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
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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
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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