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Court File No. CV-25-00743485-CL

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

AFFIDAVIT OF JACLYN TAROLA (SWORN MAY 21, 2025)

I, Jaclyn Tarola, of the City of Toronto, in the province of Ontario, MAKE OATH AND SAY:

1. I am an associate with the law firm of Miller Thomson LLP, lawyers for the Applicant, Arbat Capital Group Ltd. ("**Arbat**") and, as such, have knowledge of the following matters.

2. Attached at **Exhibit "A"** is a copy of the chief restructuring officer ("**CRO**") engagement letter dated May 22, 2025, to be made among Maxim Lojevsky, as CRO of The Second Cup Coffee Company Inc. ("**Second Cup**"), and Grant Thornton Limited, in its capacity as Court-appointed monitor of Second Cup and not in its personal or corporate capacity.

3. I make this affidavit in support of Arbat's application for an Initial Order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in respect of Second Cup, and for no other or improper purpose.

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SWORN by Jaclyn Tarola of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on May 21, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:
Matthew Cressatti
DA79353421D842D...

Commissioner for Taking Affidavits
(or as may be)

MATTHEW CRESSATTI

DocuSigned by:
Jaclyn Tarola
92820D6A1F96401...

JACLYN TAROLA

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This is Exhibit "A" referred to in the Affidavit of Jaclyn Tarola sworn by Jaclyn Tarola of the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on May 21, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA79353421D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

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May 22, 2025

Private and Confidential

The Second Cup Coffee Company Inc.
12 Bruce Park Avenue, 1st Floor
Toronto, ON M4P 2S3

Attention: Jason Kanji, Monitor

Re: Engagement Letter – Chief Restructuring Officer of The Second Cup Coffee Company Inc.

This letter agreement (this "**Agreement**") confirms and sets forth the terms and conditions of the engagement of the undersigned by The Second Cup Coffee Company Inc. (the "**Company**"), to act as Chief Restructuring Officer ("**CRO**") of the Company in connection with the proceedings commenced in respect of the Company under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "**CCAA Proceedings**").

1. **Scope of Engagement.** On the terms and subject to the conditions of this Agreement, the Company hereby engages Maxim Lojevsky to act as CRO of the Company, such appointment having been approved and authorized by order (the "**Initial Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted on the date hereof. The services provided by the CRO shall be as follows:

(a) Upon the issuance of the Initial Order, and following the issuance by the Court of an Amended and Restated Initial Order (the "**ARIO**") the CRO shall perform such supervisory and reporting services as the CRO, in consultation with Grant Thornton Limited, as monitor of the Company in the CCAA Proceedings (in such capacity, the "**Monitor**"), deems advisable, and shall include the following, which shall be performed in consultation with the Monitor:

i. assisting the Company in managing and providing information to, and serving as a contact with, the Company's stakeholders;

ii. retaining such further advisors and executing such further retainer agreements, directions, documents, or instruments as may be deemed necessary or advisable by the CRO, after consultation with the Monitor, in connection with the Company's restructuring;

iii. taking any and all actions and steps to manage, operate and carry on the business of the Company, including actions or steps that the CRO considers necessary or desirable to proceed with a restructuring of the Company's business and including, without limitation:

A. terminating the employment of or temporarily laying off employees of the Company;

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B. settling, extending, or compromising any indebtedness owing to or by the Company;

C. purchasing or leasing machinery, equipment, inventories, supplies, premises or other assets to continue the Company's business, or any part or parts thereof;

D. initiating, prosecuting and continuing the prosecution of any and all proceedings and defending all proceedings now pending or hereafter instituted with respect to the Company, its business and/or property, and to settle or compromise any such proceeding;

E. applying for any permits, licences, approvals, or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and in the name of the Company;

F. taking any and all corporate governance actions for the Company; and

G. providing instruction and direction to the advisors of the Company;

i. receiving, collecting, and exercising control over all monies and accounts held by or owing to the Company, and exercising all remedies of the Company in collecting monies owed or hereafter owing to the Company to enforce any security held by the Company;

ii. executing, assigning, issuing and endorsing agreements and documents of whatever nature in respect of any of the Company's property and/or operations for any purpose pursuant to this Agreement or the Initial Order;

iii. soliciting, negotiating and executing such forbearance agreements, amendments, extensions, or other agreements with the Bank of Montreal and the other secured creditors of the Company as the CRO deems appropriate;

iv. assisting with any sale and investment solicitation process conducted by the Monitor in connection with the CCAA Proceedings;

v. exercising any rights or powers granted by the Initial Order, the ARIO, or taking any steps required to be taken by the Company under the Initial Order, the ARIO or any order of the Court in connection with the CCAA Proceedings;

vi. directing the Company in dealing with the administration of financing, dealing with any insolvency related claims, and other applicable matters within the CCAA Proceedings;

vii. overseeing and participating in the Company's management and executive team;

viii. providing regular reports to the Monitor; and

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ix. performing such other duties or services, or taking such other steps as are reasonably incidental to the exercise of the foregoing activities or are directed by the Monitor, subject to the terms of the Initial Order or the ARIO, as applicable.

For certainty, the CRO shall be empowered and authorized to execute documents, instruments and agreements for and on behalf of the Company, and any such documents, instruments and agreements executed by the CRO shall be binding on the Company in all respects. For greater certainty, the Company's current management, including but not limited to the Chief Executive Officer and President, shall report to and take direction from the CRO in respect of all aspects of the Company and its affairs.

2. **Term**. This Agreement shall commence upon the issuance of the Initial Order, and may be terminated: (a) by the CRO, at the sole discretion of the CRO, upon no less than 30 days written notice to the Company; and (b) by the Company, with the written consent of the Monitor, (i) on no less than 30 days written notice to the CRO, provided that such notice cannot be given until the 60th day following the issuance of the ARIO, or (ii) if the Company emerges from the CCAA Proceedings. Upon termination of the Agreement, the Company shall promptly remit any fees and expenses due to the CRO for services as set out in Section 3 provided up to and including the effective date of termination (including fees and expenses that were accrued prior to, but invoiced subsequent to, the effective date of termination). The provisions of this Agreement that expressly state that they are to continue in effect after the termination of this Agreement, or which by their nature would survive the termination of this Agreement, shall survive and continue to bind the parties.

3. **Compensation**. In exchange for providing the services set out in this Agreement, the CRO shall be entitled to receive a one-time payment equal to two (2) percent of the implied Enterprise Value of any sale or investment in the Company obtained from third parties during the CCAA Proceedings, plus applicable taxes and out-of-pocket expenses reasonably incurred in connection with the provision of such services. Out-of-pocket expenses shall include, but not be limited to, fees, disbursements and other charges associated with the CRO's reasonable travel and lodging expenses, reasonable legal services provided to the CRO (if any), and other necessary expenses. The foregoing consideration shall be funded by the interim financing facility established by Arbat Capital Group Ltd. in the CCAA Proceedings and shall be paid in accordance with the cash flow projections prepared by the Company, with the assistance of the Monitor. The first and last payments shall be pro-rated, as required, depending on the date of execution of this Agreement and the date of termination in accordance with Section 2. "**Enterprise Value**" is defined as the sum of the fair market value of the cash, securities, and other amounts paid or payable to the Company, for the avoidance of any doubt, any amounts held in escrow.

4. **Contractor Relationship.** During the performance of this Agreement, the CRO shall be an independent contractor and not an agent or employee of the Company. The CRO's engagement shall be on a non-exclusive basis.

5. **Covenants.** The Company shall use commercially reasonable efforts to:

(a) provide the CRO with access to management and other representatives of the Company;

(b) provide the CRO with access to all facilities of the Company; and

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(c) furnish all books and records, data, material and other information concerning the business, assets, liabilities, operations, cash flows, properties, financial condition and prospects of the Company that the CRO may reasonably request in connection with its services as CRO.

6. **Information Access and Forward-Looking Statement**. The CRO shall rely, without further independent verification, on the accuracy and completeness of all publicly available information and information that is furnished to the CRO by or on behalf of the Company, or otherwise reviewed by the CRO in connection with the services performed for the Company. The Company acknowledges and agrees that the CRO shall not be responsible for the accuracy, completeness, or inaccuracies or omissions contained therein. The CRO shall be under no obligation to update or correct the data submitted to the CRO, or to review any other areas unless specifically requested to do so. The Company acknowledges that the services to be rendered by the CRO may include the review and preparation of projections and other forward-looking statements. Numerous factors may affect the actual results of the Company's operations, which may materially and adversely differ from those projections. Accordingly, the CRO shall not be responsible for any discrepancies between the projected and actual results, nor for any adverse effects that may arise from such differences.

7. **Confidentiality**. The CRO agrees to maintain the confidentiality of all non-public, proprietary, or confidential information disclosed by or on behalf of the Company, using such information solely for performing duties under this Agreement, and not disclosing it to any third party without the Company's prior written consent, except as required by law. This obligation excludes information that is or becomes publicly available through no fault of the CRO, was known to the CRO prior to disclosure, or is disclosed with the Company's approval.

8. **Limitation of Duties.** The CRO does not and shall not be obligated to make any representation or guarantee, including that: (a) an appropriate restructuring proposal or strategic alternative can be formulated for the Company; (b) any restructuring proposal or strategic alternative will be more successful than all other possible restructuring proposals or strategic alternatives; (c) a restructuring is the best course of action for the Company; or (d) any proposed restructuring plan or strategic alternative will be accepted by any of the Company's creditors or other stakeholders, or approved by the Court. Further, the CRO shall not assume any responsibility for the Company's decision to pursue or not pursue any business strategy, or to effect or not to effect any transaction.

9. **No Audit**. The Company acknowledges and agrees that the CRO is not being requested to perform an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to the rules of the Ontario Securities Commission, the Securities Exchange Commission, or other provincial, state, or national professional or regulatory body.

10. **No Third-Party Beneficiary**. The Company acknowledges that all advice (written or oral) provided by the CRO to the Company in connection with this Agreement is intended solely for the benefit and use of the Company in considering the matters to which this Agreement relates. The Company may choose to reproduce, disseminate, quote, or refer to such information as they wish, in

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their sole and absolute discretion, provided that in no event may such information be attributed to the CRO.

11. **Indemnification / Limitation of Lability**. The CRO shall not incur liability for any acts or omissions in its capacity as CRO related to the performance or non-performance of the services described herein, provided that such actions or omissions are not carried out in a manner that is grossly negligent and/or the result of willful misconduct.

The Company shall indemnify and hold harmless the CRO for any and all costs, claims, charges, expenses, and liabilities of any nature whatsoever incurred in Mr. Lojevsky's capacity as CRO, or that may arise as a result of any matter directly or indirectly relating to or pertaining to this Agreement (the "**CRO Liabilities**"), to the same extent as the most favorable indemnification they extend to their officers or directors, whether under the Company's bylaws, articles, by contract or otherwise, and no reduction or termination in any of the benefits provided under any such indemnities shall affect the benefits provided herein. The provisions of this section are in the nature of contractual obligations and no change in applicable law or the Company's charter, bylaws, or other organizational documents or policies shall affect the rights of the CRO hereunder. The CRO Liabilities set forth herein shall have the protection provided by the Administration Charge in the Initial Order and the ARIO.

In the context of the CCAA Proceedings, the Company shall support, as part of any sale approval order, a full and final release of the CRO from all potentially affected parties, which release shall be consistent with the terms of other releases sought for professionals in respect of insolvency proceedings.

12. **Miscellaneous**. This Agreement:

(a) shall be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein without giving effect to such Province's rules concerning conflicts of laws that might provide for any other choice of law;

(b) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, whether oral or written;

(c) may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and a signed copy of this Agreement delivered by email, or other electronic means, shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement. The parties agree that electronic signatures shall be accepted and shall have the same force and effect as original signatures; and

may not be amended or modified except in writing executed by each of the parties hereto.

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If the foregoing is acceptable to you, kindly sign below to acknowledge your agreement with its terms.

Yours truly,

Signed by:

Maxim Lojevsky

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MAXIM LOJEVSKY

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Accepted on the date first written above by:

GRANT THORNTON LIMITED, in its capacity as Court-appointed Monitor of The Second Cup Coffee Company Inc. and not in its personal or corporate capacity.

Per: ______________________________

Name: Jason Kanji
Title: Authorized Signatory

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Applicant Respondent

ONTARIO

SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

AFFIDAVIT OF JACLYN TAROLA
(SWORN MAY 21, 2025)

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