,628
Supply Purchases	55,680	-	55,680
A/R Collections	218,029	-	218,029
Miscellaneous Receipts	3,179	300	3,479
Total Cash Receipts	**830,516**	**30,300**	**860,816**
Cash Disbursements			
Operational Stability Costs	104,681	-	104,681
Labour	475,835	68,528	544,363
Leases	78,872	16,790	95,661
Operational	472,131	11,197	483,329
Total Cash Disbursements	**1,131,519**	**96,515**	**1,228,034**
Total Financing Disbursements	**33,991**	**8,546**	**42,536**
Total Professional Fees	**947,106**	**-**	**947,106**
Total Cash Disbursements	**2,112,616**	**105,061**	**2,217,677**
Net Cash Flows	**(1,282,100)**	**(74,761)**	**(1,356,861)**
Cash from Interim Financing			
DIP Financing	1,509,936	-	1,509,936
Opening Cash Balance	1,432	229,268	1,432
Closing Cash Balance	**229,268**	**154,507**	**154,507**

56. The January 26 Cash Flow is attached hereto as **Appendix "I"**.

57. The Monitor has reviewed the January 26 Cash Flow to the standard required of a Court-appointed monitor by s. 23(1)(b) of the CCAA. The Monitor's review of the January 26 Cash Flow consisted of inquiries, analytical procedures, and discussions related to information supplied to the Monitor by Management and the CRO of the Debtor. Since the Probable and Hypothetical Assumptions need not be supported, the Monitor's procedures with respect to same were limited to evaluating whether they were consistent with the purpose of the January 26 Cash Flow. The Monitor has also reviewed the support provided by the Debtor for the Probable and Hypothetical Assumptions and the preparation and presentation of the January 26 Cash Flow. Based on the Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:

(a) the Probable and Hypothetical Assumptions are not consistent with the purpose of the January 26 Cash Flow;

(b) as at the date of this Fourth Report, the Probable and Hypothetical Assumptions developed by Management are not suitably supported and consistent with the Debtor's plans or do not provide a reasonable basis for the January 26 Cash Flow, given the Probable and Hypothetical Assumptions; or

(c) the January 26 Cash Flow does not reflect the Probable and Hypothetical Assumptions.

58. The Monitor makes the following general comments on the adjustments made to the October 20 Cash Flow and the ResidualCo Cash Flow in the preparation of the January 26 Cash Flow:

(a) the cash flow period has been amended up to February 28, 2026, to account for the currently anticipated timeline for Closing;

(b) cash flows are now forecasted beyond the original anticipated closing of November 10, 2025;

(c) collections assumptions have been adjusted to be more in line with the results of the Fourth Report Period;

(d) operating expenses and labour have been adjusted to more accurately reflect Second Cup's operational changes over the Fourth Report Period;

(e) the January 26 Cash Flow has adjusted the timing and amounts of certain other disbursements to be in line with the historical results of the Fourth Report Period;

(f) contemplates an anticipated closing date of February 28, 2026; and

(g) accounts for the impact of the Arbat Transaction and the transition of the CCAA Proceedings to ResidualCo on Closing.

59. Since the January 26 Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the Probable and Hypothetical Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the January 26 Cash Flow will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy or

completeness of any financial information presented in this Fourth Report or relied upon by the Monitor in preparing this Fourth Report.

60. The January 26 Cash Flow has been prepared solely for the purposes described on the face of the January 26 Cash Flow and readers are cautioned that it may not be appropriate for other purposes.

61. Additionally, the Monitor has updated the ResidualCo Cash Flow (the "**Amended ResidualCo Cash Flow**") to be extended up to the CCAA Termination Time (as defined below). A copy of the Amended ResidualCo Cash Flow is attached hereto as **Confidential Appendix "C"**.

62. Since the Amended ResidualCo Cash Flow includes the Purchase Price; the Monitor is seeking to seal the Amended ResidualCo Cash Flow until Closing.

63. The Amended ResidualCo Cash Flow demonstrates that there remains to be sufficient cash flow up to the proposed extension of the Stay Period (as discussed below).

EXTENSION OF THE STAY PERIOD

64. The Applicant is seeking the approval of the Court that the Stay Period be extended to the CCAA Termination Time (as defined below). The Monitor is of the view that no creditor would face material prejudice should this Court grant such request.

65. The Monitor is further of the view that the extension of the Stay Period provides sufficient time to allow for the Closing and the distribution to creditors, including an allowance of time for each of the creditors to deposit their cheques. Extending the Stay Period will also avoid a further request for an additional Order extending the Stay Period further and save professional costs that would otherwise be distributed to creditors.

CCAA TERMINATION

66. Pursuant to paragraph 28 of the Approval and Vesting Order, the Monitor has been granted certain enhanced powers, including the authority to take, on behalf of ResidualCo, the necessary steps to terminate and bring these CCAA Proceedings to an end.

67. The remaining activities to be completed in the CCAA Proceedings (the "**Remaining Activities**") include:

(a) closing the Arbat Transaction;

(b) administer the distribution to creditors, in accordance with the Proposed Distribution Methodology, if approved;

(c) prepare the necessary statutory and administrative documents to assign ResidualCo into bankruptcy; and,

(d) conduct payment of approved professional fees, disbursements, and retainers.

68. Subject to the Court's approval, upon completion of the administration of the CCAA proceedings, the Monitor intends to file its Monitor's Termination Certificate, certifying that all the Remaining Activities have been completed. The proposed CCAA Termination Order also provides that upon filing of the Monitor's Termination Certificate the CCAA Proceedings will be terminated (the "**CCAA Termination Time**").

69. In the Monitor's view, upon completion of the Remaining Activities the CCAA Proceedings have accomplished the overall objectives of the restructuring proceedings commenced by Arbat Capital of identifying a buyer, completing a sale transaction, continuing the operations of Second Cup, preserving jobs, continuing franchise partner and supplier relationships, and providing a greater recovery to creditors and value to stakeholders generally than what would have been realized if the restructuring proceedings were not successful and Second Cup was liquidated.

70. The Monitor is of the view that there will be no further realizations available to ResidualCo beyond the net sale proceeds from the Arbat Transaction. The net sale proceeds will be held in trust with the Monitor once received, and subject to the approval of the Court, the Monitor, on behalf of ResidualCo, will distribute the sale proceeds as described in this Fourth Report and then assign ResidualCo into bankruptcy. Once the proceeds have been distributed in accordance with the Proposed Distribution Methodology, there will be no further benefit for the CCAA Proceedings to continue, or for the Stay Period to be extended beyond CCAA Termination Time.

71. Upon the termination of the CCAA Proceedings, all previously approved charges, including the DIP Lender's Charge, Directors' Charge, and remaining Administration Charge will no longer be required and would therefore be terminated, released and discharged. The Monitor is not aware of any outstanding amounts or claims against the Charges.

72. At the CCAA Termination Time, the Monitor will be discharged from its duties. Notwithstanding this discharge, Grant Thornton shall have the authority to complete any ancillary or incidental duties as required. The proposed CCAA Termination Order releases the Monitor and its advisors from the Released Claims up to the CCAA Termination Time. The Released Claims do not release any claims arising out of gross negligence or willful misconduct.

73. The Monitor supports the Applicant's requested relief for an order terminating the CCAA Proceedings, upon the filing of the Monitor's Termination Certificate.

BANKRUPTCY MATTERS

74. In connection with the termination of the CCAA Proceedings, the Monitor intends to cause ResidualCo to file an assignment into bankruptcy naming Grant Thornton Limited as licensed insolvency trustee of ResidualCo, pursuant to the enhanced powers provided to the Monitor in the Approval and Vesting Order.

75. Pursuant to paragraph 28 of the Approval and Vesting Order, the Monitor has been granted certain enhanced powers, including the authority to take, on behalf of ResidualCo, the necessary steps to terminate and bring these CCAA Proceedings to an end and assign ResidualCo into bankruptcy.

76. The proposed CCAA Termination Order contemplates a $25,000 reserve (the "**Bankruptcy Reserve**"), to be held by Grant Thornton Limited, to fund the costs of the bankruptcy of ResidualCo, with such reserve to be funded from the Closing Payment. It is also proposed in the CCAA Termination Order that, upon conclusion of the trustee's work in the anticipated bankruptcy, any unused portion of the Bankruptcy Reserve will be distributed to creditors with Accepted Claims on a pro rata basis. The proposed CCAA Termination Order further provides that any Claim that is an Accepted Claim in the CCAA Proceedings will continue to be a claim in the anticipated bankruptcy. This will permit the efficient administration of the bankrupt estate by eliminating the requirement for creditors to re-submit claims in the bankruptcy proceedings and for the Trustee to make determinations in respect of those claims.

FEES AND DISBURSEMENTS OF THE MONITOR AND COUNSEL

77. Pursuant to paragraph 33 of the ARIO, the Monitor and its legal counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred by the Debtor as part of the costs of the CCAA Proceedings. Pursuant to paragraph 34 of the ARIO, the Monitor and its counsel shall pass their accounts from time to time.

78. The Monitor is seeking to have its fees and disbursements up to December 31, 2025, and the fees and disbursement of its counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), up to December 31, 2025, approved by the Court. The Monitor and Cassels have maintained detailed records of their professional time and costs.

79. The total fees and disbursements for the Monitor from October 1, 2025, to December 31, 2025, amounted to $103.287.01, inclusive of HST.

80. The time spent by the Monitor is more particularly described in the Affidavit of Jason Kanji sworn January 26, 2026 (the "**Kanji Affidavit**"), which is attached hereto as **Appendix "J"** and contains copies of invoices that set out the services provided during this period.

81. The total fees and disbursements of Cassels from October 1, 2025, to December 31, 2025, 2026, amounted to $123,773.39, inclusive of HST.

82. The time spent by Cassels is more particularly described in the Affidavit of Natalie Levine sworn January 26, 2026 (the "**Levine Affidavit**"), which is attached hereto as **Appendix "K"** and contains, among other things, copies of invoices that set out the services provided during this period.

83. Additionally, the Monitor estimates that the remaining fees, disbursements and taxes, as well as that of its counsel to complete the Remaining Activities, terminate these CCAA Proceedings is estimated to be $100,000 ("**Final Fees**"). Should any portion of the Final Fees not be required, then such surplus proceeds will be made available for distribution among the creditors in order of priority pursuant to the Proposed Distribution Methodology

84. The Monitor is of the view that the fees and those of its legal counsel including the estimated Final Fees are reasonable, commensurate with the work performed to date, and reflect the complexity of these CCAA Proceedings as communicated to the Court through its reports to date and the significant amount of work undertaken by the Monitor and its legal counsel to work towards closing the Arbat Transaction, facilitate the Claims

Identification Process, and monitor the ongoing operations of Second Cup. The Monitor respectfully requests that its fees and disbursements, and those of Cassels, be approved.

CONCLUSION

85. Since the date of the Third Report, the Monitor is of the opinion that Second Cup has continued to act in good faith and with due diligence in respect of exploring various options which would enable it to restructure its business and operations.

86. As at the date of this Fourth Report, nothing has come to the attention of the 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.

87. For the reasons set out in this Fourth Report, the Monitor recommends that this Court make the Orders granting the requested relief.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 26th day of January 2026.

GRANT THORNTON LIMITED,
SOLELY IN ITS CAPACITY AS COURT-APPOINTED MONITOR
OF THE SECOND CUP COFFEE COMPANY INC., AND NOT IN ITS CORPORATE OR PERSONAL CAPACITY

Per: Jason Kanji

Jason Kanji, CPA, CA, CIRP, LIT
Vice-President

APPENDIX “F”

Court File No. CV-25-0074348-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	MONDAY, THE 29TH
	)	
JUSTICE KIMMEL	)	DAY OF JANUARY, 2026

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

B E T W E E N:

ARBAT CAPITAL GROUP LTD.

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

ORDER

THIS MOTION, made by the Applicant, Arbat Capital Group Ltd. ("**Arbat**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, *inter alia*, (i) approving the supplement to the Third Report dated October 20, 2025 (the "**Supplemental Third Report**") and the fourth report of Grant Thornton Limited ("**Grant Thornton**") in its capacity as the Court-appointed monitor (in such capacity, the "**Monitor**") of The Second Cup Coffee Company Inc. (the "**Debtor**") dated January 26, 2026 (the "**Fourth Report**"), and the activities and conduct of the Monitor described therein; (ii) approving the fees and disbursements of the Monitor and the Monitor's counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), as described in the Fourth Report; and (iii) extending the Stay Period (as defined below) up to and including February 25, 2026, was heard this day via Zoom videoconference.

ON READING the Affidavit of Alexey Golubovich, affirmed on January 26, 2026 (the "**Fourth Golubovich Affidavit**"), and the exhibits thereto, and the Fourth Report of the Monitor, and on hearing the submissions of counsel for Arbat, counsel for the Monitor, and counsel for such other parties listed on the participant information sheet, with no one else appearing for any other party although duly served as appears from the Affidavit of Service of Jaclyn Tarola, sworn January 26, 2026, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and Motion Record is abridged and validated such that this Motion is properly returnable today, and further service of the Notice of Motion and the Motion Record is hereby dispensed with.

DEFINED TERMS

2. **THIS COURT ORDERS** that, unless otherwise indicated or defined herein, capitalized terms have the meanings given to them in the Fourth Golubovich Affidavit, or the Fourth Report of the Monitor, as applicable.

APPROVAL OF MONITOR'S SUPPLEMENTAL THIRD REPORT AND FOURTH REPORT AND ACTIVITIES

3. **THIS COURT ORDERS** that the Supplemental Third Report dated October 20, 2025, the Fourth Report, and the activities, conduct, and decisions of the Monitor described therein are hereby ratified and approved, provided that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approvals.

APPROVAL OF FEES AND DISBURSEMENTS OF THE MONITOR

4. **THIS COURT ORDERS** that the professional fees and disbursements of the Monitor for the period of October 1, 2025 to December 31, 2025, as set out in the Fourth Report and in the Monitor's Fee Affidavit appended thereto, be and are hereby approved.

5. **THIS COURT ORDERS** that the professional fees and disbursements of Cassels, legal counsel to the Monitor, for the period of October 1, 2025 to December 31, 2025, as set out in the

Fourth Report and in the Cassels Fee Affidavit appended thereto, be and are hereby approved.

EXTENSION OF STAY PERIOD

6. **THIS COURT ORDERS** that the Stay Period be and is hereby extended from January 31, 2026 up to and including February 27, 2026.

GENERAL

7. **THIS COURT ORDERS** that the Monitor is at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside of Canada.

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or any other jurisdiction, to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceedings, or to assist the Applicant and the Monitor and its agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

Jessica Kimmel

Digitally signed by Jessica Kimmel
Date: 2026.01.29 15:55:18 -05'00'

ARBAT CAPITAL GROUP LTD.
Applicant

and

THE SECOND CUP COFFEE COMPANY INC.
Respondent

Court File No. CV-25-00743485-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

ORDER

MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 6600
Toronto ON M5H 3S1

Gavin H. Finlayson LSO# 44126D
Email: gfinlayson@millerthomson.com
Tel: 416.595.8619

Larry Ellis LSO# 49313K
Email: lellis@millerthomson.com
Tel: 416.595.8639

Matthew Cressatti LSO# 77944T
Email: mcressatti@millerthomson.com
Tel: 416-597-4311

Lawyers for the Applicant

APPENDIX “G”

ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-25-00743485-00CL **DATE: January 29, 2026**

NO. ON LIST: 5

TITLE OF PROCEEDING: ARBAT CAPITAL GROUP LTD. v. THE SECOND CUP COFFEE COMPANY INC. et al

BEFORE: JUSTICE KIMMEL

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Matthew Cressatti Jaclyn Tarola Gavin H. Finlayson	Counsel for the Applicant – Arbat Capital Group Limited	mcressatti@millerthomson.com jtarola@millerthomson.com gfinlayson@millerthomson.com
Patrick Bakos	Counsel for Levelen Corp – Leonid Pekker and Vera Pekker in the Levelen Application – CV-24-00727683-00CL	pb@barlaw.ca

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Josh Gordon	Counsel for the Monitor	jgordon@cassels.com

Monique Sassi		msassi@cassels.com
Jason Kanji	Monitor	Jason.kanji@doane.gt.ca
Camille Beaudoin	Counsel for Demetrios (Jim) Ragas and Constantine Ragas in Levelen Application – CV-24-00727683-00CL	Camille.beaudoin@clydeco.ca

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ENDORSEMENT OF JUSTICE KIMMEL:

The Motion and Prior Orders

[1] On May 22, 2025, on the application of Arbat, Second Cup was granted creditor protection under the *Companies ' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), pursuant to an order (the "Initial Order", as amended and restated, the "ARIO"). The applicant, Arbat Capital Group Ltd. ("Arbat"), is the largest creditor and a 40% shareholder of the Respondent, The Second Cup Coffee Company Inc. ("Second Cup" or the "Company").

[2] On October 30, 2025, the court granted an amended and reverse vesting order (ARVO) in respect of an approved stalking horse transaction (the "Transaction") with the Applicant, as the purchaser of the Purchased Shares and Retained Assets. The Transaction is expected to close on or prior to February 28, 2026.

[3] In the meantime, the Stay of Proceedings is expiring on January 31, 2026.

[4] Unless otherwise indicated in this endorsement, capitalized terms shall have the meanings given to them in the factum filed in support of today's motion.

[5] The applicant seeks an order approving certain distributions following the completion of the Transaction, sealing confidential appendices to the Monitor's Fourth Report pending the closing of that Transaction, discharging and releasing the Monitor, terminating, releasing and discharging various charges, and terminating these CCAA proceedings (the "Distribution and CCAA Termination Order").

[6] Only 30 minutes of court time had been reserved for today's hearing, so the court asked counsel to prioritize the matters to be addressed today.

[7] Since the stay of proceedings is expiring at the end of this month, that aspect of the relief and the approval of the Monitor's Supplemental Third Report and Fourth Report, and the activities and conduct of the Monitor described therein and the fees and disbursements of the Monitor and its counsel (which ancillary relief is often addressed in conjunction with stay extension orders) were prioritized to be addressed today.

[8] The balance of the relief sought in the applicant's motion is adjourned as follows:

(a) The relief relating to proposed distributions to be made at or immediately after the closing of the Transaction shall be returned for a one hour motion on February 4, 2026 commencing at 11:00 a.m.

(b) The relief with respect to the termination of the CCAA proceedings and discharge of the Monitor shall be returned for a one hour motion on February 25, 2026 commencing at 12:00 p.m. ("CCAA Termination and Discharge Relief").

[9] While none of the relief sought is opposed, this other (adjourned) relief includes the approval of distributions and related set-offs, declaratory relief, a sealing order and releases, all of which require the court's consideration and attention. Furthermore, the discharge order in circumstances such as these should not be sought until after the Transaction has closed. Counsel appearing today were confident that if the second return date was scheduled for the end of February, the closing date for the Transaction could be moved up so that it will have occurred a week prior to ensure that there are few, if any, remaining administrative matters for the Monitor to attend to when the CCAA Termination and Discharge Relief is brought back for the court's consideration.

Stay Extension

[10] The requested extension of the Stay Period is reasonable and is intended to provide the Monitor and its legal counsel with the time necessary to address the remaining matters, most importantly, to close the Transaction, but also the administration of the distributions to creditors pursuant to the Proposed Distribution Methodology, if approved, the preparation of the statutory and administrative documents required to assign ResidualCo into bankruptcy, and the payment of the final approved professional fees, disbursements, and retainers (collectively, the "Remaining Matters"),

[11] The cash flow forecast appended to the Monitor's Fourth Report confirms that there will be sufficient liquidity to fund the costs of these CCAA Proceedings through the end of the week of February 22, 2026. The proposed extension of the Stay Period is to February 27, 2026. The Monitor is not aware of any party opposed to this relief as of the date of the Fourth Report and does not believe that any creditor will be materially prejudiced by the proposed extension of the stay of proceedings.

[12] I am satisfied that the proposed stay of proceedings should be extended through and including February 27, 2026, pursuant to section 11.02(2) of the CCAA. Such an extension is necessary and appropriate and I am satisfied that the Second Cup, with the oversight of the Monitor, is acting in good faith and with due diligence. The stay extension is appropriate and necessary in the circumstances to equip the Monitor with sufficient time to complete the Remaining Matters.

Approval of Monitor's Reports and Fees of the Monitor and its Counsel

[13] The Monitor's activities are set out in the Supplemental Third Report and the Fourth Report (the "Reports"). The Monitor has carried out its duties in a reasonable and efficient manner, consistent with its powers as set out in the CCAA, the ARIO and in the interests of Second Cup's stakeholders generally.

[14] I am satisfied that the Reports and the activities of the Monitor therein should be approved. This court has repeatedly recognized that there are good policy and practical reasons for the court to grant periodic orders approving the activities and fees, and the fees of its counsel: see *Target Canada Co. (Re)*, 2015 ONSC 7574 at paras 2 & 22-23.

[15] The Monitor and its legal counsel have devoted significant time to, among other things, (i) undertaking the steps required to advance the closing of the Transaction, (ii) maintaining consistent communications with the Company's stakeholders, including its creditors; and (ii) carrying out their duties and activities in a manner consistent with the provisions of the CCAA and in compliance with Orders issued in these CCAA Proceedings. The Monitor and its legal counsel have maintained detailed records of their professional time

and costs since the commencement of these CCAA Proceedings, and since this court last approved their respective fees and disbursements on October 30, 2025.

[16] The fees of the Monitor and its counsel are commensurate with those activities and the size and complexity of these CCAA proceedings. They reflect reasonable rates and time spent on the activities undertaken, as fully set out in the fee affidavits appended to the Monitor's Third Report. I am satisfied that the fees and disbursements meet the standard of the "overriding principle of reasonableness" given the nature, extent and value of the assets being administered, the complications, the time, diligence and thoroughness displayed, responsibilities assumed and results achieved: see *Bank of Nova Scotia v. Diemer*.

Order

[17] The order I have signed today dated January 29, 2026, granting the extension of the Stay Period and ancillary relief, shall be effective immediately without the necessity of issuing and entering.

Kimmel J.

Date: Jan 29, 2026

Jessica Kimmel

APPENDIX “H”

Court File No. CV-25-0074348-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	WEDNESDAY, THE 4TH
	)	
JUSTICE STEELE	)	DAY OF FEBRUARY, 2026

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

B E T W E E N:

ARBAT CAPITAL GROUP LTD.

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

ORDER

THIS MOTION, made by the Applicant, Arbat Capital Group Ltd. ("**Arbat**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, *inter alia*, (i) approving and authorizing certain distributions to be made in accordance with the Proposed Distribution Methodology, as defined herein; (ii) authorizing the Monitor to transfer funds from the Closing Payment (as defined below) to Grant Thornton, in its intended capacity as the trustee in bankruptcy of ResidualCo; and (iii) sealing the Confidential Appendices to the Fourth Report of the Monitor, was heard this day via Zoom videoconference.

ON READING the Affidavit of Alexey Golubovich, affirmed on January 26, 2026 (the "**Fourth Golubovich Affidavit**"), and the exhibits thereto, and the Fourth Report of the Monitor dated January 26, 2026 (the "**Fourth Report of the Monitor**"), and on hearing the submissions of counsel for Arbat, counsel for the Monitor, and counsel for such other parties listed on the participant information sheet, with no one else appearing for any other party although duly served as appears from the Affidavit of Service of Jaclyn Tarola, sworn January 26, 2026, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and Motion Record is abridged and validated such that this Motion is properly returnable today, and further service of the Notice of Motion and the Motion Record is hereby dispensed with.

DEFINED TERMS

2. **THIS COURT ORDERS** that, unless otherwise indicated or defined herein, capitalized terms have the meanings given to them in the Fourth Golubovich Affidavit, or the Fourth Report of the Monitor, as applicable.

DISTRIBUTIONS

3. **THIS COURT ORDERS** that, on Closing, following payment of the Priority Payment and the amounts secured by the Administration Charge from the Closing Payment, the Monitor be and is hereby authorized to make one or more distributions in accordance with the Proposed Distribution Methodology in satisfaction of the Accepted Claims identified by the Monitor pursuant to the Claims Identification Order.

4. **THIS COURT ORDERS** that the Proposed Distribution Methodology (including the Set-Off Mechanism, as set out in the Fourth Report) and the Proposed Distribution Schedule for the distributions to be made under this Order, and for any subsequent distributions of the Property of the Debtor or ResidualCo as set out in the Fourth Report, are hereby approved.

5. **THIS COURT ORDERS** that all distributions shall be made in Canadian dollars, regardless of the currency indicated in the Proof of Claim, calculated by the Applicants with the assistance of the Monitor in accordance with paragraph 19 of the Claims Identification Order.

6. **THIS COURT ORDERS** that the Monitor or any other person facilitating distributions pursuant to this Order shall be entitled to deduct and withhold from any such distribution to any Claimant such amounts as may be required to be deducted or withheld under any applicable law

and to remit such amounts to the appropriate governmental authority or other person entitled thereto as may be required by such law.

7. **THIS COURT ORDERS** that the Monitor is hereby authorized, directed, and empowered to take all reasonably necessary steps and actions the Monitor deems necessary or desirable to effect the distributions in accordance with the provisions of this Order and shall not incur any liability as a result of making any distributions.

8. **THIS COURT ORDERS** that in carrying out the terms of this Order, the Monitor, whether in its personal capacity or in its capacity as the Monitor: (a) shall have all the protections provided to it as an officer of the Court, including the protections granted pursuant to the CCAA and other orders granted in these CCAA Proceedings, including the stay of proceedings; and (b) shall incur no liability or obligation as a result of carrying out any duties or work in connection with this Order, save and except for any gross negligence or willful misconduct on its part.

9. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these CCAA Proceedings;

(b) any application for a bankruptcy or receivership order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") or other applicable legislation in respect of the Debtor and any bankruptcy or receivership order issued pursuant to any such applications;

(c) any assignment in bankruptcy made in respect of the Debtor; and

(d) any provisions of any federal or provincial legislation,

the distributions shall be made final and irreversible, free and clear of all Encumbrances (as defined in the Approval and Reverse Vesting Order of the Honourable Justice Myers dated October 30, 2025 (the "**ARVO**")), including the Charges, and shall be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Debtor and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. **THIS COURT ORDERS AND DECLARES** that the Set-Off Mechanism, as described in the Fourth Golubovich Affidavit, is hereby approved and that, for greater certainty, Arbat, Park Investors LLC and Svetlana Bortsova may set-off the amounts to be distributed to them per the Distributions against the Closing Payment.

APPROVAL OF FINAL FEES

11. **THIS COURT ORDERS** that the anticipated further fees and disbursements of the Monitor and Cassels, estimated not to exceed $100,000 (inclusive of HST) in aggregate ("**Final Fees**"), for the completion of the Remaining Activities (as defined in the Fourt Report) in connection with these CCAA Proceedings, are hereby approved and that the Monitor and Cassels shall not be required to pass their accounts in respect of any further activities in connection with the administration of the CCAA Proceedings, provided, however, that if the further fees and disbursements of the Monitor and Cassels in connection with the completion by the Monitor of its remaining duties and administration of the CCAA Proceedings exceed the amount of the Final Fees, the Monitor shall return to Court to seek approval to pay any such amounts pursuant to a further Order of the Court. Following completion of the CCAA Proceedings, the Monitor is hereby authorized and directed to pay any available remainder from the Final Fees pro rata to the claimants with Accepted Claims in accordance with the Proposed Distribution Methodology.

BANKRUPTCY MATTERS

12. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed to transfer a maximum amount of $25,000 of funds from the Closing Payment (the "**Bankruptcy Reserve**") to Grant Thornton for the fees and disbursements of the Trustee and its counsel (plus applicable taxes) incurred in connection with the intended assignment into bankruptcy of ResidualCo pursuant to the BIA. Following completion of the ResidualCo's BIA proceedings, the Trustee is hereby authorized and directed to pay any available remainder from the Bankruptcy Reserve pro rata to the claimants with Accepted Claims in accordance with the Proposed Distribution Methodology.

13. **THIS COURT ORDERS** that notwithstanding the termination of the CCAA Proceedings pursuant to the process described below, the Claims Identification Order, including the bar dates set forth therein, shall remain in full force and effect.

SEALING ORDER

14. **THIS COURT ORDERS** that the Confidential Appendices to the Fourth Report are hereby sealed and shall not form part of the public record until the Monitor's Certificate, substantially in the form attached as Schedule "A" to the ARVO is filed, or upon further order of the Court.

GENERAL

15. **THIS COURT ORDERS** that the Monitor is at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside of Canada.

16. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or any other jurisdiction, to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceedings, or to assist the Applicant and the Monitor and its agents in carrying out the terms of this Order.

17. **THIS COURT ORDERS** that this Order is effective from the date that it is made and is enforceable without any need for entry and filing.

Jana Steele

Digitally signed by Jana Steele
Date: 2026.02.04 14:09:51 -05'00'

ARBAT CAPITAL GROUP LTD. Applicant	and	THE SECOND CUP COFFEE COMPANY INC. Respondent	Court File No. CV-25-00743485-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

ORDER
(APPROVING DISTRIBUTIONS)

MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 6600
Toronto ON M5H 3S1

Gavin H. Finlayson LSO# 44126D
Email: gfinlayson@millerthomson.com
Tel: 416.595.8619

Larry Ellis LSO# 49313K
Email: lellis@millerthomson.com
Tel: 416.595.8639

Matthew Cressatti LSO# 77944T
Email: mcressatti@millerthomson.com
Tel: 416-597-4311

Lawyers for the Applicant

APPENDIX “I”

ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-25-00743485-00CL **DATE: FEBRUARY 04, 2026**

NO. ON LIST: 3

TITLE OF PROCEEDING: ARBAT CAPITAL GROUP LTD. V. THE SECOND CUP COFFEE COMPANY INC. ET AL

BEFORE: JUSTICE JANA STEELE

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Matthew Cressatti	Counsels for the Applicant, Arbat Capital Group Ltd.	mcressatti@millerthomson.com
Jaclyn Tarola		jtarola@millerthomson.com
Gavin H. Finlayson		gfinlayson@millerthomson.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Dylan Gibbs	Counsel for the Respondent, Jim Ragas (debtor), Shareholder and Director	dgibbs@necpal.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Monique Sassi	Counsel for the Court-Appointed Monitor, Grant Thornton Limited	msassi@cassels.com
Joshua Gordon		jgordon@cassels.com
Jason Kanji	The Monitor, Grant Thornton Limited	jason.kanji@doane.gt.ca

ENDORSEMENT OF JUSTICE STEELE:

[1] The applicant in these CCAA proceedings is Arbat. Further to Arbat's application, on or about May 22, 2025, Second Cup was granted creditor protection under the CCAA pursuant to the Initial Order. Among other things, Grant Thornton was appointed as the Monitor of Second Cup, various charges were approved, and the initial stay was granted.

[2] Following a Court approved SISP, the ARVO was granted on or about October 30, 2025. Pursuant to the ARVO, the balance of the Closing Payment, following certain Priority Payments and the amounts secured by the Administration Charge, is to be held in trust by the Monitor to fund those costs incurred by the Monitor and its professional advisors to administer ResidualCo post-closing, and make the Distributions.

[3] Further to Kimmel J.'s endorsement, dated January 29, 2026, the applicant, Arbat, seeks an order approving certain distributions (and set-offs) following the completion of the Transaction, sealing confidential appendices to the Monitor's Fourth Report pending the closing of the Transaction, and approving the proposed fee estimate accrual.

[4] No one opposes the relief sought today.

[5] Unless otherwise indicated in this endorsement, capitalized terms shall have the meanings given to them in the applicant's factum.

[6] The applicant seeks authorization for the Monitor to make certain distributions in accordance with the Proposed Distribution Methodology, as set out in the Fourth Report from the Closing Payment to satisfy the Accepted Claims further to the Claims Identification Order. The court has jurisdiction to make such an order, even in the absence of a plan: *Nortel Networks Corp., Re,*2014 ONSC 4777, at paras. 53-55.

[7] I am satisfied that it is reasonable and appropriate to approve the Distributions to be made in accordance with the Proposed Distribution Methodology, as described in the Fourth Report. I am also satisfied that the Set-Off Mechanism should be approved. The Purchaser Group consists of Arbat, Park, and Bortsova, which

parties will be funding the Closing Payment for the Transaction. The Purchaser Group is also entitled to distributions in satisfaction of their respective Accepted Claims. Because the Purchaser Group is both funding the Closing Payment and entitled to receive Purchaser Group Distributions from the same payment, Arbat proposes that the Purchaser Group Distributions be satisfied by set-off. The proposed Set-Off Mechanism will not affect the quantum of the Distributions being paid to the other unsecured creditors with Accepted Claims.

[8] The applicant seeks a sealing order over the confidential appendices to the Monitor's Fourth Report pending further court order. The confidential appendices contain the purchase price for the Transaction and information that could be used to determine the purchase price. I am satisfied that the time limited, and limited in scope, sealing order that is sought satisfies the test set out in *Sienna Club of Canada v. Canada (Minister of Finance)* as modified by *Sherman Estate v. Donovan*. The applicant seeks to seal information that is commercially sensitive. If this information were disclosed, it could negatively affect future attempts to sell the property, should the Transaction fail to close. No stakeholder will be materially prejudiced by the requested sealing order, which applies to only a limited amount of information for a limited period of time.

[9] The Monitor also seeks approval of its final fees, which are estimated to be $100,000 for the wind-down of these CCAA Proceedings (fees post Dec. 31, 2025), and a bankruptcy reserve of $25,000 to administer ResidualCo's bankruptcy. Any remaining funds not needed for these purposes will be distributed in accordance with the Proposed Distribution Methodology or pro rata to the claimants with Accepted Claims. I am satisfied that the Final Fees are fair and reasonable and should be approved. I am also satisfied that the Bankruptcy Reserve should be approved. The funds are intended to fund the costs of the bankruptcy of ResidualCo.

[10] The Order I have signed today dated February 4, 2026 shall be effective immediately without the necessity of issuing and entering.

Date: February 04, 2026 **JUSTICE JANA STEELE**

APPENDIX “J”

The Second Cup Coffee Company Inc.
Extended Cash Flow Forecast
Beginning the Week of November 9, 2025

Doane Grant Thornton

For the week beginning	Actual	2026/Jan/25			2026/Feb/01			2026/Feb/08			2026/Feb/15	2026/Feb/22	2026/Mar/01	2026/Mar/08	2026/Mar/15	2026/Mar/22	TOTAL
In CAD	Week 1-36 Cumulative	Forecast	Actual	Variance	Forecast	Actual	Forecast	Forecast	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	(Cumulative Actual + Forecast)
			Week 37			Week 38			Week 39		Week 40	Week 41	Week 42	Week 43	Week 44	Week 45	
Cash Receipts																	
Franchise Collections	553,628	-	-	-	10,000	57,724	47,724	10,000	6,431	(3,569)	2,500	50,000	25,000	25,000	25,000	25,000	770,284
Supply Purchases	55,680	-	-		-	-		-	-		-	-	-	-	-	-	55,680
A/R Collections	218,029	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	218,029
Miscellaneous Receipts	3,179	150	-	(150)	-	414	414	-	-	-	-	-	150	-	-	150	3,893
Total Cash Receipts	**830,516**	**150**	**-**	**(150)**	**10,000**	**58,138**	**48,138**	**10,000**	**6,431**	**(3,569)**	**2,500**	**50,000**	**25,150**	**25,000**	**25,000**	**25,150**	**1,047,885**
Cash Disbursements				-			-			-							
Operational Stability Costs				-			-			-							
Critical Suppliers	96,122	-	-	-		-	-	-	-	-	-	-	-	-	-	-	96,122
Contractors	8,559	-	-	-		-	-	-	-	-	-	-	-	-	-	-	8,559
Labour				-			-			-							
Payroll/Expenses	242,878	12,240	12,308	68	-	68	68	12,240	12,240	-	-	12,240	-	12,240	-	12,240	304,213
Source Deductions	99,170	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	99,170
Contractors	103,281	12,178	12,603	425	-	3,678	3,678	5,000	5,000	-	-	13,000	-	5,000	-	13,000	155,562
Benefits	30,506	188	-	(188)	-	1,680	1,680	2,076	188	(1,888)	-	2,076	-	188	-	2,076	36,714
Leases				-			-			-							
Rent	42,197	-	-	-	5,313	5,313	-	-	-	-	-	-	-	-	-	-	47,509
Vehicle Lease	15,351	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,351
Warehouse Storage	14,770	1,000	1,464	464	1,000	-	(1,000)	1,000	1,406	406	-	1,400	-	1,400	-	1,400	21,840
Self-Serve Storage	6,554	-	14	14	582	608	26	-	-	-	-		582	-	-	582	8,340
Operational				-			-			-							
Suppliers	388,098	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	388,098
Freight	4,022	160	-	(160)	160	149	(11)	160	122	(38)	160	160	160	160	160	160	5,252
Subscriptions	21,489	1,250	1,024	(226)	1,250	340	(910)	1,250	1,929	679	1,250	1,250	1,250	1,250	1,250	1,250	32,282
Insurance	8,970	-	-	-	-	-	-	787	-	(787)	-	-	-	-	-	-	8,970
Travel	25,641	300	232	(68)	300	301	1	300	148	(152)	300	300	300	300	300	300	28,122
Advertising/Marketing	1,572	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,572
Accounting and IT	19,385	-	760		-	753		760	-		14,000	760	-	760	-	760	37,178
Phone/Internet	2,953	341	-	(341)	-	-	-	-	391	391	-	-	-	391	-	-	3,736
Total Cash Disbursements	**1,131,519**	**27,657**	**28,405**	**748**	**8,605**	**12,888**	**4,283**	**23,573**	**21,423**	**(2,149)**	**15,710**	**31,186**	**2,292**	**21,689**	**1,710**	**31,768**	**1,298,591**
Financing Disbursements				-			-			-							
BMO Interest	33,991	-	-	-	4,273	4,273	-	-	-	-	-	-	4,273	-	-	4,273	46,809
DIP Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Financing Disbursements	**33,991**	**-**	**-**	**-**	**4,273**	**4,273**	**-**	**-**	**-**	**-**	**-**	**-**	**4,273**	**-**	**-**	**4,273**	**46,809**
Professional Fees	947,106	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	947,106
Total Professional Fees	**947,106**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**947,106**
Total Cash Disbursements	**2,112,616**	**27,657**	**28,405**	**748**	**12,878**	**17,161**	**4,283**	**23,573**	**21,423**	**(2,149)**	**15,710**	**31,186**	**6,565**	**21,689**	**1,710**	**36,041**	**2,292,506**
Net Cash Flows	**(1,282,100)**	**(27,507)**	**(28,405)**	**(898)**	**(2,878)**	**40,977**	**43,855**	**(13,573)**	**(14,992)**	**(1,419)**	**(13,210)**	**18,814**	**18,585**	**3,311**	**23,290**	**(10,891)**	**(1,244,621)**
				-			-			-							
Cash from Interim Financing				-			-			-							
DIP Financing	1,509,936	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,509,936
				-			-			-							
Opening Cash Balance	1,432	229,268	229,268	-	201,761	200,863	(898)	241,840	241,840	-	226,849	213,639	232,453	251,038	254,348	277,638	1,432
Closing Cash Balance	**229,268**	**201,761**	**200,863**	**(898)**	**198,884**	**241,840**	**42,957**	**228,268**	**226,849**	**(1,419)**	**213,639**	**232,453**	**251,038**	**254,348**	**277,638**	**266,747**	**266,747**

Disclaimers:

1. This statement of projected cash flow of The Second Cup Coffee Company Inc. (the "**Company**") is prepared by the debtor in accordance with s. 23(1)(b) of the Companies Creditors' Arrangement Act ("**CCAA**").
2. The Company has prepared this March Cash Flow, on probable and hypothetical assumptions that reflect the Company's planned course of action for the period of the next 6 weeks to allow for the Closing of the Transaction pursuant to the SISP. Management is of the opinion that, as at the date of filing the March Cash Flow, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Company and that the assumptions used proved a reasonable basis for and are consistent with the purpose of this March Cash Flow.
3. The March Cash Flow has been prepared by the Company and has been reviewed by the Monitor. The Monitor has not verified or confirmed certain projected expenses incurred by the Company which are reflected in this March Cash Flow.
4. The information contained in the March Cash Flow is subject to changing assumptions and/or receipt of new or additional information; actual results may vary. This March Cash Flow should not be used for any other purpose than its stated purpose, and creditors are cautioned that the information provided in the cash flow could vary based on changing future circumstances.

Notes and Assumptions:

1. The purpose of this March Cash Flow is to estimate the liquidity requirement of the company until the Closing of the Proposed Transaction.
2. The Company has completed a review of historical performance on new sales and collections of accounts receivable and has forecasted the same based on the assumptions cash receipts will mirror more recent historical performance, post CCAA filing.
3. Similarly operational costs have been estimated based on a review of accounts payable, existing purchase orders and historical operational costs.
3. The Company does not anticipate any further payments towards pre-filing arrears.
4. The Company will continue to maintain its Bank of Montreal line of credit interest payments current throughout the CCAA proceedings and this March Cash Flow period.
5. Professional Fees include legal and financial advisors associated with the CCAA Proceedings will be paid through the Administration Charge on Closing.
6. There is no further DIP Financing forecasted as a result of the DIP Facility being fully utilized. Payment towards the accruing DIP Interest will be made upon closing.

Signed by:
Per: Maxim Lojevsky
63FFFB53CC4F4FB...
Maxim Lojevsky, Chief Restructuring Officer

ARBAT CAPITAL GROUP LTD. -and- THE SECOND CUP COFFEE COMPANY INC.

Applicant Respondent

Court File No. CV-25-00743485-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

FIFTH REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED IN ITS CAPACITY AS COURT-APPOINTED MONITOR

CASSELS BROCK & BLACKWELL LLP
Suite 3200, Bay Adelaide Centre - North Tower
40 Temperance Street
Toronto, ON M5H 0B4

Monique Sassi LSO #63638L
Tel: 416.860.6886
msassi@cassels.com

Joshua Gordon LSO #91617D
Tel: 416.869.5343
jgordon@cassels.com

Lawyers for the Court-Appointed Monitor, Grant Thornton Limited