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

MOTION RECORD
(RETURNABLE AUGUST 21, 2025)

August 15, 2025

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TAB 1

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

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

NOTICE OF MOTION
(Returnable August 21, 2025)

Arbat Capital Group Ltd. ("**Arbat**" or the "**Applicant**") will make a Motion to Mr. Justice Black on Thursday, August 21, 2025 at 11:00 a.m. or as soon after that time as the Motion can be heard.

PROPOSED METHOD OF HEARING: The Motion is to be heard by Zoom videoconference. Zoom details will be provided by the Court and made available on Case Centre.

THIS MOTION IS FOR:

(a) an order (the "**SISP Order**"), substantially in the form attached at Tab "3" to the within Motion Record, among other things:

(I) approving the proposed sale and investment solicitation process ("**SISP**") and related activities; and

(II) approving the stalking horse subscription agreement (the "**Stalking Horse Agreement**") between Arbat (in such capacity, the "**Stalking Horse Bidder**") and the Company (as defined below), which establishes a "**Stalking Horse Bid**" in the SISP; and

(b) an order (the "**Ancillary Order**") substantially in the form attached as Tab "4" to the within Motion Record, among other things:

(I) extending the stay period (the "**Stay Period**") in favour of the Company from August 29, 2025 to and including November 7, 2025;

(II) increasing the authorized borrowings under the DIP Term Sheet (as defined below) between Arbat (in such capacity, the "**DIP Lender**") and the Company dated August 15, 2025 (the "**First Amendment**") from the principal amount of $900,000 to $1,500,000, and a corresponding increase to the DIP Lender's Charge (as defined below); and

(III) approving the activities, conduct, and decisions of Grant Thornton Limited ("**GTL**"), in its capacity as the monitor of Second Cup (the "**Monitor**"), as set out in the Pre-Filing Report dated May 21, 2025 (the "**Pre-Filing Report**"), the First Report dated May 28, 2025 (the "**First Report**"), and the Second Report, to be filed (the "**Second Report**", and collectively with the Pre-Filing Report and the First Report, the "**Monitor's Reports**"); and

(c) such further and other relief as this court deems just.

THE GROUNDS FOR THE MOTION ARE:[1]

Background

2. This is a creditor-initiated reorganization of The Second Cup Coffee Company Inc. ("**Second Cup**" or the "**Company**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Second Cup owns or controls the "Second Cup Café" brand rights worldwide, outside of Canada. Second Cup franchises these rights to franchisees (the "**Franchisees**"), which operate approximately 170 cafés globally.

3. Arbat is the largest creditor and a 40% shareholder of Second Cup. As of May 16, 2025, Arbat is owed in excess of US$ 3,753,006.83 and £840,810.95 on an unsecured basis. The commencement of these CCAA proceedings was supported by Park Investors LLC ("**Park**") and Svetlana Bortsova ("**Bortsova**" and, together with Park and Arbat, the "**Majority Group**"). Second Cup owes Park and Bortsova £630,608.21 each. In addition, the Majority Group also holds 70% of Second Cup's issued and outstanding shares.

4. The facts underlying the Company's financial circumstances and its need for protection under the CCAA are described in the Affidavit of Alexey Golubovich, affirmed on May 19, 2025 (the "**First Golubovich Affidavit**").

[1] All capitalized terms not otherwise defined herein have the meaning given to them in (a) the Amended and Restated Initial Order of the Honourable Mr. Justice Cavanagh dated May 29, 2025 (the "**ARIO**"); and (b) the affidavit of Alexey Golubovich affirmed on May 19, 2025 in support of the Initial Order (the "**First Golubovich Affidavit**").

5. Second Cup obtained protection under the CCAA pursuant to an order of the Honourable Mr. Justice Cavanagh dated May 22, 2025 (the "**Initial Order**").

6. The Initial Order, among other things:

   (a) declared Second Cup to be a debtor company to which the CCAA applies;

   (b) appointed GTL as the Monitor of the Company in these CCAA proceedings pursuant to section 11.7 of the CCAA;

   (c) appointed Maxim Lojevsky as the Chief Restructuring Officer ("**CRO**") of the Company, and approved an engagement letter between the CRO and the Company (the "**CRO Engagement**");

   (d) granted an initial stay period up to and including June 1, 2025;

   (e) granted an administration charge ("**Administration Charge**") in the initial amount of $275,000 over the Company's Property (as defined in the Initial Order);

   (f) approved, authorized, and directed the Company to execute an interim financing term sheet (as further amended and restated, as discussed below, the "**DIP Term Sheet**") between the Applicant, as lender (in such capacity, the "**DIP Lender**"), and the Company, as borrower, establishing a charge (the "**DIP Lender's Charge**") over the Property in the maximum amount of $200,000 (the "**DIP Loan**"); and

   (g) granted an initial directors' charge ("**Directors' Charge**") over the Property in the amount of $100,000.

7. On May 29, 2025, Arbat sought and obtained an ARIO, which, among other things:

(a) extended the stay of proceedings up to and including August 28, 2025;

(b) approved an increase to the Administration Charge to the maximum amount of $500,000;

(c) approved an increase to the Directors' Charge to the maximum amount of $220,000; and

(d) approved the amended and restated DIP Term Sheet, and a corresponding increase in the permitted borrowings under the DIP Loan and the DIP Lender's Charge to a maximum of $900,000, plus interest fees, and expenses.

8. On May 29, 2025, the Honourable Mr. Justice Cavanagh also granted the Claims Identification Order, permitting the Company to identify the existing claims against it, including claims against the board of directors (the "**Claims Identification Process**").

SISP Order Relief

SISP

9. Arbat seeks this Court's approval of the SISP Order, which will permit the Monitor, on behalf of the Company, to canvass the market for an investment in, or a sale of, all or substantially all of Second Cup's Business and/or Property.

10. The SISP was developed by the Applicant, in consultation with the Monitor, with consideration given to the financial circumstances of the Company. A court-supervised

SISP under the CCAA will be the most cost-efficient and effective means of maximizing creditor recovery and value for the Company's stakeholders.

11. The SISP will be conducted as a single-stage sale and solicitation process, to be administered by the Monitor. The SISP provides that the Monitor may make such technical and timeline adjustments to the SISP as it deems necessary.

12. The proposed SISP contemplates the following milestone dates:

Milestone	Deadline
Publication of Notice and Delivery of NDA and Teaser Letter to Known Potential Bidders	Within five days following the granting of the SISP Order
Bid Deadline	September 30, 2025
Auction Date (if applicable)	Three business days after the Bid Deadline (as defined below)
Sale Approval Motion (as defined below) in Court	Within 14 days of the completion of the Auction or the Bid Deadline
Closing of the Transaction	10 days after the granting of the Sale Approval Order

13. The SISP will be administered by the Monitor. In addition, the Monitor will have certain consent rights in connection with material decisions related to the SISP, including extending timelines, dispensing with bid requirements, and terminating the SISP, among other things.

14. The SISP contains protections regarding bids by Arbat, insiders of the Company, or persons affiliated with such insiders.

15. The closing of any sale of or investment in the Company's Property or Business will be conditional on this Court's approval.

16. The Monitor is supportive of the SISP and will report on the same in the Second Report.

Stalking Horse Agreement

17. Arbat seeks approval of the Stalking Horse Agreement to act as a stalking-horse backstop within the SISP. For clarity, Arbat is not seeking the approval of any transaction contemplated by the Stalking Horse Agreement at this time.

18. The Stalking Horse Agreement contemplates a reverse-vesting structure, which, if approved by the Court, would permit the Purchaser to acquire the Company's business and shares on a "free and clear" basis.

19. In the event that the SISP and the Stalking Horse Agreement are approved by the Court, Arbat will act as the Stalking Horse Bidder in the SISP. The Stalking Horse Agreement will bring stability to the SISP and ensure that Second Cup emerges from these CCAA proceedings as a going-concern enterprise.

20. In the event that the Stalking Horse Bid is determined to be the Successful Bid (as defined in the SISP) and the transaction contemplated therein is approved by this Court, Arbat, as the "**Stalking Horse Purchaser**" will become the owner of 100 newly-issued common shares of Second Cup.

21. Pursuant to the Stalking Horse Agreement, the Purchase Price is equal to: (a) all amounts outstanding under the DIP Loan; (b) all Secured Indebtedness (as defined in the Stalking

Horse Agreement); and (c) a Closing Payment sufficient to cover all Priority Payments, including all deemed trust amounts owing by the Company to the Canada Revenue Agency, the Administration Charge, and amounts required to satisfy the costs incurred by the Monitor and its professional advisors after Closing.

22. The Stalking Horse Agreement contemplates a Break Fee equal to $150,000 in the event that the Stalking Horse Bidder is not the Successful Bidder in the SISP.

23. At this time, approval of the Stalking Horse Agreement is only being sought for the purposes of approving it as the Stalking Horse Bid under the SISP. To the extent that the Stalking Horse Agreement is ultimately designated as the Successful Bid in the SISP, further approval will be sought from this Court to consummate the transaction contemplated therein.

24. The Stalking Horse Agreement is both fair and reasonable in the circumstances, and will serve as the baseline for any bids received in the SISP to be measured.

25. The Monitor supports the approval of the Stalking Horse Agreement for the purpose of approving it as the Stalking Horse Bid under the SISP.

Ancillary Order

Extended Stay Period

26. The Stay Period currently expires on August 28, 2025.

27. The updated cash flow forecast prepared by the Monitor (the "**Updated Cash Flow Forecast**"), as appended to the Second Report, demonstrates that, with the additional

funding under the DIP Loan, as discussed below, the Company will have sufficient cash during the extended Stay Period.

28. Accordingly, the extended Stay Period is reasonable in light of the Updated Cash Flow Forecast and will provide the Company with sufficient time and the breathing room necessary to implement the SISP, subject to Court approval. The stay extension accords with the timelines contemplated in the SISP.

29. Second Cup has been and will continue to act in good faith and with due diligence throughout these CCAA proceedings and the proposed extended Stay Period. It is just and convenient, and in the best interest of the Company and its stakeholders, that the Stay Period be extended up to and including November 7, 2025.

Increase in the DIP Loan

30. Pursuant to the ARIO, the Court approved the amended and restated DIP Term Sheet, which authorized the Company to borrow up to the principal amount of $900,000 from the DIP Lender, as secured by the DIP Lender's Charge.

31. The Applicant seeks an increase in the quantum of the authorized borrowings under the DIP Term Sheet to $1,500,000, to reflect the financing requirements of the Company during the extension of the Stay Period.

32. It is anticipated that the Company will require access to an additional $600,000 in interim financing to continue operations throughout the extended Stay Period, during which time the proposed SISP will commence. The DIP Lender is prepared to make the increased

principal amount available to the Company on the terms set out in the First Amendment to the DIP Term Sheet.

33. The maximum secured by the DIP Lender's Charge shall be the principal amount of $1,500,000, plus interest, fees, and legal costs.

34. It is reasonable and necessary to permit an increase in the maximum borrowings under the DIP Loan.

35. The Monitor is supportive of the increase to the DIP Loan and the corresponding increase to the DIP Lender's Charge.

Approval of the Monitor's Reports, Conduct, and Activities

36. As described in the Monitor's Reports, the Monitor has undertaken numerous critical activities in the administration of these CCAA proceedings. The Monitor and its counsel have provided invaluable assistance to the Company in these CCAA proceedings, including conducting the Claims Identification Process and developing the SISP.

37. Accordingly, the Applicant supports the approval of the Monitor's activities as set out in the Monitor's Reports.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

(a) The affidavit of Alexey Golubovich, sworn August 15, 2025;

(b) The Second Report of the Monitor, to be filed; and

(c) Such further and other evidence as counsel may advise and this Honourable Court may permit.

August 15, 2025

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Lawyers for the Applicant

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ONTARIO
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Proceeding Commenced at Toronto

NOTICE OF MOTION

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TAB 2

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

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AFFIDAVIT OF ALEXEY GOLUBOVICH
(Affirmed August 15, 2025)

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AFFIDAVIT OF ALEXEY GOLUBOVICH
(Affirmed August 15, 2025)

I, ALEXEY GOLUBOVICH, of the City of London, in the United Kingdom, **AFFIRM AND SAY AS FOLLOWS**:

I. OVERVIEW

1. I am a director of Arbat Capital Group Ltd. ("**Arbat**" or the "**Applicant**"), the Applicant creditor in these proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**"). On May 22, 2025, Arbat sought and obtained an initial order ("**Initial Order**") under the CCAA in respect of the Respondent debtor company, The Second Cup Coffee Company Inc. ("**Second Cup**" or the "**Company**").

2. Arbat is the largest creditor and a 40% shareholder of Second Cup. I am also a member of Second Cup's board of directors (the "**Board**"). As such, I have personal knowledge of the matters hereinafter deposed. If I have obtained information from others, I state the source of such information and believe it to be true.

3. Capitalized terms used herein but not defined in this Affidavit have the meanings ascribed to them in the Amended and Restated Initial Order dated May 29, 2025 (the "**ARIO**"), in my first affidavit affirmed May 19, 2025 (the "**First Golubovich Affidavit**"), or in my second affidavit affirmed May 27, 2025 (the "**Second Golubovich Affidavit**"). Copies of the ARIO, the First Golubovich Affidavit, and the Second Golubovich Affidavit, without exhibits, are attached as **Exhibit "A"**, **Exhibit "B"**, and **Exhibit "C"**, respectively.

II. RELIEF SOUGHT

4. I swear this Affidavit in support of a motion by the Applicant for the following two orders:

(a) an Order (the "**SISP Order**") substantially in the form attached as **Tab "3"** of the Motion Record herein, among other things:

(I) approving a sale and investment solicitation process (the "**SISP**"), substantially in the form attached as **Schedule "A"** to the SISP Order; and

(II) approving the stalking horse subscription agreement (the "**Stalking Horse Agreement**") between the Company and Arbat (in such capacity, the "**Stalking Horse Bidder**"), which establishes a "**Stalking Horse Bid**"; and

(b) an Order (the "**Ancillary Order**") substantially in the form found at **Tab "4"** of the Motion Record herein, among other things:

(I) extending the stay period ("**Stay Period**") from August 28, 2025 to and including November 7, 2025;

(II) increasing the authorized borrowings under the DIP Term Sheet (as defined below) between Arbat (in such capacity, the "**DIP Lender**") and the Company dated August 14, 2025 from the principal amount of $900,000 to $1,500,000, and a corresponding increase to the DIP Lender's Charge (as defined below); and

(III) approving the activities, conduct, and decisions of Grant Thornton Limited ("**GTL**"), in its capacity as the monitor of Second Cup (the "**Monitor**"), as set out in the Pre-Filing Report dated May 21, 2025 (the "**Pre-Filing Report**"), the First Report dated May 28, 2025 (the "**First**

Report”), and the Second Report, to be filed (the “**Second Report**”); and

(c) such further and other relief as this Court deems just.

III. BACKGROUND OF CCAA PROCEEDINGS

5. Second Cup owns or controls the “Second Cup Café” brand and rights globally, outside of Canada. Second Cup franchises these rights to franchisees (the “**Franchisees**”) located in approximately 20 countries worldwide, including in Pakistan, Egypt, Azerbaijan, Cyprus, and across sub-Saharan Africa. The Franchisees operate approximately 170 cafés globally.

6. Arbat is Second Cup’s largest creditor, being owed in excess of US$ 3,753,006.83 and £840,810.95 on an unsecured basis as of May 16, 2025. These CCAA proceedings are supported by Park Investors LLC (“**Park**”) and Svetlana Bortsova (“**Bortsova**” together with Arbat, the “**Majority Group**”). Second Cup owes Park and Bortsova £630,608.21 each. Further to these debts, the Majority Group also holds 70% of the issued and outstanding shares of Second Cup.

7. The full background of the Company and the facts underlying the financial circumstances leading to this creditor-initiated CCAA reorganization proceeding of Second Cup can be found in the First Golubovich Affidavit.

A. Initial Order

8. On May 22, 2025, the Honourable Justice Cavanagh granted the Initial Order which, among other things:

(a) declared Second Cup to be a debtor company to which the CCAA applies;

(b) appointed GTL as the Monitor of the Company in these CCAA proceedings pursuant to section 11.7 of the CCAA;

(c) appointed Maxim Lojevsky as the Chief Restructuring Officer ("**CRO**") of the Company, and approved an engagement letter between the CRO and the Company (the "**CRO Engagement**");

(d) granted an initial stay period up to and including June 1, 2025;

(e) granted an administration charge ("**Administration Charge**") in the initial amount of $275,000 over the Company's Property (as defined in the Initial Order);

(f) approved, authorized, and directed the Company to execute an interim financing term sheet (as further amended and restated, as discussed below, the "**DIP Term Sheet**") between the Applicant, as lender (in such capacity, the "**DIP Lender**"), and the Company, as borrower, establishing a charge (the "**DIP Lender's Charge**") over the Property in the maximum amount of $200,000 (the "**DIP Loan**"); and

(g) granted an initial directors' charge ("**Directors' Charge**") over the Property in the amount of $100,000.

B. Amended and Restated Initial Order

9. On May 29, 2025, the Honourable Mr. Justice Cavanagh granted the ARIO, amending and restating the Initial Order. Pursuant to the ARIO, the Court, among other things:

(a) extended the stay of proceedings up to and including August 28, 2025;

(b) approved an increase to the Administration Charge to the maximum amount of $500,000;

(c) approved an increase to the Directors' Charge to the maximum amount of $220,000; and

(d) approved an amended and restated DIP Term Sheet, and a corresponding increase in the permitted borrowings under the DIP Loan and the DIP Lender's Charge to a maximum of $900,000, plus interest fees, and expenses.

10. Copies of the ARIO and Justice Cavanagh's related endorsement are attached at Exhibit "A".

C. Claims Identification Order

11. On May 29, 2025, the Honourable Mr. Justice Cavanagh also granted the Claims Identification Order, permitting the Company to identify the existing claims against it, including claims against the Board. A copy of the Claims Procedure Order of the Honourable Justice Cavanagh is attached hereto as **Exhibit "D"**.

IV. RELIEF UNDER THE SISP ORDER

A. Approval of the SISP

12. Arbat initiated these CCAA proceedings to establish conditions for Second Cup to restructure its business and affairs for the benefit of all stakeholders. The SISP is a critical step towards a successful restructuring of the Company.

13. From the outset of these CCAA proceedings, the CCAA restructuring was intended to facilitate and implement a comprehensive sale process to identify a going-concern transaction for the Company's business operations or assets, or such other result as dictated

by the market. Accordingly, the proposed SISP has been developed by the Applicant, with the assistance of the Monitor.

14. A copy of the SISP guidelines is attached as Schedule “A” to the SISP Order.

15. Arbat intends to act as the Stalking Horse Bidder in the proposed SISP, subject to this Court’s approval of both the SISP and the Stalking Horse Agreement.

16. The fundamental purpose of the SISP is to solicit interest for the sale of the Company’s business and/or assets, using the Stalking Horse Agreement as a bid floor. The SISP was designed by the Monitor, in consultation with the Applicant, to provide a broad and flexible process to achieve the greatest value for the Company’s stakeholders.

17. In addition to soliciting a transaction or investment necessary for the business to continue as a going-concern, it is contemplated that the SISP will also provide interim stability to Second Cup’s business by signalling to franchisees, customers, employees, and other stakeholders that the business will continue as a going concern following the termination of these CCAA proceedings.

18. The SISP includes protections to ensure that Arbat, as the DIP Lender and Stalking Horse Bidder, is not provided with access to bids and other confidential information that might compromise the integrity of the SISP.

19. The SISP contemplates a single-phase sale and solicitation process that will be administered by the Monitor. Bidders will have the opportunity to submit a bid in the form of either a purchase of all, substantially all, or a portion of the Company’s property (a “**Sale Proposal**”), or an investment in, restructuring, reorganization, or refinancing of the Company’s business (an “**Investment Proposal**”).

20. The timeline of the SISP is forty (40) days. Specifically, the SISP contemplates the following key milestone dates and deadlines:

Milestone	Deadline
Publication of Notice and Delivery of NDA and Teaser Letter to Known Potential Bidders	Within five days following the granting of the SISP Order
Bid Deadline	September 30, 2025
Auction Date (if applicable)	Three business days after the Bid Deadline (as defined below)
Sale Approval Motion (as defined below) in Court	Within 14 days of the completion of the Auction or the Bid Deadline
Closing of the Transaction	10 days after the granting of the Sale Approval Order

21. The deadlines in the SISP may be extended by the Monitor. Such extensions or amendments to the SISP shall be posted on the website the Monitor maintains in respect of the CCAA Proceedings.

B. Approval of Stalking Horse Agreement[1]

22. Arbat seeks the approval of the Stalking Horse Agreement in order to employ a Stalking Horse Bid mechanism in the SISP. The Stalking Horse Agreement contemplates a reverse vesting structure, which, if approved by the Court, would permit the Purchaser to acquire the Company's business and assets on a "free and clear" basis. Attached as **Exhibit "E"** is a copy of the Stalking Horse Agreement.

[1] Capitalized terms used in this section but not otherwise defined have the meanings ascribed to them in the Stalking Horse Agreement.

23. In the event that the Stalking Horse Bid is designated as the Successful Bid in the SISP, the transaction contemplated thereunder will require the approval of this Court.

24. The principal terms of the Stalking Horse Agreement are set out below:

Term	Details
Company	The Second Cup Coffee Company Inc.
Purchaser	Arbat Capital Group Ltd.
Transaction Structure	Arbat shall subscribe for and purchase from the Company, and the Company shall issue to Arbat, free and clear of all Encumbrances (other than any Permitted Encumbrances), 100 newly-issued common shares of the Company (the "**Purchased Shares**"). Pursuant to the Approval and Vesting Order and the Articles of Reorganization, and in accordance with the Implementation Steps, all of the Existing Shares will be cancelled, without consideration, and the Purchased Shares issued to Arbat shall represent 100% of the issued and outstanding Equity Interests of Second Cup following such cancellation and issuance. Upon Closing, following the issuance of the Purchased Shares, the cancellation of the Existing Shares and the completion of the Implementation Steps, the Company shall be wholly owned, directly or indirectly, by Arbat.
Purchase Price	The total aggregate consideration payable by the Purchaser for the Purchased Shares (the "**Purchase Price**") shall be equal to: (a) the DIP Indebtedness, including principal and interest accrued through to and including the Closing Date, plus any and all fees and expenses associated therewith; (b) the Secured Indebtedness, including principal and interest accrued through to and including the Closing Date; and (c) the Closing Payment in an amount equal to the sum of: (i) the Priority Payments, including all amounts owing by the Company to the Canada Revenue Agency; (ii) the amount of the Administration Charge; and (iii) the amounts

	required to satisfy the costs incurred by the Monitor and its professional advisors on Closing.
Excluded Assets	The properties, rights, assets, and undertakings of the Company listed as "Excluded Assets" on Schedule "**A**", as may be modified.
Retained Liabilities	(a) Liabilities specifically and expressly designated by Arbat as retained Liabilities in Schedule "**F**", as may be modified by Arbat prior to the Closing Time; (b) the DIP Indebtedness; (c) the Secured Indebtedness; (b) Liabilities which relate to the Business or the Retained Assets, including Liabilities under any Contracts, Permits, and Licenses or Permitted Encumbrances (in each case, to the extent forming part of the Retained Assets) arising out of events or circumstances that occur after the Closing including Liabilities for wages, vacation pay and any Benefit Plans owing by the Company to any Employee accruing to and after the Closing Time; (c) Liabilities of the Company which are to be performed after the Closing (including Transaction Taxes) that are not specifically identified as Excluded Liabilities; (d) all Liabilities and Encumbrances which rank in priority to the Secured Indebtedness to the extent that such Liabilities and Encumbrances are not paid and satisfied at or prior to Closing; and (e) all Liabilities which relate to: (i) the Business under any Retained Contracts; (ii) any Permits and Licenses forming part of the Retained Assets; in each case solely in respect of the period from and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing.
Excluded Liabilities	All debts, obligations, Liabilities, Encumbrances (other than Permitted Encumbrances), indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements 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 in equity and whether based in statute or otherwise) of or against the Company or the Purchased Shares or against, relating to, or affecting any of the Retained Assets, or any Excluded Assets or Excluded Contracts,

	including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule "**C**". All Claims attaching to the Excluded Liabilities, if any, shall continue to exist against ResidualCo only and the Excluded Assets, if any, shall be available to satisfy such Claims.
As is, Where is	At the Closing Time, the Purchased Shares (for clarity, together with the Retained Assets) shall be sold and delivered to the Purchaser on an "*as is, where is*" basis, subject only to the representations and warranties contained in the Stalking Horse Agreement.
Mutual Conditions of Closing	(a) The Stalking Horse Agreement shall have been selected as the Successful Bid in the SISP. (b) The Court shall have issued and entered the Approval and Vesting Order. (c) No Applicable Law and no judgment, injunction, order, or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction. (d) No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by the Stalking Horse Agreement. (e) The Monitor shall have delivered to the Company and the Monitor, and thereafter file with the Court, an executed certificate of the Monitor substantially in the form attached to the Approval and Vesting Order confirming that all conditions to Closing have either been satisfied or waived by Arbat and the Company.
Break Fee	Subject to Court approval, Arbat shall be entitled to a break fee in the amount of $150,000 (the "**Break Fee**"), which Break Fee shall be payable to Arbat in the event that the Stalking Horse Bid is not the Successful Bid
Closing Date	Ten days, or such shorter period as Arbat and Monitor may determine by notice in writing to Second Cup, after the date upon which the conditions set forth in Article 8 have been satisfied or waived, other than any conditions set forth in Article 8 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Parties in writing).

25. I am advised by my counsel that the SISP and the Stalking Horse Bid mechanism are designed to maximize value for the Company's stakeholders by, among other things:

(a) generating interest and attraction among potential purchasers;

(b) establishing a baseline price and commercial terms for a transaction involving the shares and/or the business and assets of Second Cup; and

(c) providing a level of certainty and stability during the process, and by way of assuring stakeholders that there is an available going concern outcome.

26. It is my understanding that the Monitor supports the approval of the Stalking Horse Agreement for the purpose of approving it as the Stalking Horse Bid under the SISP.

V. RELIEF UNDER THE ANCILLARY ORDER

A. Extension of the Stay of Proceedings

27. The Stay Period currently expires on August 28, 2025, and the Applicant seeks to extend the Stay Period in favour of Second Cup up to and including November 7, 2025.

28. Second Cup requires a stay of proceedings to maintain the *status quo* and to provide the Company with the breathing space required to implement the SISP, in consultation with its advisors, the Applicant, the Monitor, and the CRO. The stay extension accords with the timelines contemplated by the SISP.

29. The Monitor has prepared an updated cash flow forecast (the "**Updated Cash Flow Forecast**") for the period of August 10, 2025 to November 9, 2025, which will be appended to the Second Report. The Updated Cash Flow Forecast, which includes increased DIP

funding, as discussed below, will demonstrate that the Company will have sufficient cash during the proposed extended Stay Period.

30. The Company has acted and is continuing to act in good faith and with due diligence in these CCAA proceedings. It is my understanding that no creditor will be materially prejudiced by the proposed extended Stay Period.

31. I am advised that the Monitor supports the proposed extension of the Stay Period.

B. Increase to Borrowing Amount under DIP Term Sheet and DIP Lender's Charge

32. The Applicant is seeking to further amend the DIP Term Sheet to increase the principal amount of $900,000 to $1,500,000 (plus interest, fees, and expenses).

33. The Company's access to additional critical financing under the DIP Loan is appropriate and necessary to permit Second Cup to continue operations while implementing the SISP.

34. Arbat, as the DIP Lender, is prepared to make an additional $600,000 available to the Company on the terms set out in the Second Amended DIP Term Sheet . An executed copy of the First Amendment to the DIP Term Sheet is attached as **Exhibit "F"**.

35. The maximum secured by the DIP Lender's Charge shall be increased to the principal amount of $1,500,000, plus interest, fees, and legal costs.

36. I understand that the Monitor is supportive of the increase to the DIP Facility and the corresponding increase to the DIP Lender's Charge.

C. Approval of Monitor's Reports, Conduct, and Activities

37. The Applicant seeks the approval of the Monitor's Pre-Filing, First, and Second Reports (the "**Monitor's Reports**"), and the activities, conduct, and decisions of the Monitor set out therein. The Monitor has played a critical role in advancing the Applicant's restructuring efforts towards the Company.

38. As described in the Monitor's Reports, the Monitor has undertaken numerous activities to facilitate these CCAA proceedings, and has devoted a significant amount of time to developing the proposed SISP.

VI. FORM OF ORDER AND CONCLUSION

39. I swear this Affidavit in support of the SISP Order and the Ancillary Order substantially in the form contained at Tabs "**3**" and "**4**" of the Motion Record, respectively, and for no other purpose.

AFFIRMED by Alexey Golubovich at the City of London, in the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on August 15, 2025, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.	Подписант: Alexey Golubovich 3856BACE1F23499...
DocuSigned by: Matthew Cressatti 0DA79355421D8425...	
Commissioner for Taking Affidavits	**ALEXEY GOLUBOVICH**
MATTHEW CRESSATTI	

This is Exhibit "A" referred to in the Affidavit of Alexey Golubovich affirmed by Alexey Golubovich of the City of London, in the In the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on August 15, 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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 29TH
	)	
JUSTICE CAVANAGH	)	DAY OF MAY, 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

AMENDED AND RESTATED INITIAL ORDER

THIS MOTION, made by the Applicant, Arbat Capital Group Ltd. (the "**Applicant**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario by judicial videoconference via Zoom.

ON READING the affidavit of Alexey Golubovich, affirmed May 19, 2025 (the "**First Golubovich Affidavit**"), the affidavit of Alexey Golubovich affirmed May 27, 2025 (the "**Second Golubovich Affidavit**") and the Exhibits thereto, and the report (the "**First Report**") of Grant Thornton Limited ("**GTL**") in its capacity as Court-ordered monitor (in such capacity, the "**Monitor**") of the Second Cup Coffee Company Inc. (the "**Debtor**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, The Second Cup Coffee Company

Inc. (the "**Debtor**"), Demetrios Ragas ("**Ragas**"), His Majesty the King in right of Canada, and for GTL, no one appearing for the Bank of Montreal ("**BMO**") although duly served as appears from the affidavit of service of Kim Sellers, sworn May 27, 2025,

SERVICE

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

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that Debtor is a company to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Debtor shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Debtor shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Debtor is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Debtor shall be entitled to continue to utilize its cash management system currently in place, or replace it with another substantially similar cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Debtor of funds transferred, paid, collected or other dealt within the Cash Management System, shall be entitle to provide the Cash Management System without any liability in respect there of to any Person (as

hereinafter defined) other that the Debtor, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the, Cash Management System, an unaffected creditor under any plan or compromise or arrangement with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that the Debtor, in accordance with the cash flow forecast appended to the First Report, (the "**Cash Flow Forecast**") shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

(b) the fees and disbursements of any Assistants retained or employed by the Debtor in respect of these proceedings, at their standard rates and charges;

(c) amounts owing for goods and services supplied to the Debtor on or after the date of this order if, in the opinion of the Monitor and the CRO, such goods and services are necessary for the operation or preservation of the Business or Property;

(d) only with the consent of the Monitor, amounts owing for goods or services supplied to the Debtor prior to the Initial Order if, in the opinion of the Debtor and the Monitor, such payment is necessary or desirable to avoid disruption to the operation of the Business during the CCAA proceedings; and

(e) any and all amounts that come due and owing to BMO.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Debtor shall be entitled but not required to pay all reasonable expenses incurred by the Debtor in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers' insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Debtor following the date of this Order.

7. **THIS COURT ORDERS** that the Debtor shall remit, in accordance with legal requirements, or pay:

(a) any 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, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes, and all other amounts related to such deductions or employee wages payable for periods following the date of this Order pursuant to the *Income Tax Act*, the *Canada Pension Plan*, the *Employment Insurance Act* or similar provincial statutes;

(b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Debtor in connection with the sale of goods and services by the Debtor, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order;

(c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Debtor; and

(d) any and all amounts that come due and owing to BMO after the date of this Order.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Debtor shall pay all amounts constituting rent or payable as rent under real property

leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Debtor and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly in equal payments on the first day of each month. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Debtor is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Debtor to any of its creditors as of this date with the sole exception of such amounts payable to BMO in accordance with the Cash Flow Forecast; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business. For greater certainty, the Debtor shall continue to make any and all payments of principal, interest, and payments otherwise owing by the Debtor to BMO.

RESTRUCTURING

10. **THIS COURT ORDERS** that the Debtor shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations;

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and

(c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Debtor to proceed with an orderly restructuring of the Business (the "**Restructuring**").

11. **THIS COURT ORDERS** that the Debtor shall provide each of the relevant landlords with notice of the Debtor's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Debtor's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Debtor, or by further Order of this Court upon application by the Debtor on at least two (2) days notice to such landlord and any such secured creditors. If the Debtor disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Debtor's claim to the fixtures in dispute.

12. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Debtor and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Debtor in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

13. **THIS COURT ORDERS** that until and including August 28, 2025, or such later date as this 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 Debtor and the Monitor, or with leave of this 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 this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Debtor or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Debtor and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, except with the written consent of the Debtor and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Debtor, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Debtor, and that the Debtor shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Debtor in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and each of the Debtor and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Debtor. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtor with respect to any claim against any of the former, current or future directors or officers that arose before the date hereof and that relates to any obligations of the Debtor whereby the former, current or future directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Debtor, if one is filed, is sanctioned by this Court or is refused by the creditors of the Debtor or this Court.

19. **THIS COURT ORDERS** that during the Stay Period the Applicant shall take no further steps in enforcing any rights it may have as against shares in the Debtor held by Ragas, related to the Notice of Intention to Enforce Security delivered by the Applicant to Ragas on December 3, 2024.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. **THIS COURT ORDERS** that the Debtor shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Debtor after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. **THIS COURT ORDERS** that the directors and officers of the Debtor shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which

charge shall not exceed an aggregate amount of $220,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 41 and 43 herein.

22. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Debtor's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. **THIS COURT ORDERS** that GTL is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Debtor with the powers and obligations set out in the CCAA or set forth herein and that the Debtor and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Debtor pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor and approve in writing the Debtor's receipts and disbursements;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

(c) assist the Debtor, to the extent required by the Debtor, in its dissemination, to the Applicant in its capacity as lender under the A&R DIP Facility Term Sheet (defined below) and its counsel of financial and other information as may be required by the Applicant which may be used in these proceedings including reporting on a basis to be agreed with the Applicant;

(d) advise the Debtor in its preparation of the Debtor's cash flow statements and reporting required by the Applicant, which information shall be reviewed with the Monitor and delivered to the Applicant as required by the Applicant;

(e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Debtor, to the extent that is necessary to adequately assess the Debtor's business and financial affairs or to perform its duties arising under this Order;

(f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;

(g) execute the CRO Engagement (as defined below) on behalf of the Debtor; and

(h) perform such other duties as are required by this Order or by this Court from time to time.

25. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other Persons shall forthwith advise the Monitor of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Monitor, and shall deliver all such Property to the Monitor upon the Monitor's request.

26. **THIS COURT ORDERS** that all Persons shall forthwith advise the Monitor of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Monitor or permit the Receiver to make, retain and take away copies thereof and grant to the Monitor unfettered access to and use of accounting, computer, software and physical facilities relating thereto , provided however that nothing in this paragraph 26 or in paragraph 27 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Monitor due to the privilege

attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

27. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Monitor for the purpose of allowing the Monitor to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Monitor in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Monitor. Further, for the purposes of this paragraph, all Persons shall provide the Monitor with all such assistance in gaining immediate access to the information in the Records as the Monitor may in its discretion require including providing the Monitor with instructions on the use of any computer or other system and providing the Monitor with any and all access codes, account names and account numbers that may be required to gain access to the information.

28. **THIS COURT ORDERS** any and all financial institutions, banks and their affiliates, shall produce to the Monitor any and all Records, banking documents related to the Debtor, any transaction supporting document and any of the Records in its possession or control, having regard to the limitations of the financial institutions' retention and storage policies and practices, notwithstanding that any disclosure may include "personal information" about third parties as defined in *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5, as amended.

29. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

30. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of

a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

31. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Debtor and the Applicant with information provided by the Debtor in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Debtor is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Debtor may agree.

32. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, the CRO (as hereinafter defined) and counsel to the Applicant shall be paid their reasonable fees and disbursements (including pre-filing fees and disbursements), in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the date of this Order, by the Debtor as part of the costs of these proceedings whether incurred prior to, on, or subsequent to the date of this Order. The Debtor is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, the CRO, and counsel for the Applicant on a weekly basis.

34. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

35. **THIS COURT ORDERS** that the Monitor, and counsel to the Monitor, the CRO, and counsel to the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 41 and 43 hereof.

DIP FINANCING

36. **THIS COURT ORDERS** that the Debtor is hereby authorized and empowered to obtain and borrow under the amended and restated debtor-in-possession term sheet dated as of May 29, 2025 between the Debtor, as the borrower, and the Applicant, as lender attached as Exhibit "D" to the Second Golubovich Affidavit (as may be further amended, restated, supplemented and/or modified from time to time, the "**A&R DIP Facility Term Sheet**"), in order to finance the Debtor's working capital requirements, other general corporate purposes, accrued interest, expenses, and capital expenditures, all in accordance with the terms of the A&R DIP Facility Term Sheet, provided that borrowings under the A&R DIP Facility Term Sheet shall not exceed $900,000 plus interest, fees and expenses, unless permitted by further Order of this Court.

37. **THIS COURT ORDERS** that the Debtor, through the CRO, is hereby authorized and empowered to execute and deliver the A&R DIP Facility Term Sheet such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the A&R DIP Facility Term Sheet or as may be reasonably required by the Applicant pursuant to the terms thereof, and the Debtor is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Applicant under and pursuant to the A&R DIP Facility Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

38. **THIS COURT ORDERS** that the Applicant shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Facility Charge**") on the Property, in the maximum amount of $900,000 plus interest, fees, and expenses pursuant to the A&R DIP Facility Term Sheet, which DIP Facility Charge shall not secure an obligation that exists before this Order is made. The DIP Facility Charge shall have the priority set out in paragraphs 41 and 43 hereof.

39. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

(a) the Applicant may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Facility Charge or any of the Definitive Documents;

(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Facility Charge, the Applicant, upon three days notice to the Debtor and the Monitor, may exercise any and all of its rights and remedies against the Debtor or the Property under or pursuant to the A&R DIP Facility Term Sheet, Definitive Documents and the DIP Facility Charge, including without limitation, to cease making advances to the Debtor and set off and/or consolidate any amounts owing by the Applicant to the Debtor against the obligations of the Debtor to the Applicant under the A&R DIP Facility Term Sheet, the Definitive Documents or the DIP Facility Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Debtor and for the appointment of a trustee in bankruptcy of the Debtor; and

(c) the foregoing rights and remedies of the Applicant shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Debtor or the Property.

40. **THIS COURT ORDERS AND DECLARES** that the Applicant shall be treated as unaffected in any plan of arrangement or compromise filed by the Debtor under the CCAA, or any proposal filed by the Debtor under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the A&R DIP Facility Term Sheet or the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

41. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Facility Charge (together, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of $500,000);

Second – DIP Facility Charge (to the maximum amount of $900,000 plus interest, fees, and expenses pursuant to the A&R DIP Facility Term Sheet); and

Third – Directors' Charge (to the maximum amount of $220,000).

42. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

43. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, *except* that the Charges shall rank subordinate to any and all indebtedness owing by the Debtor to

(a) the BMO and all security in favour of BMO to secure such indebtedness; and

(b) the Crown in Right of Canada in respect of any claim it may have against the Debtor arising from statutory deemed trust amounts in favour of the Crown in Right of Canada which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes.

44. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Debtor shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the DIP Facility Charge, unless the Debtor also obtains the prior written consent of the Monitor,

the Applicant and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

45. **THIS COURT ORDERS** that the Directors' Charge, the Administration Charge, the A&R DIP Facility Term Sheet, the Definitive Documents and the DIP Facility Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Applicant thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Debtor, and notwithstanding any provision to the contrary in any Agreement:

(a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the A&R DIP Facility Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Debtor of any Agreement to which it is a party;

(b) neither the Debtor nor the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Debtor entering into the A&R DIP Facility Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

(c) the payments made by the Debtor pursuant to this Order, the A&R DIP Facility Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

46. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Debtor's interest in such real property leases.

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

47. **THIS COURT ORDERS** that Maxim Lojevsky is hereby appointed as the Chief Restructuring Officer ("**CRO**") over and in respect of the Debtor and shall have the powers and obligations set out in the engagement agreement between the Debtor and the CRO dated May 22, 2025 (the "**CRO Engagement**"), and enclosed to the affidavit of Jaclyn Tarola, sworn May 20, 2025 (the "**Tarola Affidavit**").

48. **THIS COURT ORDERS** that the CRO Engagement is hereby approved, subject to such minor amendments as the parties thereto may agree to with the Monitor's consent. The Monitor is hereby authorized and directed to execute the CRO Engagement, on behalf of the Debtor, in the form enclosed with the Tarola Affidavit and the Debtor is hereby authorized and directed to perform all of their its pursuant to the CRO Engagement.

49. **THIS COURT ORDERS** that subject to the terms of this Order, the CRO is hereby authorized to assist the Applicant, the Monitor, and the Debtor and to do all things, carry out all actions and perform all duties described in the CRO Engagement.

50. **THIS COURT ORDERS** that in addition to the rights and protections afforded to the CRO by this Court, the CRO shall not be deemed to be a director, officer or trustee of the Debtor. The CRO shall not take Possession of the Property and shall not, by fulfilling his obligations hereunder, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof, and shall be extended the same protections afforded to the Monitor under paragraphs 29 and 30 above.

51. **THIS COURT ORDERS** that the CRO shall not incur any liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save an except for any liability or obligation incurred as a result of the CRO's gross negligence or wilful misconduct. The Debtor shall indemnify the CRO against obligations and liabilities that he may incur as CRO after the commencement of the within proceedings except to the extent that the obligation was incurred as a result of the CRO's gross negligence or wilful misconduct.

52. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and

all rights and remedies of any Person against or in respect of the CRO are hereby stayed and suspended, except with: (i) written consent of the CRO and the Monitor; or (ii) leave of this Court.

SERVICE AND NOTICE

53. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Debtor of more than $1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder; provided that the Monitor shall not be required to make the claims, names, and addresses or individual creditors publicly available unless otherwise ordered by this Court.

54. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL 'http://www.doanegrantthornton.ca/SecondCup'.

55. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Debtor and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received

on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

56. **THIS COURT ORDERS** that the Applicant, the CRO, or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

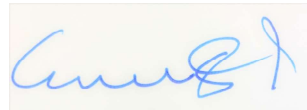
57. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Debtor, the Business or the Property.

58. **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 Applicant, 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, the Debtor, 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, the Debtor, and the Monitor and their respective agents in carrying out the terms of this Order.

59. **THIS COURT ORDERS** that each of the Applicant 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.

60. **THIS COURT ORDERS** that any interested party (including the Applicant, the CRO, and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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



Electronically issued / Délivré par voie électronique : 30-May-2025
Toronto Superior Court of Justice / Cour supérieure de justice

Court File No./N° du dossier du greffe : CV-25-00743485-00CL

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

AMENDED AND RESTATED INITIAL ORDER

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Lawyers for the Applicant

This is Exhibit "B" referred to in the Affidavit of Alexey Golubovich affirmed by Alexey Golubovich of the City of London, in the In the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on August 15, 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

Court File No.

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 ALEXEY GOLUBOVICH
(Affirmed May 19, 2025)

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AFFIDAVIT OF ALEXEY GOLUBOVICH
(Affirmed May 19, 2025)

I, ALEXEY GOLUBOVICH, of the City of London, in the United Kingdom **AFFIRM AND SAY AS FOLLOWS**:

I. OVERVIEW

1. This is a creditor-initiated application for an initial order ("**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended ("**CCAA**").

2. The applicant creditor is Arbat Capital Group Ltd. ("**Arbat**" or the "**Applicant**"), of which I am a director. The Second Cup Coffee Company Inc. ("**Second Cup**" or the "**Company**") is the Respondent debtor company. Arbat is Second Cup's largest creditor and a 40% shareholder of the Company. I am also a member of the Company's board of directors (the "**Board**"). As such, I have personal knowledge of the matters hereinafter deposed. If I have obtained information from others, I state the source of the information and believe it to be true.

3. Arbat is Second Cup's largest creditor by far, being owed over US$ 3,753,006.83 and £840,810.95 on an unsecured basis as of May 16, 2025. This application is also supported by Park Investors LLC ("**Park**") and Svetlana Bortsova ("**Bortsova**" together with Arbat, the "**Majority Group**"). Park has debt outstanding to the Company of £630,608.21**.** Borstova also has debt outstanding in the amount of £630,608.21. In addition to these debts, the Majority Group also represents 70% of the issued and outstanding shares of Second Cup.

4. As set out herein, a proceeding under the CCAA is necessary and urgently required as Second Cup is unable to repay debts owed to Arbat that have been acknowledged by the Company, have matured, come due, and been demanded upon.

5. The Company has confirmed on July 11, 2024 and on December 10, 2024 that the Company does not have the capital to repay these loans.

6. The Company also owes more than $400,000 in unpaid source deductions, has maxed out its line of credit, and has been unable to pay its auditors for over one year. The Company does not have sufficient liquidity to pay payroll, which is due on May 23, 2025.

7. In October of 2024, Arbat, Park, and Bortsova each proposed a loan restructuring to Second Cup on favourable terms including a below market interest rate, which loan restructuring did not take place.

8. As detailed below, the Majority Group have had increasing concerns about Second Cup's financial viability, beginning in summer 2024. These concerns increased over the fall, as the Majority Group learned that the Company would not be able to service their debt and was not able to arrive at an out-of-court restructuring, as discussed further below.

9. The Majority Group was recently provided with copies of the Company's bank statements for the period of March 2023 to March 2025 on April 19, 2025 (the "**Bank Statements**"). A review of the Bank Statements indicates that the Company has very little liquidity, as shown in the Cash Flow Forecast (defined below). Notably, the Bank Statements do not provide any visibility into the status of the secured Line of Credit (as defined below) after the period ending November 29, 2024. The Company has since confirmed that the Line of Credit is fully extended and that interest continues to accrue and has no liquidity to make payments on interest or principal.

10. On May 1, 2025, the Majority Group learned that the Company is significantly in arrears with respect to payroll source deductions to the Canada Revenue Agency ("**CRA**"), with the result that a significant super-priority debt in excess of $400,000 has arisen.

11. This affidavit is therefore sworn in support of Arbat's application for an Initial Order that, among other things:

(a) if necessary, abridges and validates the time for service of the notice of application and the application record and dispenses with further service thereof;

(b) declares that the Company is a debtor company to which the CCAA applies;

(c) appoints Grant Thornton Limited (the "**Proposed Monitor**") as monitor of the business and financial affairs of the Company;

(d) appoints Maxim Lojevsky, the current chairman of the Board, as the Chief Restructuring Officer ("**CRO**") of the Company and approves an engagement letter between the proposed CRO and the Company (the "**CRO Engagement**");

(e) stays, for an initial period of not more than 10 days (the "**Initial Stay Period**"), all proceedings and remedies taken, or that might be taken, in respect of the Company and its respective directors, employees, and representatives (the "**Stay of Proceedings**");

(f) grants a charge (the "**Administration Charge**") in the maximum amount of \$275,000 over the Company's assets, undertakings, and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof ("**Property**"), as security for the payment of the fees and disbursements of the Monitor and its counsel, the CRO, and of counsel to Arbat, in the priority set out in the Initial Order and discussed further below;

(g) approves, authorizes, and directs the Company to execute the draft DIP Term Sheet, as defined below and attached as **Exhibit "A"**, and establishes a charge (the **"DIP Lender's Charge**") over the Property in the maximum amount of

$200,000 in favour of Arbat, as the DIP Loan lender, to be used as the Monitor and CRO deem necessary;

(h) grants a charge (the "**Directors' Charge**") in favour of the Company's directors, including Mr. Ragas, over the Property, in the amount of $100,000, in the priority set out in the Initial Order and discussed further below; and

(i) Orders a comeback hearing on a date to be scheduled (the "**Comeback Hearing**").

12. The proposed Initial Order includes only the relief necessary for the Company to maintain its status quo during the Initial Stay Period. Arbat will likely seek additional and further relief at the Comeback Hearing.

13. The Majority Group, Proposed Monitor, and CRO require more fulsome visibility into the Company's finances, meaning that the Applicant cannot currently confirm what relief will be sought at the Comeback Hearing.

14. As a result of the Company's illiquidity and inability to satisfy its obligations as they come due, a court-supervised restructuring process, with the oversight and guidance of an independent monitor, and with the Company's management being overseen by the CRO, provides the highest probability of achieving a going-concern and value-maximizing investment or a sale transaction for the benefit of all stakeholders, including (a) the repayment or refinancing of monies owed to creditors; and (b) the preservation of jobs for the Company's employees, services to the Company's franchise partners, and supply relationships with the Company's vendors.

15. While not applicants themselves, this application is unanimously supported by the other members of the Majority Group, all of whom have representation on the Board, and who together are owed over CAD $9,000,000, and who hold 70% of the Company's shares.

II. OVERVIEW OF THE DEBTOR

16. Second Cup owns or controls the "Second Cup Cafe" brand and rights globally, outside of Canada. Second Cup franchises these rights to franchisees (the "**Franchisees**") located in approximately 20 countries worldwide, including in Pakistan, Egypt, Azerbaijan, Cyprus, and across sub-Saharan Africa. The Franchisees operate approximately 170 cafes worldwide.

17. Franchisees are required, pursuant to franchise agreements with Second Cup, to pay royalties fees to Second Cup and to purchase certain supplies, including coffee beans and powders for flavoured drinks, from Second Cup. These royalty fees and supplies form the vast majority of Second Cup's revenues.

18. For context, Second Cup does not have any Franchisees or corporate-owned cafes located in Canada. Second Cup's only Canadian operations are, as discussed below, a head office with fewer than seven employees.

19. The Company is incorporated pursuant to the laws of Ontario. A copy of the Company's Corporate Profile Report dated May 12, 2025 is attached as **Exhibit "B"**.

B. Company's Shareholders, Directors, and Officers

20. The Company's shareholders are as follows:

Shareholder	Number and Class of Shares
Mr. Ragas	3,000,000 Class A Shares
Park	2,000,000 Class A Shares
Arbat	3,000,000 Class A Shares 1,000,000 Class B Shares
Svetlana Bortsova	1,000,000 Class B Shares

21. Each of Mr. Ragas, Park, Arbat, and Bortsova have the right, pursuant to the Company's Second Amended and Restated Unanimous Shareholders' Agreement (the "**USA**") dated September 29, 2023, to appoint one member of the Board.

22. The Board consists of Mr. Ragas, Maxim Lojevsky for Park, myself for Arbat, and Larissa Khomutova for Bortsova. Each of Park, Arbat, and Bortsova are also significant creditors to the Company, as detailed below.

23. Arbat is an investment management corporation incorporated pursuant to the laws of the British Virgin Isles and with a head office in London, United Kingdom. Arbat's articles of incorporation are attached as **Exhibit "C"**.

C. Employees

24. Based on the limited disclosure being made available to Arbat at the moment, I understand that the Company has seven employees, with five located in Canada and two providing services from overseas.

25. I believe that none of the employees are unionized or otherwise party to collective agreements. I believe that the Company does not sponsor, administer, or otherwise have any registered or unregistered pension plans. The Company does provide some benefits to certain employees.

D. Lease

26. The Company operates out of a single leased facility located at 12 Bruce Park Avenue, 1st Floor, Toronto, Ontario (the "**Head Office**"). The Head Office is leased from 2872362 Ontario Inc. (the "**Landlord**") pursuant to a lease agreement dated April 30, 2023 (the "**Lease**"). The lease runs through to August 31, 2028, with a five year option to extend.

27. Pursuant to the Lease, current base rent is approximately $4,611.25 per month. The Applicant is not aware of whether rent payments are current or in arrears.

28. The Company does not own any real property.

III. FINANCIAL CIRCUMSTANCES AND CASH FLOW

29. Arbat has limited visibility into the Company's current assets and liabilities. At this time it is known that the Company is in financial distress and cannot pay its liabilities as they come due, based the following:

    (a) The Company advised the Majority Group following demands made on December 3, 2024 by the Majority Group to repay loans from them (defined below as the "Majority Group Loans") in the approximate amount of USD $3753,006.83 and £2,081,862.98, which are due and owing, that the Company does not have the means to repay the Majority Group Loans;

    (b) The fact that the Company is in arrears to the CRA for payroll source deduction remittances, in the approximate amount of $400,401 as of February, 2025, as discussed further at length at paragraphs 87 to 89;

    (c) By the Company's directors and officers liability insurance policy lapsing; and

    (d) The Bank Statements showing that the Line of Credit was fully drawn by November 2024.

30. The Company's unaudited consolidated financial statements for the year ended December 31, 2023 are attached as **Exhibit "D"**. As these financial statements are unaudited, I cannot verify their reliability or whether they provide an accurate perspective into the Company's finances. The 2023 unaudited financial statements are summary in

nature and do not include any “notes”, with the result that the meaning of terms such as “other current liabilities” or “non current liabilities” is not apparent to a reader.

31. On March 14, 2025, the Company provided copies of its accounts payable ledger (the “**AP Ledger**”) and the Company’s accounts receivable ledger (the “**AR Ledger**”) as of February 26, 2025. Copies of the AP Ledger and the AR Ledger are attached, respectively, as **Exhibit “E”**. The Company also provided a copy of the Company’s monthly profit and loss statements from 2022 to 2024 on the same day.

32. On April 18, 2025, the Company provided copies of the Bank Statements to the Majority Group.

33. The Bank Statements show that the Company has very little liquidity, with only CAD $425.91 and USD $4,803.73 cash in its accounts with Venn Software Inc. as of March 31, 2025 and April 17, 2025, respectively.

A. Assets

34. According to the December 31, 2023 unaudited financial statements, as of December 31, 2023 the Company had total assets of approximately $69,032,413, consisting of, among other things, approximately $5,121,013 of current assets and $63,700,062 of intellectual property.

35. According to the AR Ledger, as of February 26, 2025 the Company had a total of approximately $996,544.81 of accounts receivable, with the vast majority, in the amount of $630,796.27, being over 91 days old.

B. Liabilities

36. According to the December 31, 2023 unaudited financial statements, as of December 31, 2023 the Company had total liabilities of approximately $3,115,759, consisting of $694,461 of current liabilities and $2,421,298 of non current liabilities. I have not personally verified these amounts, but have concerns that they understate the Company's total liabilities as of that date, as I believe the statement does not include the full Majority Group Debt in its calculation of liabilities.

37. According to the AP Ledger, as of February 26, 2025, the Company had a total of approximately $239,334.23 in accounts payable.

C. Cash Flow Forecast

38. The Proposed Monitor has built a two-week cash flow forecast (the "**Cash Flow Forecast**") from the AP Ledger, the AR Ledger, a copy of the Company's profit and loss statement as of December 1, 2024, and the Bank Statements, which relies entirely on the veracity of these documents. A copy of the Cash Flow Forecast will be provided with the Proposed Monitor's Pre-Filing Report.

39. The two-week Cash Flow Forecast is only intended to provide sufficient forecasting, such as we are able on the limited information available to us, until the Comeback Hearing. Should this Honourable Court be prepared to grant the Initial Order, the Applicant will, in consultation with the CRO and the Proposed Monitor, prepare an updated longer-term cash flow forecast for the Comeback Hearing.

40. As the Cash Flow Forecast is based off of extremely limited information, it is subject to a number of disclaimers.

41. As is apparent from the Cash Flow Forecast, the Company is, due to the DIP Facility, projected to have sufficient cash through the Initial Stay Period.

IV. CREDITORS

A. Bank of Montreal Secured Debt

42. The Company and the Bank of Montreal ("**BMO**") entered into an operating demand loan revolving facility (the "**Line of Credit**") on or about December 19, 2019. A copy of a discussion paper (the "**BMO Discussion Paper**"), without Schedule "A", setting out what I understand to be the terms of the Line of Credit, is attached as **Exhibit "F"**.

43. The Majority Group has not been provided with the final loan and security documents for the Line of Credit.

44. According to the BMO Discussion Paper, the Line of Credit is a revolving working capital facility with a total availability of $750,000, that bears interest at prime plus 1.75% and is repayable on demand. The Company has not provided a copy of Schedule "A" to the BMO Discussion Paper, which apparently identifies additional covenants. I do not know the content of these additional covenants, if any.

45. The BMO Discussion Paper indicates that BMO required that the Company grant BMO a first-ranking security interest over the Company's present and after-acquired personal property as security for the Line of Credit. While I have not seen a copy of any security agreement between the Company and BMO, I have reviewed a search of the Ontario Personal Property Register dated May 15, 2025 (the "**PPSA Search**"), which indicates that BMO registered a financing statement against the Company on January 23, 2020 for inventory, equipment, accounts, other, and motor vehicles. I note that this registration was made over one month after the BMO Discussion Paper was issued. A copy of the PPSA Search is attached as **Exhibit "G"**.

46. As discussed below, Arbat is not, at this time, seeking any court-ordered charges that will prime BMO's security interest against the Company.

47. The PPSA Search indicates that the Company's only other secured creditor, besides BMO, is BMW Canada Inc ("**BMW Canada**"). BMW Canada's secured interest is outlined below at paragraph 74.

48. As I do not have access to the covenants identified in Schedule "A" to the BMO Discussion Paper, I cannot confirm whether there is a covenant or other condition that makes the failure to pay other debts a default under the Line of Credit.

49. The most recent BMO Bank Statement provided to the Majority Group shows that, as of November 29, 2024, $760,252.08 was owing to BMO, and as such the Line of Credit was fully drawn.

50. The Bank Statements only provide the status of the Line of Credit up to November 29, 2024. I understand that the Company has advised that, as of May 15, 2025, the Line of Credit is on hold and that interest continues to accrue on it.

B. Arbat Loans

51. Arbat has made loans to the Company in the principal amounts of £400,000 and USD $2,000,000, as detailed below. These loans have been acknowledged by the Company and remain outstanding, despite demand having been made on December 3, 2024. At the Bank of Canada's March 28, 2025 exchange rates, these loans total approximately $6,857,578 dollars, inclusive of principal and interest.

Arbat GBP Loan

52. Pursuant to a loan agreement between Arbat and Second Cup dated June 25, 2018 (the "**Arbat GBP Loan Agreement**"), Arbat loaned £400,000 to Second Cup (the "**Arbat GBP Loan**"). A copy of the Arbat GBP Loan Agreement is attached as **Exhibit "H"**.

53. The particulars of the Arbat GBP Loan are as follows:

(a) Principal Amount: £400,000

(b) Use of Funds: to fund Second Cup's acquisition of assets related to Second Cup cafés to be opened in the United Kingdom.

(c) Interest: 16% per annum, payable quarterly in arrears.

(d) Term: three years, to mature and come due on June 25, 2021.

(e) Security: 40% of the shares of the Company's UK subsidiary, to be incorporated.

(f) Governing Law: Ontario

(g) Events of Default: among other things, the failure to pay any interest, principal, or other amounts when due and payable, without need for demand.

54. Pursuant to Sections 6(e) and 6(f), Second Cup covenanted to

(a) "keep proper books of record and account…and provide the Lender with annual financial statements, and provide a report on [Second Cup's] receivables and payables at the Lender's request"; and

(b) "permit the lender at any reasonable time or times…to examine and make copies of…the books and records of [Second Cup]"

Collectively, the "**Disclosure Covenant**".

55. As of May 16, 2025, approximately £840,810.95 remains outstanding on the Arbat GBP Loan, inclusive of principal and accrued interest.

56. As the UK subsidiary was never incorporated, the Arbat GBP Loan is, in effect, unsecured.

Arbat USD Loan

57. Pursuant to a loan agreement dated April 3, 2019 between Arbat on the Company (the "**Original Arbat USD Loan Agreement**"), Arbat loaned USD $1,000,000 to the Company (the "**Original Arbat USD Loan**"). A copy of the Original Arbat USD Loan Agreement is attached as **Exhibit "I"**.

58. The Original Arbat USD Loan Agreement was amended on May 9, 2019, and July 22, 2019 to increase the outstanding principal from USD $1,000,000 to USD $1,500,000, and then to USD $2,000,000 (collectively, the "**Arbat USD Loan**" and together with the Arbat GBP Loan, the "**Arbat Loans**"). Copies of the amending agreements dated May 6, 2019

and July 22, 2019 are attached as **Exhibits "J"** and **"K"** and form, together with the Original Arbat USD Loan Agreement, the "**Arbat USD Loan Agreement**".

59. The particulars of the Arbat USD Loan (inclusive of all amendments) are as follows:

(a) Principal Amount: USD $2,000,000

(b) Use of funds: general corporate purposes

(c) Interest: 10% per annum, payable quarterly in arrears. As and from the occurrence of an Event of Default, the interest rate increases by 5% to 15% per annum.

(d) Term:

(I) The Original Arbat USD Loan term was two years, to mature and come due on April 10, 2021.

(II) The additional USD $500,000 loaned on May 9, 2019 was for a one year term, to mature and come due on May 6, 2020.

(III) The additional USD $500,000 loaned on July 22, 2019 was for a one year term, to mature and come due on July 22, 2020.

(e) Security: A pledge of 1,666,667 Class A shares of the Company, owned by Mr. Ragas, being half of Mr. Ragas' shares and 15% of the Company's total issued and outstanding Class A shares.

(f) Governing Law: Ontario

(g) Events of Default: among other things, the failure to pay any interest, principal, or other amounts when due and payable, without need for demand.

60. The Arbat USD Loan Agreement also includes a Disclosure Covenant from Second Cup.

61. The Company has paid approximately USD $31,369.86 of the Arbat USD Loan, with approximately USD $3,753,006.83 due and owing as of May 16, 2025.

Arbat Loan Acknowledgements

62. The Arbat Loans have been repeatedly acknowledged by the Company.

63. The Company acknowledged the principal and interest owing on the Arbat Loans on the following dates. Each of the following acknowledgements was made in respect of each of the Arbat Loans:

Acknowledgements of the Arbat Loans	
Effective Date of Acknowledgement	**Exhibit**
December 31, 2019	“L”
December 31, 2020	“M”
December 31, 2021	“N”
December 31, 2022 and December 31, 2023	“O”

64. Each of the acknowledgements was signed by Mr. Ragas and stamped with the Company’s seal. The most recent acknowledgement confirmed that, as of December 31, 2023, the Company owed Arbat USD $2,894,014 and £752,964.

65. More recently, on October 22, 2024, Mr. Ragas sent an email to me confirming that the Majority Group Loans exist and are outstanding.

Share Pledge

66. As security for the Arbat USD Loans, Mr. Ragas agreed to pledge 300,000 Class “A” shares (the “**Pledged Shares**”) of the Company in favour of Arbat. The Pledged Shares represent half of the total Second Cup Class “A” shares held by Mr. Ragas. A copy of the Share Pledge Agreement dated April 3, 2019 is attached as **Exhibit “P”**. The Share Pledge Agreement was later amended to pledge an additional 1,366,667 Class “A” shares, for a total pledge of 1,666,667 of Mr. Ragas’ shares in the Company in favour of Arbat. As stated above, Mr. Ragas owns 3,000,000 Class “A” shares in the Company. A copy of this amendment, dated July 22, 2019, is attached as Exhibit “K”.

67. As detailed below, on December 3, 2024, Arbat made demand on the Company in respect of the Arbat Loans and on Mr. Ragas in respect of the Pledged Shares, which demand has not been satisfied. At this time, Arbat is not pursuing enforcement of the Pledged Shares and, as set out above, is seeking to stay any enforcement of the Pledged Shares

for the duration of the Initial Stay Period. Should this Honourable Court grant the Initial Order, Arbat will seek to stay any enforcement on the Pledged Shares for a further 120 days. Arbat and the Majority Group's current priority is to devote their time and resources towards understanding the Company's financial and operational circumstances and stabilizing them, rather than on eroding Mr. Ragas' equity position.

C. Other Shareholder Debt

68. In addition to the debt owed to Arbat, the Company is also indebted to Park and to Bortsova (the "**Park Loan**" and the "**Bortsova Loan**", respectively, and together, the "**Majority Group Loans**").

69. The Park Loan and the Bortsova Loan were each made on substantially similar loan agreements (the "**Park Loan Agreement**" and the "**Bortsova Loan Agreement**") dated June 14, 2018. Copies of the Park Loan Agreement and the Bortsova Loan Agreement are attached as **Exhibit "Q"** and **"R"**.

70. The terms of the Park and Bortsova Loans are as follows:

(a) <u>Principal Amount</u>: £300,000 (each)

(b) <u>Use of Funds</u>: to fund Second Cup's acquisition of assets related to Second Cup cafes to be opened in the United Kingdom.

(c) <u>Interest</u>: 16% per annum, payable quarterly in arrears.

(d) <u>Term</u>: three years, to mature and come due on June 25, 2021.

(e) <u>Security</u>: 40% of the shares of the Company's UK subsidiary, to be incorporated (each)

(f) <u>Governing Law</u>: Ontario

(g) <u>Events of Default</u>: among other things, the failure to pay any interest, principal, or other amounts when due and payable, without need for demand.

71. Each of the Park Loan Agreement and the Bortsova Loan Agreement includes a Disclosure Covenant, in the same form as in the Arbat GBP Loan Agreement.

72. No payments have ever been made on either the Park or Bortsova Loans, notwithstanding that they came due in 2021 and that demand has been made on each loan.

73. As of May 16, 2025, approximately £630,608.21 remains outstanding on each of the Park and Bortsova Loans, inclusive of principal and interest.

D. BMW Canada

74. As mentioned at paragraph 47, BMW Canada has registered a security interest against the Company. BMW's security interest was registered on March 2, 2023, and is against a vehicle used by the Company for corporate purposes.

V. CHALLENGES FACED BY THE DEBTOR AND NEED FOR URGENT CCAA RELIEF

75. The Majority Shareholders and Directors, who are also the Majority Creditors, have lost faith in the Company's ability to repay the Majority Group Loans, which are due, along with the source deductions and payroll, without a restructuring.

76. The Company is in crisis, being unable to pay the Majority Group Loans, source deduction arrears, or auditor fees. The Line of Credit is fully extended and I do not know if the Company will be able to fund interest payments. I also understand that the Company's director of finance resigned in early May, 2025.

77. I verily believe that the Company requires relief pursuant to the CCAA to restructure its affairs in the best interest of its stakeholders.

A. Second Cup Has Been Unable to Pay the Majority Group Loans and Unwilling to Restructure

78. On July 11, 2024, Mr. Ragas advised Arbat that the Company did not have any ability to repay the Arbat Loans. A copy of Mr. Ragas' email of July 11, 2024 is attached as **Exhibit "S"**.

79. Mr. Lojevsky advised me that he travelled to Toronto to meet with Mr. Ragas and Kaleem Haider, the Company's former director of finance, in September 2024. The purpose of this meeting was to look at Second Cup's books and records to better understand the Company's financial situation. Mr. Lojevsky reported back to the Majority Group and advised that, in the course of his discussions with Mr. Haider, it became clear that the Company had no cash and that its line of credit was fully drawn. This was also the first time that the Majority Group learned that the Company's auditor had not been paid.

80. In light of this discovery, and in the interests of maintaining the Company as going concern, on October 3, 2024, Arbat, via email from myself to Mr. Ragas, made the Company an offer to restructure and extend the Arbat Loans. This offer was made for the purpose of enabling the Company time to address its financial distress. The offer included an extension of maturity dates, a reduction of the interest payable for 2025 from 16% to just 1% per annum, and no equity conversion. A copy of the offer email is attached as **Exhibit "T"**.

81. Unfortunately, while the Company acknowledged the need to restructure, the parties were not able to arrive at terms throughout October or November 2024.

82. The Board held two meetings in November 2024 to discuss information disclosure to the Board, continuing the audit, and the Company's ongoing financial distress.

83. Following these meetings, it became clear that the Company was unable to work towards a restructuring of the Majority Group Loans. As a result, Arbat and the other members of the Majority Group determined that the viable path forward to protect their interests was to make demand on the Majority Group Loans. These demands, along with notices pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") addressed to Mr. Ragas personally, in respect of the Pledged Shares, were delivered on December 3, 2024. Copies of these demands and Section 244 notices are attached as **Exhibit "U"**.

84. On December 10, 2024, following delivery of these demands, Mr. Ragas again confirmed in writing that the Company would be unable to repay the loans.

B. Auditor Resignation

85. Until its resignation on March 7, 2025, the Company's auditor was Raymond Chabot Grant Thornton LLP ("**RCGT**"). RCGT had been engaged to complete audits for 2022 and 2023.

86. In September 2024, the Majority Group learned that the Company was not paying RCGT as the Company lacked the funding to do so. The Majority Group eventually provided payment of RCGT's fees and engaged in discussions with RCGT from December 2024 to February 2025 to move the audit process forward. Unfortunately, RCGT nonetheless resigned as auditor on March 7, 2025.

C. Unpaid Source Deductions

87. Through discussions with RCGT in February 2025, the Majority Group first learned that the Company's source deductions have not been remitted to the CRA since 2021.

88. Following discussions with the Company on May 1, 2025, the Majority Group learned that approximately $400,401 was owing to the CRA for source deductions as of February 3, 2025 – the most recent date provided.

89. The Majority Group does not, as of the date of swearing, have access to the Company's CRA portal, meaning that the Majority Group has not been able to independently review the Company's tax position.

D. The Company is Unable to Honour its Payroll Obligations

90. On May 15, 2025, the Majority Group learned that the Company does not currently have sufficient liquidity to honour its payroll obligations that are due on May 23, 2025 (one day after the return date for this application). The Company is no longer able to draw upon the Line of Credit and I understand that the Company does not have any certainty as to

whether it will collect sufficient accounts receivable prior to May 23, 2025 to make payment.

91. The failure to pay employees when due would obviously have a catastrophic impact on the Company and its stakeholders. Any unpaid employee wages would also become a Board liability.

92. The result of these difficulties is that the Company is unable to repay its long term Majority Group Debt, has fully drawn its Line of Credit, was unable to pay its auditor – who has now resigned, has failed to pay over $400,000 of source deductions, no longer has a director of finance, and does not have sufficient cash to remit payroll due on Friday, May 23, 2025. The Company urgently requires relief under the CCAA and a stay of proceedings, as well as the other tools available under the CCAA to restructure its affairs.

VI. FIRST 45 DAYS OF CCAA PROCESS

93. If this Honourable Court is prepared to grant the Initial Order, then the Applicant proposes that this CCAA proceeding, in light of its particular circumstances, should progress along the framework set out below.

94. First, between the granting of the Initial Order and the Comeback Hearing, the CRO, in consultation with the Proposed Monitor would:

(a) Meet with the Company's suppliers and other critical vendors to understand the status of the supply chain;

(b) Meet with the Company's franchisees to understand the status of franchise operations and overall support of the franchisees;

(c) Meet with the Company's management, including Mr. Ragas, to obtain the information necessary to develop a working cash flow forecast and to understand the Company's current operational and finance issues;

(d) Meet with the Company's Board to understand the Board's concerns and to offer preliminary findings for guiding this CCAA process; and

(e) Prepare a report to this Honourable Court that provides a six-week cash flow, a highlight of the key operational and financial issues, and confirms the Company's management's cooperation with this CCAA process.

95. Second, should this Honourable Court be prepared to grant an amended and restated Initial Order at the Comeback Hearing, the CRO, in consultation with the Proposed Monitor would, over the following 30 to 45 days, continue its efforts to advance its understanding of the Company. These efforts would include accessing and reviewing all of the Company's financial and operational information, and continuing to meet with management, suppliers, and franchisees.

96. The Company may also use this period after the Comeback Hearing to conduct a claims process in order to better understand the universe of claims that exist against the Company.

97. Arbat would likely seek a stay period extension at the Comeback Hearing sufficient to permit this 30 to 45 day review, subject to the cash flow forecast.

98. At the conclusion of 30 to 45 days, the CRO, in consultation with the Proposed Monitor, would provide a report to the Company's Board on the state of the Company's finances, operations, and present strategic options on restructuring the Company's debt.

99. The Applicant, along with the Monitor, would then present on these options and the best path forward at a stay extension motion and, if necessary and appropriate, seek this Honourable Court's approval of further relief at that time.

VII. RELIEF SOUGHT

A. Appointment of Monitor

100. The Proposed Monitor is a "trustee" within the meaning of the BIA and has consented, subject to Court approval, to act as the Company's CCAA monitor.

101. The Proposed Monitor is not subject to any of the restrictions on who may be appointed as a monitor under the CCAA, as set out in section 11.7(2) of the CCAA.

102. The Proposed Monitor previously acted as an advisor to the Board. In such role, the Proposed Monitor has already become well acquainted with the Company's finances, operations, and challenges. As a result, the Proposed Monitor is well-suited to act as monitor of the Company.

103. The Proposed Monitor is a legally separate entity from RCGT. RCGT and the Proposed Monitor have separate partnerships and separate management.

104. The Proposed Monitor has reviewed and assisted in the preparation of the Cash Flow Forecast and has provided guidance and assistance in the commencement of this CCAA proceeding.

105. To assist the CRO with its duties, the draft Initial Order would require the Company to provide the Proposed Monitor with weekly budgeted cash flows and authorize the Proposed Monitor to approve those budgets. The Monitor would also be empowered to review the Company's actual spending over the previous week.

106. The Proposed Monitor’s consent to act as monitor is attached as Tab 5 to the Application Record.

B. Appointment of Chief Restructuring Officer

107. Arbat seeks the appointment of Maxim Lojevsky as the CRO.

108. Mr. Lojevsky holds a Bachelor of Science in Finance degree from Boston College and has over 20 yeas of experience in asset management, private equity, and capital markets. Currently, Mr. Lojevsky is the founding partner and CEO of Bluegrove Capital Management Ltd., an independent asset management firm based in London, England. Mr. Lojevsky was previously a managing director at Deutsche Bank and has also held positions at BNP Paribas, a global European leader in banking and financial services headquartered in Paris, and UBS, a multinational bank and financial services firm in Switzerland.

109. In addition to his extensive professional background, Mr. Lojevsky is chairman of the Board and has expertise in respect of the global coffee café landscape. I believe Mr. Lojevsky is well-suited to assist the Company, in consultation with the Proposed Monitor, throughout the proposed CCAA proceedings.

110. The final terms of Mr. Lojevsky’s engagement as CRO are being drafted. I understand that a copy of the CRO Engagement is expected to be filed with the Court prior to the hearing of this Application.

111. While the terms of the engagement are not yet final, Mr. Lojevsky’s compensation as CRO will consist of a 2% to be paid upon a successful restructuring or sale of the Company in a court-supervised process.

112. I believe that the appointment of a CRO is reasonable and necessary. I believe that the CRO will provide the Company with the stable and independent oversight necessary to preserve the Company's going-concern value during the course of a restructuring.

113. A CRO is especially necessary as the Company does not have a chief financial officer and the Company's director of finance resigned in early May 2025.

114. The proposed CRO has consented to act in this proceeding. I understand that the Proposed Monitor also believes that the appointment of a CRO is reasonable and necessary in the circumstances and supports the engagement of Mr. Lojevsky as CRO, pursuant to the terms of the CRO Engagement.

C. Stay of Proceedings

115. The Company requires the Stay of Proceedings to maintain the status quo and to provide the Company with the breathing space it requires to provide the Board and the CRO with the information they need to better understand the Company's financial position, and to formulate either a plan of arrangement or a sale and investment solicitation process. A proceeding with the protections of the CCAA will provide the fastest, most efficient, and least-stigmatic means of stabilizing the business, which in turn will maintain its going-concern value and preserve relationships with Franchisees.

116. The proposed Initial Order contemplates an Initial Stay Period of 10 days, up to and including June 1, 2025, in accordance with the CCAA.

117. The Cash Flow Forecast illustrates, as best as the Proposed Monitor is able to with the limited information available, that the Company will have sufficient cash to operate through the proposed Initial Stay Period.

118. In the interest of full and frank disclosure, the Initial Stay Period would also have the effect of staying, as against the Company, an oppression application commenced by Levelen

Corp., Leonid Pekker, and Vera Pekker (the "**Levelen Application**"). This application was commenced in the Ontario Superior Court of Justice (Commercial List) and bears court file number CV-24-00727683-00CL. The Levelen Application relates to a dispute over shares held by a former shareholder of the Company that were compulsorily repurchased by the Company following a breach of the then-extant unanimous shareholders agreement.

119. The Proposed Monitor supports Arbat's request for an Initial Stay Period.

D. Stay in Respect of the Directors

120. Arbat seeks a stay of proceedings as against Second Cup's current and former directors and officers for the duration of the Initial Stay Period (the "**D&O Stay**"). Arbat also anticipates requesting that the D&O Stay be extended at the Comeback Hearing.

121. The D&O Stay is necessary to ensure that the Board and the Company's officers remain focused on restructuring the Company, rather than on strategic litigation brought by third parties seeking to pursue their own narrow interests.

122. The D&O Stay would also have the effect of staying the Levelen Application in respect of the current and former directors, including Mr. Ragas.

E. Administration Charge

123. Arbat seeks a super-priority charge (the "**Administration Charge**") on the Company's Property (as defined in the draft Initial Order) up to a maximum amount of $275,000, to secure the fees and disbursements of the Monitor and its counsel, the CRO, and counsel to Arbat, incurred both before and after the commencement of the CCAA proceedings, through to the Comeback Hearing.

124. The Monitor and its counsel and the CRO have been extensively involved in planning and preparing this initial application under the CCAA. It is contemplated that each of the

aforementioned parties, (i) will have extensive involvement during the proposed CCAA proceedings; (ii) will continue to contribute to the Company's restructuring; and (iii) will ensure that there is no unnecessary duplication of roles among the parties.

125. I understand that the Monitor has reviewed the proposed quantum of the Administration Charge and is of the view that it is reasonable and appropriate in the circumstances given the pre-filing services preformed by Arbat's counsel and the Monitor and its counsel, and the work required to be completed by these professionals during the Initial Stay Period.

126. The Administration Charge is proposed to rank (i) in subordination to the security interests held by BMO, and (ii) in priority to all other security interests given by the Company, as well as the Directors' Charge and the DIP Lender's Charge.

127. Arbat will likely seek to increase the Administration Charge at the Comeback Hearing.

F. DIP Loan and Charge

128. Arbat has limited visibility into the Company's current cash needs or its expected cash in-flows during the Initial Stay Period. I am concerned, especially due to the Line of Credit being fully drawn, the Company's inability to pay payroll, and the Company's other liquidity concerns discussed at length in this affidavit, that the Monitor will determine that the Company urgently requires cash to maintain supplier or other key relationships, but is unable to meet them.

129. As discussed above, the Cash Flow Forecast is only based on best estimates at this time and may materially misstate the Company's cash needs during the Initial Stay Period.

130. As a result, Arbat is prepared to extend interim financing (the "**DIP Loan**") to the Company, only to be drawn upon in the event that the CRO, in consultation with the Proposed Monitor, determines that it is reasonable and necessary in the circumstances for the Company to draw on the funds, including but not limited to payroll expenses. The DIP

Loan is intended to provide an amount of funding to the Company that the Monitor believes is reasonable to cover any potential costs that arise between the granting of the Initial Order and the Comeback Hearing.

131. Arbat has executed a debtor-in-possession financing term sheet (the "**DIP Term Sheet**") attached hereto as Exhibit "A", which sets out the terms on which Arbat is prepared to offer Second Cup the DIP Loan.

132. The materials terms of the DIP Term Sheet are as follows:

(a) Principal Amount: $200,000 through to the Comeback Hearing. The Applicant may seek an increase to the principal amount at the Comeback Hearing, in the event that the Monitor determines such funds are needed.

(b) Purpose of DIP Loan: to fund (i) the Company's working capital needs, including payroll, and (ii) such other costs and expenses of the Company as may be agreed to by the Applicant and the Monitor, in writing.

(c) Maturity Date: the earliest of (i) November 22, 2025; (ii) the closing of a Court-approved sale or investment transaction; (iii) the implementation of a plan of compromise or arrangement within these CCAA proceedings; (iv) the date on which these CCAA proceedings are terminated for any reason; and (v) the occurrence of an Event of Default (as defined in the DIP Term Sheet), subject to a three day cure period.

(d) Interest Rate: 9% per annum, calculated daily on the outstanding balance owing under the DIP Loan, not in advance, and accruing and paid on the Maturity Date.

(e) Recoverable Expenses: the Company shall pay all fees and expenses incurred by the Applicant in connection with the preparation, registration, and ongoing administration of this Term Sheet, the DIP Loan, the Initial Order, the ARIO, any other orders issued in the CCAA Proceedings, the DIP Lender's Charge, and with the enforcement of the Applicants rights and remedies under the DIP Term Sheet, at law or in equity, including, without limitation all reasonable legal fees and disbursements incurred by the Applicant. For greater certainty, the "Recoverable Expenses" will only apply to the Applicant's fees and expenses related to, and arising from, its capacity as lender under the DIP Term Sheet and not in its capacity as the applicant in these proceedings generally.

(f) Commitment Fee: $4,000.00, equal to 2% of the aggregate availability under the DIP Loan as security for the high risk and speculative DIP Loan.

(g) DIP Lender's Charge and Court Approval: The DIP Loan is to be secured by a court-ordered priority charge in the maximum amount of $200,000 plus all accrued interest and fees, over all present and future properties, assets, and undertakings of the Company, real and personal, tangible and intangible, whether now owned or hereafter acquired, and the proceeds thereof, subject only to BMO's security interest, the Administration Charge, and the Directors' Charge (as defined above, the "**DIP Lender's Charge**"). The DIP Loan will be available to the Company upon the issuance of the proposed Initial Order.

133. While Arbat has not canvassed the market for other potential financing providers, given the Company's liquidity challenges and lack of hard assets, I do not expect that any other lender would be prepared to offer the Company interim financing on the terms of the DIP Term Sheet, including with respect to interest rate and the DIP Loan's subordinated position.

134. The DIP Loan creates risk that Arbat is spending good money to recover bad debts. However, Arbat is prepared to make the DIP Loan available to the Company in the interest of creating a successful restructuring for all of the Company's stakeholders.

135. Therefore, Arbat is requesting that this Court authorize, approve, and direct the Company to execute the DIP Term Sheet and that this Court authorize and order the DIP Lender's Charge.

136. As mentioned above, Arbat may seek to increase the quantum of the DIP Loan and DIP Lender's Charge in the event that additional funds are needed.

137. The Proposed Monitor is supportive of the DIP Loan and DIP Lender's Charge. As I do not expect that Mr. Ragas will agree to counter-sign the DIP Term Sheet, the proposed Initial Order would authorize the CRO to execute the DIP Term Sheet on the Company's behalf.

138. Arbat may seek approval of an Amended and Restated DIP Term Sheet at the Comeback Hearing.

G. Directors Charge

139. Arbat seeks a charge in favour of the Company's directors (defined above as the "Directors Charge") in the amount of $100,000.

140. The Directors' Charge is intended to protect the Board from any personal liability that may attach to them because of the Company's failure to meet certain obligations. I am concerned that the Board, especially the other members of the Majority Group and I, may be placed in a position where their personal interests diverge from those of the Company and its stakeholders if they are not protected against personal liability that may arise in this proceeding.

141. As discussed above, the Company has not remitted approximately $400,000 of source deductions to the CRA. As a result, the members of the Majority Group, including myself, are very concerned that we could be facing personal liability for this amount, notwithstanding that we were unaware of these arrears until May 1, 2025.

142. The Directors' Charge will ensure that the Board, including Mr. Ragas, will remain available and willing to guide the Company through this proceeding and through a restructuring process.

143. I further understand that the Company's D&O insurance policy has lapsed, with the result that there is a very real risk of personal exposure to the Board if the Directors' Charge is not granted.

144. The Directors' Charge is intended to rank below BMO's security interest and the Administration Charge, and above the DIP Lender's Charge.

H. Relief that May Be Sought at the Comeback Hearing

145. At this stage, it is difficult to identify with precision the exact relief Arbat will seek at the Comeback Hearing.

146. The Applicant expects that, following investigation of the Company by the Proposed Monitor and CRO, the Company will require an increase under the DIP Loan. Arbat does not yet have the insight needed to estimate the size of such funding required.

147. The stabilization of the Company through the Initial Stay Period will provide breathing room to develop alternatives to deal with the Company's debt issues, such as refinancing, a sale, or other restructuring to be considered. Arbat intends to work with the CRO, the Monitor, and the Company to determine the most appropriate avenue to restructure the Company's debts for the benefit of all stakeholders, whether it be a plan of arrangement or a going-concern sale process.

148. Arbat may also seek this Honourable Court's approval of a claims process at the Comeback Hearing. A claims process would have the benefit of helping to identify and crystalize the universe of claims that exist against the Company, and assist the Applicant, the Proposed Monitor, and the CRO in determining the best next steps in this process.

149. Arbat anticipates seeking an extension of the stay of proceedings. Arbat may also seek approval of an increase under the DIP Loan and an amendment to its terms if, following investigation, the Company appears to require immediate further funding.

VIII. FORM OF ORDER AND CONCLUSION

150. Arbat, with the assistance of its legal and financial advisors, has determined that the proposed CCAA proceedings represent the best available strategy to maximize value for Second Cup's stakeholders in the circumstances.

151. I swear this affidavit in support of an Initial Order in the form contained at Tab 3 of the Application Record, and for no other or improper purpose.

AFFIRMED by Alexey Golubovich at London, in the United Kingdom, before me before me at the City of Toronto, in the Province of Ontario, on May 19, 2025, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. DocuSigned by: Matthew Cressatti DA79353421D842D... Commissioner for Taking Affidavits **MATTHEW CRESSATTI**	Подписант: Alexey Golubovich 3856BACE1F23499... **ALEXEY GOLUBOVICH**

ARBAT CAPITAL GROUP LTD.
Applicant

and

THE SECOND CUP COFFEE COMPANY INC..
Respondent

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

AFFIDAVIT OF ALEXEY GOLUBOVICH
(affirmed May 19, 2025)

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Lawyers for the Applicant

This is Exhibit "C" referred to in the Affidavit of Alexey Golubovich affirmed by Alexey Golubovich of the City of London, in the In the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on August 15, 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

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

AFFIDAVIT OF ALEXEY GOLUBOVICH
(Affirmed May 27, 2025)

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AFFIDAVIT OF ALEXEY GOLUBOVICH
(Affirmed May 27, 2025)

I, ALEXEY GOLUBOVICH, of the City of London, in the United Kingdom **AFFIRM AND SAY AS FOLLOWS**:

I. OVERVIEW

1. I am a director of Arbat Capital Group Ltd. ("**Arbat**" or the "**Applicant**"), the applicant creditor in these proceedings under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended ("**CCAA**"). On May 22, 2025, Arbat sought and obtained an initial order ("**Initial Order**") under the CCAA in respect of the respondent debtor company, The Second Cup Coffee Company Inc. ("**Second Cup**" or the "**Company**").

2. I am a director of Arbat, which is the largest creditor and a 40% shareholder in Second Cup. I am also a member of the Company's board of directors (the "**Board**"). As such, I have personal knowledge of the matters hereinafter deposed. If I have obtained information from others, I state the source of the information and believe it to be true.

3. On May 22, 2025, the Honourable Justice Cavanagh granted the Initial Order which, among other things:

    (a) declared Second Cup to be a debtor company to which the CCAA applies;

    (b) appointed Grant Thornton Limited ("**GTL**") as monitor of the Company in these CCAA proceedings (the "**Monitor**") pursuant to section 11.7 of the CCAA;

    (c) appointed Maxim Lojevsky as the Chief Restructuring Officer ("**CRO**") of the Company, and approved an engagement letter between the CRO and the Company (the "**CRO Engagement**");

(d) stayed all proceedings and remedies taken or that might be taken in respect of the Company and its respective current and former directors, employees, and representatives to and including June 1, 2025 (the "**Initial Stay Period**");

(e) granted an administration charge in the initial amount of $275,000 over the Company's Property (as defined in the Initial Order) as security for the payment of the fees and disbursements of the Monitor and its counsel, the CRO, and the Applicant's counsel (the "**Administration Charge**");

(f) approved, authorized, and directed the Company to execute an interim financing term sheet ("**DIP Term Sheet**") between the Applicant, as lender (in such capacity, the "**DIP Lender**"), and the Company, as borrower, establishing a charge (the "**DIP Lender's Charge**") over the Property in the maximum amount of $200,000 in favour of the DIP Lender; and

(g) granted an initial directors' charge ("**Directors' Charge**") over the Property, in favour of the Company's directors, in the amount of $100,000.

4. A copy of the Initial Order and the accompanying endorsement of Justice Cavanagh are attached as **Exhibits "A"** and **"B"**, respectively.

5. Capitalized terms used herein but not defined in this affidavit have the meaning given to them in my affidavit affirmed on May 19, 2025 (the "**First Golubovich Affidavit**"), a copy of which is attached, without exhibits, as **Exhibit "C"**.

II. RELIEF REQUESTED

6. This affidavit is sworn in support of two orders:

(a) an amended and restated Initial Order ("**ARIO**") substantially in the form attached as Tab "3" to the within motion record, among other things:

(I) abridging the time for and validating service of the notice of motion and motion record, and dispensing with service on any person other than those served;

(II) extending the stay of proceedings up to and including August 28, 2025;

(III) approving an increase to the Administration Charge, to the maximum amount of $500,000;

(IV) approving an increase to the Directors' Charge, to the maximum amount of $220,000; and

(V) approving an amended and restated DIP Term Sheet dated May 29, 2025 between Arbat and the Company (the "**Amended and Restated DIP Term Sheet**"), and a corresponding increase in the borrowings under the DIP Loan and DIP Lender's Charge to a total of $900,000, plus interest, fees, and expenses;

(b) a Claims Identification Order ("**Claims Identification Order**") substantially in the form attached as Tab "5" to the within motion record, approving a proposed Claims Identification Process ("**Claims Identification Process**") regarding claims that may be outstanding against the Company and the Board; and

(c) such further and other relief as this Court deems just.

III. BACKGROUND AND STATUS OF THE CCAA PROCEEDINGS

7. This is a creditor-initiated CCAA reorganization proceeding of Second Cup, which owns or controls the "Second Cup Café" brand and rights globally, outside of Canada. Second Cup franchises these rights to franchisees (the "**Franchisees**") located in approximately

20 countries worldwide, including in Pakistan, Egypt, Azerbaijan, Cyprus, and across sub-Saharan Africa. The Franchisees operate approximately 170 cafes worldwide.

8. Arbat is Second Cup's largest creditor by far, being owed over US$ 3,753,006.83 and £840,810.95 on an unsecured basis as of May 16, 2025. The initial application was supported by Park Investors LLC ("**Park**") and Svetlana Bortsova ("**Bortsova**" together with Arbat, the "**Majority Group**"). The Company owes Park and Bortsova £630,608.21 each. In addition to these debts, the Majority Group also holds 70% of the issued and outstanding shares of Second Cup.

9. The facts underlying the Company's financial circumstances and its need for CCAA protection are set out and described in the First Golubovich Affidavit.

10. Following the issuance of the Initial Order, with the assistance of the Monitor, the Applicant, and the CRO, the Company has continued to operate its business. During the initial Stay Period, the Company, the CRO, the Monitor, and/or Arbat, as applicable, have, among other things:

(a) communicated with, provided information to, and answered questions of various stakeholders, including employees, suppliers and Franchisees;

(b) commenced their review of the Company's books and records; and

(c) taken preliminary steps toward stabilizing the Company's cash flow and operations.

IV. RELIEF UNDER THE ARIO

A. Extension of the Stay Period

11. The Initial Stay Period granted pursuant to the Initial Order expires on June 1, 2025. Arbat seeks an extension of the Initial Stay Period, up to and including August 28, 2025 (the "**Extended Stay Period**").

12. The Company requires an extension of the stay of proceedings to maintain the *status quo* and to provide the Company with the breathing space required to prepare, seek Court approval of, and implement a sale and investment solicitation process, in consultation with the CRO and the Monitor.

13. Arbat is satisfied that the Company has been acting in good faith and with due diligence throughout the Initial Stay Period and will continue to do so during the proposed Extended Stay Period.

14. No creditor will be materially prejudiced by the proposed Extended Stay Period.

15. I understand that the Second Report of the Monitor, to be filed in support of this motion, will provide additional commentary and reporting on the activities of the Company since the date of the Initial Order.

B. Increase to the Administration Charge

16. The Initial Order granted an initial Administration Charge in the amount of $275,000 to secure the fees and disbursements of the Monitor and its counsel, the CRO, and counsel to Arbat (together, the "**Professionals Group**"), incurred both before and after the commencement of the CCAA proceedings, through to the Comeback Hearing.

17. Arbat seeks an increase to the Administration Charge up to the maximum amount of $500,000.

18. The increased quantum of the Administration Charge is based on the estimated fees of the Professionals Group from the date of the Comeback Hearing through to the end of the proposed Extended Stay Period.

19. Arbat's counsel, and the Monitor and its counsel, contributed significantly to the planning and preparation of the initial application under the CCAA, and have remained extensively involved with the Company during the Initial Stay Period, including managing stakeholder concerns and assisting the Company in stabilizing its business.

20. Following his approval as CRO, Mr. Lojevsky has assisted the Company and the Monitor, and continues to perform his duties in accordance with the terms of the Court-approved CRO Engagement.

21. It is contemplated that each of the aforementioned parties (i) will continue to have appropriate involvement during the proposed CCAA proceedings; (ii) have contributed and will continue to contribute to the restructuring of the Company; and (iii) will ensure that there is no duplication of roles among the parties.

22. I understand that the Monitor has reviewed the proposed increase to the quantum of the Administration Charge and is of the view that it is reasonable and appropriate in the circumstances, given the contemplated work required to be completed during the pendency of theses CCAA proceedings and the services provided and to be provided by the beneficiaries of the Administration Charge.

C. Increase to the Directors' Charge

23. The Initial Order granted a charge in favour of the Company's directors in the amount of $100,000. Pursuant to the proposed ARIO, Arbat seeks to increase the Directors' Charge to the maximum amount of $220,000.

24. As set out in the Initial Order, the Directors' Charge is intended to rank below the Administration Charge, and above the DIP Lender's Charge.

25. The increased quantum of the Directors' Charge was determined by Arbat, in consultation with the Monitor and the CRO, and is limited to the indemnification obligations and liabilities that the directors may face during the Extended Stay Period. The purpose of the Directors' Charge is to protect the Board from any personal liability that may attach to them because of the Company's failure to meet certain pre-filing obligations.

26. The Company's D&O insurance policy has lapsed, with the result that there is a substantial risk of personal exposure to the Board if the Director's Charge is not increased through the proposed Extended Stay Period.

27. I am advised by the Monitor and the CRO that they support the quantum and approval of the increased Directors' Charge.

D. Amended and Restated DIP Term Sheet

28. The Initial Order approved a DIP Term Sheet between Arbat, as DIP Lender, and the Company, as borrower, dated May 16, 2025 (the "**First DIP Term Sheet**").

29. Arbat and the Company have agreed to amend the First DIP Term Sheet as follows:

(a) *Purpose*: in addition to funding the working capital needs and the Recoverable Expenses of the Company, the DIP Loan shall also be available to fund (i) professional fees and expenses incurred by the Company and the Monitor in respect of these CCAA proceedings, and (ii) the debt service obligations of the Company in accordance with the updated Cash Flow Forecast prepared by the Monitor.

(b) *Principal Amount:* the principal amount of the DIP Loan will be increased to an aggregate of $900,000.

(c) *Advances*: upon the issuance of the ARIO, the balance of the DIP Loan, being $700,000, or such lesser amount as may be approved by the ARIO and secured in full by the increased DIP Lender's Charge, shall be available to the Company in multiple advances in accordance with the Cash Flow Forecast ("**Subsequent Advances**"). Subsequent Advances shall be made in accordance with the Cash Flow Forecast, as may be amended and updated from time to time with Arbat's written consent, or otherwise at Arbat's discretion as DIP Lender upon the receipt of draw requests from the CRO or the Monitor, on behalf of the Company.

(d) *Commitment Fee*: the Company shall pay a commitment fee in the amount of $18,000, representing 2% of the aggregate availability under the DIP Loan. This Commitment Fee includes the Commitment Fee payable under the First DIP Term Sheet.

30. A copy of the Amended and Restated DIP Term Sheet, and a blackline against the First DIP Term Sheet, are attached as **Exhibit "D"** and **Exhibit "E"**, respectively.

31. The Amended and Restated DIP Term Sheet amends and restates the First Dip Term Sheet and is not a novation of the First DIP Term Sheet. All indebtedness, liabilities, and obligations of the Company under the First DIP Term Sheet shall continue as obligations under the Amended and Restated DIP Term Sheet.

E. Increased Amounts to DIP Loan and DIP Lender's Charge

32. Pursuant to the Initial Order, the Court approved the Company's borrowings under the First DIP Term Sheet in the amount of $200,000, which was the amount of interim financing reasonably necessary to "keep the lights on" during the initial Stay Period. A corresponding DIP Lender's Charge in the same amount was also granted.

33. The Company utilized substantially all of the initial borrowing limit under the DIP Loan during the Initial Stay Period.

34. Accordingly, Arbat seeks to increase the maximum borrowings under the DIP Loan to $900,000 plus interest, fees, and expenses, as well as a corresponding increase to the DIP Lender's Charge.

35. The Company requires additional DIP financing to fund operating expenses during the proposed Extended Stay Period. The DIP Loan is currently the Company's only available source of funding.

36. The increase in the quantum of borrowings under the DIP Loan is the amount estimated by Arbat, in consultation with the Monitor and CRO, to be required to operate the Company in the ordinary course of business during the Extended Stay Period.

37. As set out in the Initial Order, the DIP Lender's Charge is intended to rank below the Administration Charge and the Directors' Charge.

V. RELIEF UNDER THE CLAIMS IDENTIFICATION ORDER[1]

38. Arbat seeks the approval of the Claims Identification Order to allow the Company to identify the existing claims against it, including claims against the Board.

39. I understand from my counsel that the Monitor will explain and make recommendations on the Claims Identification Process in its Second Report. The following is a high level summary of certain key aspects of the Claims Identification Process:

(a) *Scope*: to identify and quantify creditor claims against Second Cup to allow the Company to determine what suppliers, if any, may have outstanding claims against the Company.

(b) *Notice Timing*: the Monitor shall send a Proof of Claim Document Package to each Known Creditor within five (5) Business Days following the issuance of the Claims Identification Order;

(c) *Claims Bar Date*: Proofs of Claim must be received by the Monitor by 5:00 p.m. (Eastern Standard Time) on June 30, 2025 (the "**Claims Bar Date**"), approximately 30 days after the date the Claims Identification Order is granted, if granted by this Court, failing which a creditor will be forever barred from advancing a claim against Second Cup or any of its directors and officers.

(d) *Review of Proofs of Claim*: the Monitor, in consultation with the Company, and the directors and officers in respect of any D&O Claim, shall review all Proofs of Claim and may (i) request additional information from a creditor; (ii) request that a creditor file a revised Proof of Claim; (iii) attempt to resolve and settle any issue arising in

[1] Capitalized terms used in this section, but not otherwise defined, have the meaning ascribed to them in the draft Claims Identification Order attached to the within motion record at Tab "5".

a Proof of Claim; (iv) accept (in whole or in part) any Claim; and (v) revise or disallow (in whole or in part) any Claim.

(e) *Notice of Revision or Disallowance*: where a Claim is revised or disallowed, the Monitor shall deliver to the creditor a Notice of Revision or Disallowance, and attach the form of Notice of Dispute of Revision or Disallowance.

(f) *Notice of Dispute of Revision or Disallowance*: any creditor who intends to dispute a Notice of Revision or Disallowance pursuant to the Claims Procedure Order shall deliver a Notice of Dispute of Revision or Disallowance no later than 14 days after receiving the Notice of Revision or Disallowance. The Monitor will also have the discretion to discontinue to dispute of revision or disallowance process in respect of any Claim and to treat such Claim as being entirely unaffected by the Claim Identification Process if the Monitor deems it to be in the best interest of the Debtor and stakeholders to do so.

VI. FORM OF ORDER AND CONCLUSION

40. I swear this affidavit in support of the ARIO and Claims Identification Order substantially in the form contained at Tabs “3” and “5” of the motion record, respectively, and for no other or improper purpose.

AFFIRMED by Alexey Golubovich at London, in the United Kingdom, before me before me at the City of Toronto, in the Province of Ontario, on May 27, 2025, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely. DocuSigned by: Matthew Cressatti DA79353421D842D... Commissioner for Taking Affidavits **MATTHEW CRESSATTI**	Подписант: Alexey Golubovich 3856BACE1F23499... **ALEXEY GOLUBOVICH**

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

AFFIDAVIT OF ALEXEY GOLUBOVICH
(affirmed May 27, 2025)

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Lawyers for the Applicant

This is Exhibit "D" referred to in the Affidavit of Alexey Golubovich affirmed by Alexey Golubovich of the City of London, in the In the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on August 15, 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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 29TH
	)	
JUSTICE CAVANAGH	)	DAY OF MAY, 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

CLAIMS IDENTIFICATION ORDER

THIS MOTION, made by the applicant, Arbat Capital Group Ltd. (the "**Applicant**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order establishing a Claims Identification Process to identify and quantify Claims (defined below), was heard this day via Zoom videoconference.

ON READING the affidavit of Alexey Golubovich, sworn May 27, 2025 and the Exhibits thereto and the report to the court dated May 28, 2025 of Grant Thornton Limited, in its capacity as CCAA monitor ("**Monitor**") of The Second Cup Coffee Company Inc. (the "**Debtor**") dated May 27, 2025, and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, and such other parties listed on the participant information form, with no one else appearing for any other party although duly served as appears from the affidavit of service of Kim Sellers affirmed on May 27, 2025, filed,

SERVICE

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

DEFINITIONS AND INTERPRETATION

2. **THIS COURT ORDERS** that unless otherwise stated, all monetary amounts referenced herein are expressed in Canadian dollars.

3. **THIS COURT ORDERS** that for the purposes of this Order the following terms shall have the following meanings:

(a) "**BIA**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

(b) "**Business Day**" means a day, other than a Saturday or a Sunday, on which banks are generally open for business in Toronto, Ontario.

(c) "**Books and Records**" means the books and records of the Debtor related to the operations of the business of the Debtor, including employee records, account ledgers, transaction records, payment records, and other similar information, either in physical or electronic form.

(d) "**CCAA**" has the meaning ascribed to it in the preamble to this Claims Identification Order.

(e) "**Charges**" shall have the meaning ascribed to it in the Initial Order.

(f) "**Claim**" means each of:

(i) any right or claim of any Person against the Debtor, in connection with any indebtedness, liability or obligation of any kind whatsoever and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including, by reason of any breach of contract (whether oral or written), any breach of duty (including, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property, contracts or assets or right to a trust or deemed trust (whether statutory, express, implied, resulting, constructive or otherwise), the right or ability of any Person to advance a claim for contribution or indemnity (including any claim by a Director or Officer against the Debtor for contribution and/or indemnity arising from any D&O Claim (as defined below)) for or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation (A) is based in whole or in part on facts existing prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) would have been a claim provable in bankruptcy had the Debtor become bankrupt on the Filing Date (each, a "**Pre-Filing Claim**", and collectively, the "**Pre-Filing Claims**");

(ii) any indebtedness, liability or obligation of any kind with respect to the Debtor arising out of the restructuring, termination, repudiation or disclaimer of any lease, contract, or other agreement or obligation on or after the Filing Date, and whether such restructuring, termination, repudiation or disclaimer took place or takes place before or after the date of this Claims Identification Order (each, a "**Restructuring Claim**", and collectively, the "**Restructuring Claims**"); or

(iii) any right or claim of any Person against any of the Directors or Officers of the Debtor, in connection with any indebtedness, liability or obligation of any kind whatsoever and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not such right is executory in nature including any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of the Directors or Officers of the Debtor with respect to any matter, action, cause or chose in action, however arising, for which any Director or Officer of the Debtor is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer of the Debtor (each, a "**D&O Claim**", and collectively, the "**D&O Claims**"); or

(iv) a D&O Indemnity Claim (as defined below),

provided however, that "**Claim**" shall not include an Excluded Claim.

(g) "**Claims Bar Date**" means 5:00 p.m. (prevailing Eastern Time) on June 30, 2025 for Pre-Filing Claims and D&O Claims.

(h) "**Claims Identification Process**" means the Claims Identification Process set out in the Claims Identification Order.

(i) "**Claims Identification Order**" means this Claims Identification Order.

(j) "**Court**" means the Ontario Superior Court of Justice (Commercial List).

(k) "**Creditor**" means any Person with a Claim against the Debtor and includes Litigation Claimants.

(l) "**CRO**" means Mr. Maxim Lojevsky, in his capacity as Court-appointed Chief Restructuring Officer of the Debtor.

(m) "**Directors and Officers**" means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or officer or *de facto* director or officer of any of the Debtor.

(n) "**Document Package**" means a document package that includes a copy of the Notice to Creditors, Instruction Letter and Proof of Claim, and such other materials as the Monitor may consider appropriate or desirable.

(o) "**D&O Claim**" has the meaning ascribed to that term in paragraph 3(f)(iii) of this Claims Identification Order.

(p) "**D&O Indemnity Claim**" means any existing or future right of any Director or Officer against one or more of the Debtor which arose or arises as a result of any Person filing a Proof of Claim (as defined below) in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by one or more of the Debtor.

(q) "**Excluded Claim**" means the following Claims against the Debtor (or any one of them) or any Directors and Officers, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, including any interest accrued thereon or costs incurred in respect thereof:

(i) any Claim of any Secured Creditor in respect of its Secured Debt; or

(ii) any Claim entitled to the benefit of an existing or future Court-ordered priority charge ordered by the Court, including the Charges.

(r) "**Filing Date**" means May 22, 2025.

(s) "**Initial Order**" means the Amended and Restated Initial Order dated May 29, 2025, (as may be further supplemented, amended or varied from time to time).

(t) "**Instruction Letter**" means the guide to this Claims Identification Process, in substantially the form attached as Schedule "B" hereto.

(u) "**Known Creditors**" means:

(i) any Person, which, to the knowledge of the Debtor and the Monitor, based on the Debtor's books and records, was owed monies by the Debtor as of the Filing Date and which monies remain unpaid in whole or in part; and

(ii) any Person who, to the knowledge of the Debtor and the Monitor, commenced a legal or any other proceeding against the Debtor, which legal proceeding was commenced and served upon the Debtor prior to the Filing Date.

(v) "**Litigation**" means *Levelen Corp., Leonid Pekker, and Vera Pekker (Applicants)* and *The Second Cup Coffee Company Inc., Alexey Golubovich, Larissa Khomutova, Maxim Lojevsky, Demetrios Ragas also known as Jim Ragas, Constantinos Ragas, Park Investors LLC, Arbat Capital Group Ltd., and Svetlana Bortsova (Respondents)* (Court File No. CV-24-00727683-00CL)

(w) "**Litigation Claims**" means the Litigation and all Pre-Filing Claims which are raised in, or could have been raised in the Litigation (in fresh proceedings before any court of competent jurisdiction) as of the Filing Date.

(x) "**Litigation Claimant**" means any Person asserting claim in the Litigation, whether by direct claim, counterclaim, or cross-claim. For certainty, a Litigation Claimant is a Creditor for the purposes of this Claims Identification Order.

(y) "**Notice to Creditors**" means the Notice to Creditors for publication in substantially the form attached as Schedule "A" hereto.

(z) "**Notice of Dispute of Revision or Disallowance**" means the notice, substantially in the form attached as Schedule "E" hereto, which may be delivered to the Monitor by a Creditor disputing a Notice of Revision or Disallowance received by such Creditor.

(aa) "**Notice of Revision or Disallowance"** means the notice, substantially in the form attached as Schedule "D" hereto, which may be prepared by the Debtor, in consultation with the Monitor, and delivered by the Monitor to a Creditor revising or disallowing, in part or in whole, a Claim submitted by such Creditor in a Proof of Claim.

(bb) "**Person**" is to be interpreted broadly and includes any individual, firm, general or limited partnership, joint venture, trust, corporation, limited or unlimited liability company, unincorporated organization, association, trust, collective bargaining agent, joint venture, federal or provincial government body, agency or ministry, regulatory body, officer or instrumentality thereof, or any juridical entity, wherever situate or domiciled, and whether or not having legal status, howsoever designated or constituted, and whether acting on their own or in a representative capacity.

(cc) "**Pre-Filing Claim**" has the meaning ascribed to that term in paragraph 3(f)(i) of this Claims Identification Order.

(dd) "**Proof of Claim**" means the proof of claim to be completed and filed with the Monitor by a Person setting forth a Claim and which shall include all supporting documentation in respect of such Claim, substantially in the form attached hereto as Schedule "C".

(ee) "**Restructuring Claim**" has the meaning ascribed to that term in paragraph 3(f)(ii)of this Claims Identification Order.

(ff) "**Restructuring Claims Bar Date**" means, in respect of each Restructuring Claim and each Person having a Restructuring Claim, 5:00 p.m. (prevailing Eastern Time) on the *later of*: (i) the Claims Bar Date; and (ii) the date that is 15 days after the date on which the Monitor sends a Document Package to the Creditor with respect to a Restructuring Claim that arose after the Filing Date.

(gg) **"Secured Creditor"** means the Bank of Montreal ("**BMO**").

(hh) **"Secured Debt"** means all indebtedness owing to the BMO.

(ii) **"Status"** means, with respect to a Claim, whether such claim is an unsecured Claim, Secured Claim, or Equity Claim.

(jj) "**Website**" means the Monitor's website at http://www.doanegrantthornton.ca/SecondCup.

4. **THIS COURT ORDERS** that all references as to time herein shall mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day shall mean

prior to 5:00 p.m. on such Business Day, unless otherwise indicated herein.

5. **THIS COURT ORDERS** that all references to the word "including" shall mean "including without limitation".

6. **THIS COURT ORDERS** that all references to the singular herein include the plural, the plural include the singular, and any gender includes all genders.

MONITOR'S ROLE

7. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA and under the Initial Order, is hereby directed and empowered to take all such other actions and fulfill such other roles as are authorized by this Claims Identification Order or are incidental thereto, and that in taking such other actions and in fulfilling such other roles, the Monitor shall have the protections given to it in the Initial Order, this Claims Identification Order, including the protections provided in paragraph 40 of this Claims Identification Order or any other order of the Court in these CCAA Proceedings, or as an officer of the Court, including the stay of proceedings in its favour.

NOTICE TO CREDITORS

8. **THIS COURT ORDERS** that the Debtor shall provide to the Monitor a complete list of Known Creditors as at the date of this Claims Identification Order, showing for each Known Creditor, their name, address and amount owed pursuant to the Debtor's books and records. For those Known Creditors whose Claims are not liquidated, the Debtor shall provide a value of $1.

9. **THIS COURT ORDERS** that the Monitor shall send the Document Package by ordinary mail or email to the last known mailing address or email address of each Known Creditor within five (5) Business Days following the issuance of the Claims Identification Order.

10. **THIS COURT ORDERS** that with respect to Restructuring Claims arising after the date of this Claims Identification Order, the Monitor shall, no later than five (5) Business Days following the effective date of the termination, repudiation or disclaimer of a lease, contract or

other agreement or obligation, send to the counterparty(ies) of such agreement or obligation a Document Package by email or regular mail if the email address is not known.

11. **THIS COURT ORDERS** that as soon as practicable, the Monitor shall cause the Notice to Creditors to be published, for at least one (1) Business Day, in the Globe and Mail (National Edition).

12. **THIS COURT ORDERS** that the Monitor shall cause the Notice to Creditors, the Document Package and the Claims Identification Order to be posted to the Website as soon as reasonably possible and cause it to remain posted thereon until its discharge as Monitor of the Debtor.

13. **THIS COURT ORDERS** that to the extent that any Person requests documents relating to the Claims Identification Process prior to the Claims Bar Date or the Restructuring Claims Bar Date, as applicable, the Monitor shall forthwith cause a Document Package to be sent to such Person by email or direct the Person to the documents posted on the Website, and otherwise respond to any request relating to the Claims Identification Process as may be appropriate in the circumstances.

CLAIMS BAR DATES

14. **THIS COURT ORDERS** that all Proofs of Claim with respect to: (a) Pre-Filing Claims, shall be filed with the Monitor on or before the Claims Bar Date; (b) Restructuring Claims, shall be filed with the Monitor on or before the Restructuring Claims Bar Date; and, (c) D&O Claims, shall be filed with the Monitor on or before the Claims Bar Date, except to the extent that the D&O Claim relates to a Restructuring Claim, in which case such D&O Claim shall be filed with the Monitor on or before the applicable Restructuring Claims Bar Date.

15. **THIS COURT ORDERS** that, subject to any Claims deemed to be Proven Claims pursuant to paragraph 26 of this Claims Identification Order, any Creditor that does not file a Proof of Claim as provided for herein such that such Proof of Claim is received by the Monitor on or before the applicable Claims Bar Date or Restructuring Claims Bar Date: (a) shall be, and is hereby forever barred, estopped, and enjoined from making or enforcing such Claim against the Debtor or the Directors or Officers, or any of them, the Debtor and or the Directors or

Officers shall not have any liability whatsoever in respect of such Claim and such Claim shall be extinguished without any further act or notification by the Debtor and or the Monitor; and (b) shall not be entitled to any further notice thereof, and shall not be entitled to participate as a Creditor in these proceedings.

PROOFS OF CLAIM

16. **THIS COURT ORDERS** that each Creditor, including Litigation Claimants, shall file a Proof of Claim against the Debtor and shall include any and all Claims it asserts against the Debtor in a single Proof of Claim.

17. **THIS COURT ORDERS** that if a Creditor is asserting a Claim against the Debtor and against the Directors or Officers of the Debtor, all such Claims shall be included in the same Proof of Claim.

18. **THIS COURT ORDERS** that where a Claim against the Debtor is based on the Debtor's guarantee of the repayment of a debt of any other Person, the Proof of Claim in respect of such Claim shall clearly state that it is based on such a guarantee.

19. **THIS COURT ORDERS** that if any Claim arose in a currency other than Canadian dollars, then the Creditor making the Claim shall complete its Proof of Claim indicating the amount of the Claim in such currency. The Monitor shall subsequently convert any Claim filed in a foreign currency to Canadian dollars at the Bank of Canada exchange rate on the Filing Date.

20. **THIS COURT ORDERS** that the Monitor shall supervise the receipt and collection of the Proofs of Claim and, in conjunction with the Debtor (and any Director and/or Officer against whom a D&O Claim is asserted), shall, subject to further order of the Court, review each Proof of Claim submitted by the Claims Bar Date or the Restructuring Claims Bar Date, as applicable. The Monitor shall, upon request, provide the Debtor's counsel with copies of all Proofs of Claim and any other documents delivered to the Monitor pursuant to the Claims Identification Process.

NOTICE SUFFICIENT

21. **THIS COURT ORDERS** that each of the:

(a) Notice to Creditors attached as Schedule "A";

(b) Instruction Letter attached as Schedule "B";

(c) Proof of Claim form attached as Schedule "C";

(d) Notice of Revision or Disallowance attached as Schedule "D"; and

(e) Notice of Dispute of Revision or Disallowance attached as Schedule "E"

are hereby approved in substantially the forms attached. Despite the foregoing, the Monitor may, from time to time, and with the consent of the Debtor, make minor changes to such forms as the Monitor considers necessary or desirable.

22. **THIS COURT ORDERS** that publication of the Notice to Creditors on the Website and in the Globe and Mail (National Edition), posting of the Document Package on the Website, the sending of the Document Package to the Known Creditors in accordance with this Claims Identification Order, and completion of the other requirements of this Claims Identification Order shall constitute good and sufficient service and delivery of notice of a Creditor's Claim, this Claims Identification Order, the Claims Identification Process, the Claims Bar Date, and the Restructuring Claims Bar Date on all Persons who may be entitled to receive notice, and no other notice or service need be given or made and no other document or material need be sent to or served upon any Person in respect of this Claims Identification Order or the Claims Identification Process.

23. **THIS COURT ORDERS** that the Monitor, in consultation with the Debtor and the applicable Director or Officer in respect of any D&O Claim, is hereby authorized (a) to use its reasonable discretion as to the adequacy of compliance with respect to the manner and timing in which forms delivered hereunder are completed and executed, and may, where it is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of this Claims Identification Order as to completion and execution of such forms and (b) to request any further documentation from a Claimant that the Debtor or the Monitor may reasonably require in order to determine the validity and/or status of a Claim. Notwithstanding any other provision of this Claims Identification Order, any Claim filed with the Monitor after the applicable Claims Bar

Date or Restructuring Claims Bar Date may, in the reasonable discretion of the Monitor or subject to further Order of the Court, be deemed to have been filed on or before the applicable Claims Bar Date or Restructuring Claims Bar Date, and, subject to further Order of this Court, may be reviewed by the Monitor.

D&O INDEMNITY CLAIM

24. **THIS COURT ORDERS** that to the extent any D&O Claim is filed in accordance with this Claims Identification Order, a corresponding D&O Indemnity Claim shall be automatically and immediately deemed to have been filed in respect of such D&O Claim.

ADJUDICATION AND RESOLUTION PROCESS FOR CLAIMS

25. **THIS COURT ORDERS** that the Monitor, in consultation with the Debtor (and in the case of a D&O Claim, in consultation with the applicable Director and/or Officer) shall review all Proofs of Claim filed in accordance with this Claims Identification Order and at any time may (a) request additional information from a Creditor; (b) request that a Creditor file a revised Proof of Claim; (c) attempt to resolve and settle any issue arising in a Proof of Claim or in respect of a Claim; (d) accept (in whole or in part) the amount and/or Status of any Claim and so notify the Creditor in writing; and (e) revise or disallow (in whole or in part) the amount and/or Status of any Claim and so notify the Creditor in writing.

26. **THIS COURT ORDERS** that where a Claim has been accepted by the Monitor in accordance with this Claims Identification Order, such Claim shall constitute such Creditor's "**Proven Claim**". The acceptance of any Claim or other determination of same in accordance with this Claims Identification Order, in full or in part, shall not constitute an admission of any fact, thing, liability, or quantum or Status of any claim by any Person, save and except in the context of this CCAA proceedings and, in respect of Litigation Claims, the Litigation.

27. **THIS COURT ORDERS** that where a Claim is revised or disallowed (in whole or in part, and whether as to amount and/or Status), the Monitor shall deliver to the Creditor a Notice of Revision or Disallowance, attaching the form of Notice of Dispute to such Revision or Disallowance.

28. **THIS COURT ORDERS** that any Person who intends to dispute a Notice of Revision or Disallowance sent pursuant to paragraph 27 hereof shall deliver a Notice of Dispute of Revision or Disallowance to the Monitor, by 5:00 p.m. (Eastern Time) on the day that is not later than fourteen (14) days after the Business Day on which the Notice of Revision or Disallowance was sent, or such longer period as may be agreed to by the Monitor in writing. The receipt of a Notice of Dispute of Revision or Disallowance by the Monitor within the fourteen (14) day period specific in this paragraph shall constitute an application to have the amount and/or Status of such claim determined pursuant to the Claims Identification Process as provided in this Claims Identification Order.

29. **THIS COURT ORDERS** that if any Person who received a Notice of Revision or Disallowance does not return a Notice of Dispute of Revision or Disallowance in accordance with paragraph 28 of this Claims Identification Order, the value and Status of such Claim shall be deemed to be set out in the Notice of Revision or Disallowance for voting and distribution purposes, and the Creditor will be barred from disputing or appealing same, and the balance of such Creditor's Claim, if any, shall be forever barred and extinguished.

30. **THIS COURT ORDERS** that as soon as practicable after a Notice of Dispute of Revision or Disallowance is received by the Monitor in accordance with this Claims Identification Order, the Monitor, in consultation with the Debtor, may attempt to resolve and settle the Claim with the Creditor.

31. **THIS COURT ORDERS** that in the event that a dispute raised in a Notice of Dispute of Revision or Disallowance is not settled within a reasonable time period or in a manner satisfactory to the Monitor, the Monitor may, at its sole discretion, refer the dispute to a claims officer ("**Claims Officer**") for determination. The Claims Officer shall be chosen by the Monitor in its sole direction, subject to the following qualifications: the Claims Officer shall be (i) a former judge of the Court (ii) a member of the Chartered Institute of Arbitrators holding either the FCIArb or C.Arb designation.

32. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, the Monitor may, at its sole discretion, discontinue the adjudication process in respect of any Claim following the delivery by a Claimant of a Notice of Dispute of Revision or Disallowance and deem such

Claim as entirely unaffected by this Claim Identification Process if the Monitor deems doing so to be in the best interest of the Debtor and its stakeholders.

33. **THIS COURT ORDERS** that the Debtor shall pay the reasonable professional fees and disbursements of the Claims Officer on presentation and acceptance of invoices from time to time. The Claims Officer shall be entitled to a reasonable retainer against his fees and disbursements, which shall be paid upon request by the Debtor with the consent of the Monitor.

34. **THIS COURT ORDERS** that, subject to further order of the Court, the Claims Officer shall determine the Status and/or amount of each Claim in respect of which a dispute has been referred to such Claims Officer and in doing so, the Claims Officer shall be empowered to determine (a) all timetable and other procedural matters which may arise in respect of the determination of any Claim; (b) the process by which evidence will be brought before them; (c) interlocutory motions, if any; and (d) costs, if any, between the parties of any hearing before the Claims Officer.

35. **THIS COURT ORDERS** that if a Litigation Claim is referred to the Claims Officer, the relevant parties are directed to consult with the Claims Officer, forthwith after the Litigation Claim is referred to the Claims Officer, for the purposes of establishing a litigation timetable.

36. **THIS COURT ORDERS** that the Monitor or the Creditor may appeal the Claims Officer's determination to this Court by serving upon the other and filing with this Court, within ten (10) calendar days of notification of the Claims Officer's determination of such Creditor's Claim, a notice of motion returnable on a date to be fixed by this Court. If a notice of motion is not filed within such period, then the Claims Officer's determination shall be deemed to be final and binding and shall be such Creditor's Proven Claim.

NOTICE OF TRANSFEREES

37. **THIS COURT ORDERS** that neither the Debtor nor the Monitor shall be obligated to give notice to or to otherwise deal with a transferee or assignee of a Claim as the Creditor in respect thereof unless and until (a) actual written notice of transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received by the Monitor, and (b) the Monitor shall have acknowledged in writing such transfer or assignment, and

thereafter such transferee or assignee shall, for the purposes hereof, constitute the "Creditor" in respect of such Claim. Any such transferee or assignee of a Claim, and such Claim, shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Identification Order prior to the written acknowledgement by the Monitor of such transfer or assignment.

38. **THIS COURT ORDERS** that if the holder of a Claim has transferred or assigned the whole of such Claim to more than one Person or part of such Claim to another Person or Persons, such transfer or assignment shall not create a separate Claim or Claims and such Claim shall continue to constitute and be dealt with as a single Claim notwithstanding such transfer or assignment, and the Applicant and the Monitor shall in each such case not be bound to acknowledge or recognize any such transfer or assignment and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim in whole as the Creditor in respect of such Claim. Provided that a transfer or assignment of the Claim has taken place in accordance with paragraph 37 of this Claims Identification Order and the Monitor has acknowledged in writing such transfer or assignment, the Person last holding such Claim in whole as the Creditor in respect of such Claim may by notice in writing to the Monitor direct that subsequent dealings in respect of such Claim, but only as a whole, shall be with a specified Person and, in such event, such Creditor, such transferee or assignee of the Claim and the whole of such Claim shall be bound by any notices given or steps taken in respect of such Claim, by or with respect to such Person in accordance with this Claims Identification Order.

39. **THIS COURT ORDERS** that the transferee or assignee of any Claim (a) shall take the Claim subject to the rights and obligations of the transferor/assignor of the Claim, and subject to the rights of the Debtor against any such transferor or assignor, including any rights of set-off which the Debtor had against such transferor or assignor, and (b) cannot use any transferred or assigned Claim to reduce any amount owing by the transferee or assignee to the Debtor, whether by way of set off, application, merger, consolidation or otherwise.

PROTECTIONS FOR MONITOR

40. **THIS COURT ORDERS** that: (a) in carrying out the terms of this Claims Identification Order,

the Monitor shall have all of the protections given to it by the CCAA and the Initial Order or as an officer of this Court, including the stay of proceedings in its favour; (b) the Monitor shall incur no liability or obligation as a result of the carrying out of the provisions of this Claims Identification Order, except to the extent that the Monitor has acted with gross negligence or willful misconduct; (c) the Monitor shall be entitled to rely on the Books and Records of the Debtor and any information provided by the Debtor, all without independent investigation; (d) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information; and (d) the Monitor may seek assistance from the Debtor or its advisors as may be reasonably required to carry out its duties and obligations pursuant to this Claims Identification Order, including making such inquiries and obtaining such records and information as it deems appropriate in connection with the Claims Identification Process.

DIRECTIONS

41. **THIS COURT ORDERS** that the Debtor or the Monitor may, at any time, and with such notice as this Court may require, seek directions from the Court with respect to this Claims Identification Order and the Claims Identification Process set out herein, including the forms attached as Schedules hereto.

SERVICE AND NOTICE

42. **THIS COURT ORDERS** that the Monitor or the Debtor, as the case may be, are at liberty to deliver the Document Package, and any letters, notices or other documents to Creditors or other interested Persons, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission to such Persons at the address as last shown on the records of the Applicant and that any such service or notice by courier, personal delivery or electronic or digital transmission shall be deemed to be received on the next Business Day following the date of forwarding thereof, or if sent by prepaid ordinary mail, on the third Business Day after mailing.

43. **THIS COURT ORDERS** that any notice or other communication (including Proofs of Claim) to be given under this Claims Identification Order by a Creditor to the Monitor shall be in writing in substantially the form, if any, provided for in this Claims Identification Order and

will be sufficiently given only if given by electronic or digital transmission, prepaid ordinary mail, courier, or personal delivery addressed to:

Grant Thornton Limited -
The Court Appointed Monitor of The Second Cup Coffee Company
200 King Street West, 11th Floor
Toronto, Ontario, Canada
M5H 3T4

Email: claimsubmission@ca.gt.com

44. **THIS COURT ORDERS** that any such notice or other communication by a Creditor to the Monitor shall be deemed received only upon actual receipt thereof, provided that any notice or communication by a Creditor to the Monitor that is received by the Monitor on a non-Business Day or after 5:00 p.m. (prevailing Eastern Time) shall be deemed to have been received on the next Business Day.

MISCELLANEOUS

45. **THIS COURT ORDERS** that notwithstanding any other provision of this Claims Identification Order, the solicitation of Proofs of Claim, and the filing by a Person of any Proof of Claim, shall not, for that reason only, grant any Person any standing in the CCAA proceedings.

46. **THIS COURT ORDERS** that notwithstanding the terms of this Claims Identification Order, and without limitation to paragraph 40 of this Claims Identification Order, the Monitor may apply to this Court from time to time for directions from this Court with respect to this Claims Identification Order, or for such further order or orders as any of them may consider necessary or desirable to amend, supplement or clarify the terms of this Claims Identification Order.

47. **THIS COURT ORDERS** that this Claims Identification Order shall have full force and effect in all provinces and territories in Canada, outside Canada and against all Persons against whom it may be enforceable.

48. **THIS COURT ORDERS THAT** if, during any period in which notices or other

communications are being given pursuant to this Claims Identification Order, a postal strike or postal work stoppage of general application should occur, such notices or other communications sent by ordinary or registered mail shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, facsimile transmission or email in accordance with this Claims Identification Order.

49. **THIS COURT ORDERS AND REQUESTS** the aid and recognition of any court of any judicial, regulatory or administrative body in any province or territory of Canada (including the assistance of any court in Canada pursuant to section 17 of the CCAA) and of any other nation or state, to act in aid of and to be complementary to this Court in carrying out the terms of this Claims Identification Order. All courts, tribunals, and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Debtor and the Monitor, as an officer of the Court, as may be necessary or desirable to give effect to this Claims Identification Order or to assist the Debtor and the Monitor and their respective agents in carrying out the terms of this Claims Identification Order.

50. **THIS COURT ORDERS** that this Claims Identification Order and all of its provisions are effective as of 12:01 a.m. Eastern Time on the date of this Claims Identification Order, and is enforceable without any need for entry and filing.

SCHEDULE "A" – NOTICE TO CREDITORS

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

NOTICE LETTER FOR THE CLAIMS IDENTIFICATION PROCESS
THE SECOND CUP COFFEE COMPANY INC.

RE: NOTICE OF CLAIMS IDENTIFICATION PROCESS, PRE-FILING CLAIMS BAR DATE AND RESTRUCTURING CLAIMS BAR DATE

This notice is being published pursuant to an Order of the Superior Court of Justice (Commercial List) in Ontario dated May 29, 2025 (the "**Claims Identification Order**") in proceedings under the *Companies' Creditors Arrange Act,* R.S.C., 1985 c. C-36, as amended, with respect to The Second Cup Coffee Company Inc. (the "**Debtor**").

Pursuant to the Initial Order dated May 22, 2025, Grant Thornton Limited was appointed as monitor of the Debtor (on such capacity, the "**Monitor**"), and pursuant to the claims identification process (the "**Claims Identification Process**") with respect to claims against the Debtor and its present and former Directors and Officers (the "**Directors/Officers**"). Additionally, the Monitor is required to send Claims Packages to, among other, the Debtor's Known Claimants. All capitalized terms not defined herein shall have the meanings ascribed to them in the Claims Identification Order.

The Claims Identification Order, the Claims Package, a Proof of Claim form and related materials may be accessed from the Monitor's Website at https://www.doanegrantthornton.ca/SecondCup.

All persons wishing to assert a claim (other than an Excluded Claim) against the Debtor or its Directors/Officers **MUST** file a Proof of Claim with the Monitor.

The claims bar date is 5:00 p.m. (Toronto Time) on June 30, 2025 (the "**Claims Bar Date"**). Proofs of Claim must be completed and filed with the Monitor on or before the Claims Bar Date.

The Restructuring Claims Bar Date is 5:00 p.m. (Toronto Time) on the date that is the later of (i) the Claims Bar Date and (ii) the date that is 15 days after the date on which the Monitor sends a Documents Package to the Creditor with respect to such Restructuring Claim. Proofs of Claim in respect of Restructuring Claims must be completed and filed with the Monitor using the procedures required in the Claims Identification Order so that they are received by the Monitor on or before the Restructuring Claims Bar Date.

PROOFS OF CLAIM MUST BE RECEIVED BY THE MONITOR BY THE CLAIMS BAR DATE OR THE CLAIM WILL BE FOREVER BARRED AND EXTINGUISHED. If you are required to file a Proof of Claim pursuant to the Claims Identification Process but do not file a Proof of Claim in respect of a Claim by the Bar Date, or a Proof of Claim is not filed on your behalf you shall not be entitled to vote at any Meeting regarding a Plan or participate in any distribution under a Plan, if any, or otherwise in respect of such Claims.

Reference should be made to the Claims Identification Order for the complete definitions of "**Claim**", "**Pre-Filing Claim**", and "**D&O Claim**" to which the Claims Identification Process applies.

The Monitor can be contacted at the following address to request a Claims Package or for any other notices of enquiries with respect to the Claims Identification Process.

Grant Thornton Limited -
The Court Appointed Monitor of The Second Cup Coffee Company
200 King Street West, 11th Floor
Toronto, Ontario, Canada
M5H 3T4

Email: claimsubmission@ca.gt.com

DATED at Toronto, Ontario, this 29th day of May, 2025.

Grant Thornton Limited,
solely in its capacity as Monitor of The
Second Cup Coffee Company Inc., and
not in its personal capacity.

SCHEDULE "B" - INSTRUCTION LETTER FOR CLAIMS IDENTIFICATION PROCESS

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

INSTRUCTION LETTER FOR THE CLAIMS IDENTIFICATION PROCESS

THE SECOND CUP COFFEE COMPANY INC.

I. CLAIMS IDENTIFICATION PROCESS

By Order of the Superior Court of Justice (Commercial List) in Ontario dated May 29, 2025 (the "**Claims Identification Order**"), Grant Thornton Limited, in its capacity as the Court - appointed monitor (in such capacity, the "**Monitor**") of The Second Cup Coffee Company Inc. ("**Second Cup**" or the "**Debtor**"), has been authorized to assist the Debtor in conducting a claims identification process (the "**Claims Identification Process**") with respect to claims against the Debtor and the present or former Directors and Officers ("**Directors/Officers**"). The Claims Identification Order governs the filing and identification of all Claims against Second Cup and its Directors/Officers.

Unless otherwise defined, all capitalized terms used herein shall have the meanings ascribed to them in the Claims Identification Order.

The Claims Identification Order, the Claims Package, a Proof of Claim form and related materials may be accessed from the Monitor's Website at https://www.doanegrantthornton.ca/SecondCup.

This letter provides instructions for completing the Proof of Claim. Reference should be made to the Claims Identification Order for a complete description of the Claims Identification Process.

The Claims Identification Process is intended for any Person with any Claims, other than Excluded Claims, of any kind or nature whatsoever against the Debtor the Directors/Officers or any of them, whether liquidated, unliquidated, contingent or otherwise. Please review the enclosed material for the complete definitions of "**Claim**", "**Pre-Filing Claim**" "**Restructuring Claim**" and "**D&O Claim**" to which the Claims Identification Process applies.

All notices and enquiries with respect to the Identification Process should be addressed to:

Grant Thornton Limited -
The Court Appointed Monitor of The Second Cup Coffee Company
200 King Street West, 11th Floor
Toronto, Ontario, Canada
M5H 3T4

Email: Michael.Dellaire@doane.gt.ca

II. FOR CLAIMANTS SUBMITTING A PROOF OF CLAIM

If you believe that you have a Claim (other than an Excluded Claim), you MUST file a Proof of Claim with the Monitor.

All Proofs of Claim for Pre-Filing Claims (including D&O Claims), which for greater certainty are Claims against the Debtor arising prior to the Filing Date of May 22, 2025, and (ii) D&O Claims, must be received by the Monitor before 5:00 p.m. (Toronto Time) on June 30, 2025 (the "**Claims Bar Date**"). All Proofs of Claim for Restructuring Claims must be received by is 5:00 p.m. (Toronto Time) on the date that is the later of (i) the Claims Bar Date and (ii) the date that is 15 days after the date on which the Monitor sends a Documents Package to the Creditor with respect to such Restructuring Claim.

PROOFS OF CLAIM MUST BE RECEIVED BY THE CLAIMS BAR DATE OR THE APPLICABLE CLAIM WILL BE FOREVER BARRED AND EXTINGUISHED. If you are required to file a Proof of Claim pursuant to the Claims Identification Process but do not file a Proof of Claim in respect of a Claim by the Claims Bar Date or a Proof of Claim is not filed on your behalf, you shall not be entitled to vote at any Meeting regarding a Plan or participate in any distribution under a Plan or otherwise in respect of such Claims.

All Claims denominated in foreign currency shall be converted to Canadian dollars at the Bank of Canada daily average exchange rate in effect on May 29, 2025, the date of granting the Claims Identification Order.

Additional Proofs of Claim forms can be accessed from the Monitor's website at www.doanegrantthornton.ca/SecondCup.

DATED at Toronto, Ontario, this 29th day of May, 2025.

Grant Thornton Limited,
solely in its capacity as Monitor of The
Second Cup Coffee Company Inc., and
not in its personal capacity.

SCHEDULE "C" - PROOF OF CLAIM FORM

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

PROOF OF CLAIM

THE SECOND CUP COFFEE COMPANY INC.
(the "Debtor")

Please read carefully the enclosed Instruction Letter for completing this Proof of Claim. All capitalized terms not defined herein have the meanings ascribed to them in the Claims Identification Order dated May 29, 2025.

I. PARTICULARS OF CLAIMANT:

1. Full Legal Name of Claimant:

____
(the "Claimant")

2. Full Mailing Address of the Claimant:

____

____

____

3. Telephone Number: ______________________________

4. E-Mail Address: ______________________________

5. Facsimile Number: ______________________________

6. Attention (Contact Person): ______________________________

7. Have you acquired this Claim by assignment?

Yes; □ No: □ (if yes, attach documents evidencing assignment) If Yes,

Full Legal Name of Original Claimant(s):

II. PROOF OF CLAIM:

1. I,

____

(name of Claimant or Representative of the Claimant), of ______________________________

____ do hereby certify:
(city and province)

(a) that I [check (□) one]

□ am the Claimant; OR

□ am ______________________________ (state position or title) of

____

(name of Claimant)

(b) that I have knowledge of all the circumstances connected with the Claim referred to below;

(c) that complete documentation in support of the Claim referred to below is attached; and

(d) that the Debtor and/or one or more of the Directors or Officers of the Debtor were and still are indebted to the Claimants as follows:[1]

[1] Claims in a foreign currency are to be converted to Canadian Dollars at the Bank of Canada daily average exchange rate in effect on May 22, 2025.

Debtor	Claim Amount	Whether Claim is Secured, Restructuring, Unsecured, or Unsecured	Value of Security Held, if any:
The Second Cup Coffee Company Inc.			
Directors and Officers of The Second Cup Coffee Company Inc. ________________ (insert names above)			

____

III. PARTICULARS OF CLAIM

The particulars of the undersigned's total Claim (including D&O Claims) are attached.

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) or legal breach(es) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, particulars and copies of any security and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed. If a Claim is made against any Directors or Officers, specify the applicable Directors or Officers and the legal basis for the Claim against each of them.)

IV. FILING OF CLAIM

For Pre-Filing Claims (including D&O Claims), this Proof of Claim MUST be received by the Monitor before 5:00 p.m. (Toronto Time) on June 30, 2025 (the "Claims Bar Date").

For Restructuring Claims, this Proof of Claim MUST be received by the Monitor before 5:00 p.m. (Toronto Time) on the date that is the later of (i) the Claims Bar Date and (ii) the date that is 15 days after the date on which the Monitor sends a Documents Package to the Creditor with respect to such Restructuring Claim.

In either case, completed forms must be delivered by prepaid ordinary mail, registered mail, courier, personal delivery or email addressed:

Grant Thornton Limited -
The Court Appointed Monitor of The Second Cup Coffee Company
200 King Street West, 11th Floor
Toronto, Ontario, Canada
M5H 3T4

Email: claimsubmission@ca.gt.com

Failure to file your Proof of Claim as directed by the Claims Bar Date or Restructuring Claims Bar Date, as applicable, will result in your Claim being extinguished and forever barred and in you being prevented from making or enforcing a Claim against the Debtor or any of its present or former Directors and Officers.

DATED at ______________________________ this _______ day of ______________, 2025.

____

Signature of Claimant

SCHEDULE "D" - NOTICE OF REVISION OR DISALLOWANCE

For persons who have asserted Claims against the Debtor and/or D&O Claims against the Directors and/or Officers of the Debtor

TO: [**INSERT NAME AND ADDRESS OF CLAIMANT**] (the "**Claimant**")

RE: Claim Reference Number: ______________________________

Capitalized terms used but not defined in the Notice of Revision or Disallowance shall have the meanings ascribed to them in the Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA proceedings of the Debtor dated **May 29, 2025** (the "**Claims Identification Order**"). You can obtain a copy of the Claims Identification Order on the Monitor's Website at: http://www.doanegrantthornton.ca/SecondCup

Pursuant to the Claims Identification Order, the Monitor hereby gives you notice that the Monitor, in consultation with the Debtor, have reviewed your Proof of Claim or D&O Proof of Claim and have revised or disallowed all or part of your purported Claim set out therein for voting and/or distribution purposes. Subject to further dispute by you in accordance with the Claims Identification Order, your Claim will be as follows:

Prefiling Claims

	Amount as Submitted		**Amount allowed by the Monitor for voting purposes:**	**Amount allowed by the Monitor for distribution purposes:**
	Currency			
A. Unsecured		$	$	$
B. Priority		$	$	$
C. D&O Claim		$	$	$
D. Total Claim		$	$	$

Restructuring Claims

	Amount as Submitted		**Amount allowed by the Debtor's for voting purposes:**	**Amount allowed by the Debtor for distribution purposes:**
	Currency			
A. Unsecured		$	$	$
B. Priority		$	$	$
C. D&O Claim		$	$	$
D. Total Claim		$	$	$

Reasons for Revision or Disallowance:

____

____

____

____

SERVICE OF DISPUTE NOTICES

If you intend to dispute your Claim specified in this Notice of Revision or Disallowance for voting and/or distribution purposes, you must, by no later than 5:00 p.m. (Toronto time) on the day that is **fourteen (14) days after this Notice of Revision or Disallowance is deemed to have been received by you** (in accordance with paragraph 28 of the Claims Identification Order), deliver a Notice of Dispute of Revision or Disallowance to the Monitor (by prepaid ordinary mail, registered mail, courier, personal delivery or email) at the address listed below.

If you do not dispute this Notice of Revision or Disallowance in the prescribed manner and within the aforesaid time period, your Claim shall be deemed to be as set out herein.

If you agree with this Notice of Revision or Disallowance, there is no need to file anything further with the Monitor.
The address of the Monitor is set our below:

> **Grant Thornton Limited -**
> **The Court Appointed Monitor of The Second Cup Coffee Company**
> 200 King Street West, 11th Floor
> Toronto, Ontario, Canada
> M5H 3T4
>
> **Email: claimsubmission@ca.gt.com**

In accordance with the Claims Identification Order, notices shall be deemed received by the Monitor upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Bay
The form of Notice of Dispute of Revision or Disallowance is enclosed and can also be accessed on the Monitor's website at http://www.doanegrantthornton.ca/SecondCup

IF YOU FAIL TO FILE A NOTICE OF DISPUTE OF REVISIONS OR DISALLOWANCE WITHIN THE PRESCRIBED TIME PERIOD, THIS NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.

DATED this ● day of ●, 2025

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

Per: ________________________________

SCHEDULE "E" - NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE

With respect to Claims against the Debtor and/or D&O Claims against the Directors and/or Officers of the Debtor

Capitalized terms used but not defined in the Notice of Revision or Disallowance shall have the meanings ascribed to them in the Order of the Ontario Superior Court of Justice (Commercial List) in the CCAA proceedings of the Debtor dated **May 29, 2025** (the "Claims Identification Order"). You can obtain a copy of the Claims Identification Order on the Monitor's website at: http://www.doanegrantthornton.ca/SecondCup

1. Particulars of the Holder of the Claim:

Claims Reference Number: ____________________________

Full Legal Name of Claimant (include trade name, if different)

____

____

(the "**Claimant**")

Full Mailing Address of the Claimant:

____

____

Other Contact Information of the Claimant:

Telephone Number: ____
Email Address: ____
Facsimile Number: ____
Attention (Contact Person): ____

2. Particulars of original Claimant from whom you acquired the Claim or D&O Claim (if applicable):

Have you acquired this Claim by assignment?[2]

Yes: [ ] No: [ ]

If yes, and if not already provided, attach documents evidencing assignment.

Full Legal Name of original Claimant(s): ___________________________________

3. Dispute of Revision or Disallowance of Claim:

The Claimant hereby disagrees with the value of its Claim as set out in the Notice of Revision or Disallowance dated ____________________, and asserts a Claim as follows:

Prefiling Claims

	Currency		**Amount allowed by the Monitor in the Notice of Revision or Disallowance for voting/distribution purposes:**	**Amount claimed by Claimant for voting/distribution purposes:**
A. Unsecured				
Voting			$	$
Distribution			$	$
B. Priority				
Voting			$	$
Distribution			$	$
C. D&O Claim				
Voting			$	$
Distribution			$	$
D. Total Claim				
Voting			$	$
Distribution			$	$

[2] Only select 'Yes' if you have been transferred the Claim being referenced herein from another Person.

Restructuring Claims

	Currency		**Amount allowed by the Monitor in the Notice of Revision or Disallowance for voting/distribution purposes:**	**Amount claimed by Claimant for voting/distribution purposes:**
A. Unsecured				
Voting			$	$
Distribution			$	$
B. Priority				
Voting			$	$
Distribution			$	$
C. D&O Claim				
Voting			$	$
Distribution			$	$
D. Total Claim				
Voting			$	$
Distribution			$	$

(Insert particulars of your Claim per the Notice of Revision or Disallowance, and the value of your Claim as asserted by you).

4. **Reasons for Dispute:**

Provide full particulars of why you dispute the revision or disallowance of your Claim as set out in the Notice of Revision or Disallowance, and provide all supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, and amount of Claim allocated thereto, date and number of all invoices, particular of all credits, discounts, etc. claimed, as well as a description of the security, if any, granted to the Claimant and the estimated value of such security. The particulars provided must support the value of the Claim as stated by you in item 3, above.

____

____

____

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____

____

5. Certification

I hereby certify that:

I am the Claimant or an authorized representative of the Claimant.
I have knowledge of all the circumstances connected with this Claim.
The Claimant submits this Notice of Dispute of Revision or Disallowance in respect of the Claim referenced above.
All available documentation in support of the Claimant's dispute is attached.

All information submitted in this Notice of Dispute of Revision or Disallowance must be true, accurate, and complete. Filing false information relating to your Claim may result in your Claim being disallowed in whole or in part and may result in further penalties.

Witness:

Signature: ______________________ ______________________________
(signature)

Name: ______________________
(print)

Title: ______________________

Dated at ______________ this________ day of_________, 2025.

This Notice of Dispute of Revision or Disallowance MUST be returned to and received by the Monitor at the below address **by no later than 5:00 p.m. (Toronto time) on the day that is fourteen (14) days after this Notice of Revision or Disallowance is deemed to have been received by you** (in accordance with the Claims Identification Order, a copy of which can be found on the Monitor's website at http://www.doanegrantthornton.ca/SecondCup

Delivery to the Monitor may be made by ordinary prepaid mail, registered mail, courier, personal delivery or email to the address below.

Grant Thornton Limited -
The Court Appointed Monitor of The Second Cup Coffee Company
200 King Street West, 11th Floor
Toronto, Ontario, Canada
M5H 3T4

Email: claimsubmission@ca.gt.com

In accordance with the Claims Identification Order, notices shall be deemed received by the Monitor upon actual receipt thereof by the Monitor during normal business hours on a Business Day, or if delivered outside of normal business hours, on the next Business Day

The form of Notice of Dispute of Revision or Disallowance is enclosed and can also be accessed on the Monitor's website at http://www.doanegrantthornton.ca/SecondCup

IF YOU FAIL TO FILE A NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE WITHIN THE PRESCRIBED TIME PERIOD, YOUR CLAIM AS SET OUT IN THE NOTICE OF REVISION OR DISALLOWANCE WILL BE BINDING UPON YOU.

ARBAT CAPITAL GROUP LTD.
Applicant

and

THE SECOND CUP COFFEE COMPANY INC.
Respondent

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

CLAIMS IDENTIFICATION ORDER

MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 6400
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

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

MOTION RECORD
(Returnable May 29, 2025)

MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 6400
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

This is Exhibit "E" referred to in the Affidavit of Alexey Golubovich affirmed by Alexey Golubovich of the City of London, in the In the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on August 15, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Matthew Cressatti

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

STALKING HORSE SUBSCRIPTION AGREEMENT

THIS STALKING HORSE SUBSCRIPTION AGREEMENT is made as of the 15th day of August, 2025 (the "**Effective Date**")

BETWEEN:

THE SECOND CUP COFFEE COMPANY INC., a corporation formed pursuant to the laws of the Province of Ontario (hereinafter referred to as the "**Company**")

\- and -

ARBAT CAPITAL GROUP LTD., a corporation formed pursuant to the laws of the British Virgin Isles, or its nominee (hereinafter referred to as the "**Purchaser**")

RECITALS:

A. Pursuant to the Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued May 22, 2025 (as amended and restated on May 29, 2025, and as may be further amended or amended and restated, the "**Initial Order**") the Purchaser commenced proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") in respect of the Company, and Grant Thornton Limited was appointed as Monitor of the Company (in such capacity, the "**Monitor**").

B. The Purchaser and the Company entered into a term sheet dated as of May 16, 2025 (as subsequently amended and restated on May 29, 2025 and as subsequently amended or restated, the "**DIP Term Sheet**") pursuant to which the Stalking Horse Bidder extended an interim finance facility to the Debtor in the maximum aggregate principal amount of $1,500,000 (the "**DIP Facility"**).

C. In connection with the CCAA Proceedings, the Purchaser intends to return to Court on August 21, 2025, to seek an order of the Court (as may be amended or amended and restated from time to time, the "**SISP Order**"), among other things: (i) approving, and authorizing the Monitor to conduct, a Court-supervised sale and investment solicitation process (in substantially the form and as further described in Schedule "**E**", attached hereto, the "**SISP**"); and (ii) approving this Agreement as a Stalking Horse Bid (as defined herein) for the Purchased Shares (as defined herein).

D. In the event that this Agreement is selected as the Successful Bid (as defined herein) in the SISP, the Company has agreed to issue, sell and transfer to the Purchaser, and the Purchaser has agreed to subscribe for and purchase from the Company, the Purchased Shares, subject to and in accordance with the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby acknowledge and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

Unless something in the subject matter or context is inconsistent therewith, the following terms shall have the following meanings:

"**Administration Charge**" has the meaning set out in the Initial Order.

"**Administration Charge Amount**" means cash in an amount sufficient to satisfy the amounts owing in respect of the obligations secured by the Administration Charge at the Closing Time.

"**Administrative Wind-down Amount**" means cash in an amount to be determined by the Purchaser and the Monitor, but in any event not to exceed $50,000, 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.

"**Affiliate**" has the meaning given to the term "affiliate" in the *Business Corporations Act* (Ontario).

"**Agreement**" means this stalking horse subscription agreement, as may be amended and restated from time to time in accordance with the terms hereof, with the consent of the Monitor, and "**Article**" and "**Section**" mean and refer to the specified article, section and subsection of this Agreement.

"**Applicable Law**" means, in respect of any Person, property, transaction or event, any: (a) domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order; (b) judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, rulings, instruments or awards of any Governmental Authority; and (c) policies, practices, standards, guidelines and protocols having the force of law, that applies in whole or in part to such Person, property, transaction or event.

"**Approval and Vesting Order**" means an order by the Court, in form and substance satisfactory to the Purchaser, the Company and the Monitor, each acting reasonably, among other things: (a) approving and authorizing this Agreement and the Transaction; (b) authorizing and directing the Company to file the Articles of Reorganization, as applicable; (c) vesting in the Purchaser (or as it may direct) all the right, title and interest in and to the Purchased Shares, free and clear from any Encumbrances; (d) cancelling all of the Existing Equity (other than the Purchased Shares) for no consideration; and (e) releasing, to the extent permitted by the Court: (i) the current and former directors, officers, Employees, legal counsel and advisors of the Company and ResidualCo; and (ii) the Monitor and its legal counsel.

"**Articles of Reorganization**" means articles of reorganization in respect of each member of the Company's authorized and issued share capital immediately prior to the Closing of the Transaction, authorizing the issuance of the Purchased Shares and the cancellation of the Existing Shares for no consideration on Closing; such articles of reorganization to be in a form and substance satisfactory to the Purchaser, acting reasonably.

"**Auction**" has the meaning set out in the SISP.

"**Authorization**" means any authorization, approval, consent, concession, exemption, license, lease, grant, permit, franchise, right, privilege or no-action letter from any Governmental Authority having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person's property or business and affairs (including any zoning approval or building permit) or from any Person in connection with any easements, contractual rights or other matters.

"**Back-up Bidder**" has the meaning set out in the SISP.

"**Bid Deadline**" has the meaning set out in the SISP.

"**BMO Debt**" means the aggregate outstanding indebtedness owing by the Company to Bank of Montreal under the discussion paper between the Company and the Bank of Montreal dated December 11, 2019.

"**Books and Records**" means: (a) all of the Company's files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records; and (b) all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including Tax and accounting books and records used or intended for use by or in the possession of the Company including information, documents and records relating to the Retained Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, cost and pricing information, production reports and records, equipment logs, operating guides and manuals, credit records, records relating to present and former suppliers and contractors, plans and projections and all other records, data and information stored electronically, digitally or on computer-related media.

"**Break Fee**" has the meaning set out in Section 4.1(b).

"**Business**" means the business conducted by the Company, being a global franchisor of cafes, with its head office located at Mississauga, Ontario.

"**Business Day**" means a day on which banks are open for business in Toronto, Ontario, but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario.

"**CCAA**" has the meaning set out in the recitals hereto.

"**CCAA Proceedings**" has the meaning set out in the recitals hereto.

"**Claims**" means any civil, criminal, administrative, regulatory, arbitral or investigative inquiry, action, suit, investigation or proceeding and any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, audit, chose in action or cause of action, suit, default, assessment, litigation, prosecution, third party action, arbitral proceeding or proceeding, complaint or allegation, by or before any Person.

"**Closing**" means the closing and consummation of the Transaction.

"**Closing Date**" means the date that is ten (10) days, or such shorter period as the Purchaser and Monitor may determine by notice in writing to the Company, after the date upon which the conditions set forth in Article 8 have been satisfied or waived, other than any conditions set forth in Article 8 that by their terms are to be satisfied or waived at the Closing (or such other earlier or later date as may be agreed by the Parties in writing).

"**Closing Time**" means 12:01 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

"**Closing Payment**" has the meaning set out in Section 3.3(a).

"**Contracts**" means all pending and executory contracts, agreements, leases, understandings and arrangements (whether oral or written) related to the Business to which the Company is a party or is bound or in which any member of the Company has, or will at Closing have, any rights or by which any of its property or assets are or may be affected, including any Contracts in respect of Employees.

"**Court**" has the meaning set out in the recitals hereto.

"**CRO**" means Maxim Lojevksy, in his capacity as Chief Restructuring Officer of the Company.

"**DIP Indebtedness**" means all amounts outstanding and obligations payable by the Company under or in connection with the DIP Term Sheet, including principal, interest, fees and expenses.

"**DIP Term Sheet**" has the meaning set out in the recitals hereto.

"**Discharge**" means, in relation to any Encumbrance against any Person or upon any asset, undertaking or property, the full, final, irrevocable, complete and permanent waiver, release, discharge, cancellation, termination and extinguishment of such Encumbrance against such Person or upon such asset, undertaking or property and all proceeds thereof.

"**Effective Date**" has the meaning set out in the preamble hereto.

"**Employee**" means any individual who is employed by any member of the Company as of the Closing Date, whether on a full-time or a part-time basis and includes an employee on short term or long term disability leave, but for certainty, excludes Terminated Employees.

"**Encumbrance**" means any security interest, lien, Claim, charge, right of retention, trusts, deemed trust, judgement, writ of seizure, write of execution, notice of seizure, notice of execution, notice of sale, hypothec, reservation of ownership, pledge, encumbrance, mortgage or right of a third party (including any contractual rights such as purchase options, rights of first refusal, rights of first offer or any other pre-emptive contractual right) or encumbrance of any nature or kind whatsoever whether or not they have been registered, published or filed and whether secured, unsecured or otherwise and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

"**Equity Interests**" has the meaning set out in section 2(1) of the CCAA.

"***Excise Tax Act***" means the *Excise Tax Act*, R.S.C, 1985, c. E-15.

"**Excluded Assets**" means the properties, rights, assets and undertakings of the Company listed as "Excluded Assets" on Schedule "**A**", as the same may be modified by the Purchaser no later than five (5) days before the Closing Time in accordance with the terms hereof.

"**Excluded Contracts**" means those Contracts and other agreements of the Company that are not Retained Contracts and for greater certainty, includes those Contracts and agreements which are listed on Schedule "**B**", as the same may be modified by the Purchaser no later than five (5) days before the Closing Time in accordance with the terms hereof.

"**Excluded Liabilities**" has the meaning set out in Section 2.3.

"**Existing Shares**" means: (a) all of the common shares of the Company that are issued and outstanding immediately prior to the Closing Time; and (b) any other Equity Interests of any nature or kind of the Company, whether voting or non-voting, whether preferred, common or otherwise, whether convertible or otherwise, including any Contract, plan, indenture, deed, certificate, subscription rights, conversion rights, pre-emptive rights, options (including stock option or share purchase or equivalent plans), or other documents or instruments governing and/or having been created or granted in connection with any such equity interests; provided, however, that Existing Shares shall not include the Purchased Shares.

"**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

"**GST/HST**" means all goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act*.

"**Implementation Steps**" means the transactions, acts and events described in Exhibit "**A**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof and the Approval and Vesting Order.

"***Income Tax Act***" means the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.).

"**Initial Order**" has the meaning set out in the recitals hereto.

"**Interim Period**" means the period beginning on the Effective Date and ending at the Closing Time.

"**Liability**" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

"**Monitor**" has the meaning set out in the recitals hereto.

"**Monitor's Certificate**" has the meaning set out in Section 8.1(e).

"**Organizational Documents**" means any trust document, charter, certificate or articles of incorporation or amalgamation, articles of amendment, articles of association, articles of organization, articles of continuance, bylaws, as amended, partnership agreement or similar formation or governing documents of a Person (excluding individuals).

"**Outside Date**" means 11:59 pm (Toronto time) on November 14, 2025 or such later date and time as the Parties may agree to in writing.

"**Parties**" means the Company and the Purchaser, and "**Party**" means any one of them.

"**Permits and Licenses**" means the orders, permits, licenses, Authorizations, approvals, registrations, consents, waivers or other evidence of authority issued to, granted to, conferred upon, or otherwise created for the Company, by any Governmental Authority, including those related to the Business, the Retained Assets and the Retained Contracts, and including Authorizations to conduct the Business under Applicable Law.

"**Permitted Encumbrances**" means those Encumbrances related to the Retained Assets set forth on Schedule "**D**", as the same may be modified by the Purchaser no later than ten (10) days prior to the granting of the Approval and Vesting Order in accordance with the terms hereof.

"**Person**" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

"**Priority Payments**" means those priority payments prescribed under subsections 6(3), 6(5) and 6(6) of the CCAA.

"**Purchase Price**" has the meaning set out in Section 3.1.

"**Purchased Shares**" has the meaning set out in Section 2.1(a).

"**Purchaser**" has the meaning set out in the preamble hereto.

"**Qualified Bidders**" has the meaning set out in the SISP.

"**ResidualCo**" means a corporation to be incorporated, if required, to which the Excluded Assets and Excluded Liabilities, if any, will be transferred as part of the Implementation Steps, which will have no issued and outstanding shares.

"**Retained Assets**" has the meaning set out in Section 2.2.

"**Retained Contracts**" means the Contracts listed in Schedule "**G**", as the same may be modified by the Purchaser prior to the Closing Time in accordance with the terms hereof (and including as such Retained Contracts may be amended, restated, supplemented or otherwise modified from time to time).

"**Retained Liabilities**" means: (a) Liabilities specifically and expressly designated by the Purchaser as retained Liabilities in Schedule "**F**", as the same may be modified by the Purchaser no later than five (5) days prior to the Closing Time in accordance with the terms hereof; (b) the DIP Indebtedness; (c) the Secured Indebtedness; (d) Liabilities which relate to the Business or the Retained Assets, including Liabilities under any Contracts, Permits and Licenses or Permitted Encumbrances (in each case, to the extent forming part of the Retained Assets) arising out of events or circumstances that occur after the Closing including Liabilities for wages, vacation pay and Benefit Plans owing by the Debtor to any Employee accruing to and after the Closing Time and not relating to any default existing prior to or as a consequence of Closing; and (e) all Liabilities and Encumbrances which rank in priority to the Secured Indebtedness to the extent that such Liabilities and Encumbrances are not paid and satisfied at or prior to Closing.

"**Secured Indebtedness**" means the BMO Debt.

"**SISP**" has the meaning set out in the recitals hereto.

"**SISP Order**" has the meaning set out in the recitals hereto.

"**Stalking Horse Bid**" has the meaning set out in Section 4.1(a).

"**Successful Bid**" and "**Successful Bidder**" have the meanings set out in the SISP.

"**Taxes**" means, with respect to any Person, all national, federal, provincial, local or other taxes, including income taxes, capital gains taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, license taxes, excise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, pension plan premiums and contributions, workers' compensation premiums, employment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority, together with any interest, penalties, or additions with respect thereto and any interest in respect of such additions or penalties and any Liability for the payment of any amounts of the type described in this paragraph as a result any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any Person.

"**Terminated Employees**" means those Employees whose employment will be terminated at or prior to Closing, pursuant to Section 8.2(d), as determined by the Purchaser by written notice to the Company at least three (3) days prior to the Closing Date.

"**Company**" has the meaning set out in the recitals hereto.

"**Transaction**" means, collectively, all of the transactions contemplated by this Agreement which will take place at Closing in accordance with the Implementation Steps, including the subscription for, and issuance of, the Purchased Shares.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 General Construction

The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof. The expression "Section" or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings and the term "third party" means any other Person other than the members of the Company or the Purchaser, or any Affiliates thereof.

1.5 Currency

All references in this Agreement to dollars, monetary amounts, or to "$", are expressed in Canadian currency unless otherwise specifically indicated.

1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

1.7 Schedules & Amendments to Schedules

The following exhibits and schedules are attached hereto and incorporated in and form part of this Agreement:

<u>EXHIBITS</u>

Exhibit A	-	Implementation Steps

<u>SCHEDULES</u>

Schedule A	-	Excluded Assets
Schedule B	-	Excluded Contracts
Schedule C	-	Excluded Liabilities
Schedule D	-	Permitted Encumbrances
Schedule E	-	SISP
Schedule F	-	Retained Liabilities
Schedule G	-	Retained Contracts

The Parties acknowledge that as of the Effective Date, with the exception of Schedule E, the Schedules are not complete. The incomplete Schedules are for the benefit of the Purchaser and may be amended or completed by the Purchaser, in its sole and absolute discretion, on or before the dates set out in such Schedules or in this Agreement and on notice to the Company with a copy to the Monitor. Unless the context otherwise requires, words and expressions defined in this Agreement will have the same meanings in the Exhibits and Schedules and the interpretation provisions set out in this Agreement will apply to the Exhibits and Schedules. Unless the context otherwise requires, or a contrary intention appears, references in the Exhibits and Schedules to a designated Article, Section, or other subdivision refer to the Article, Section, or other subdivision, respectively, of this Agreement.

ARTICLE 2
SUBSCRIPTION FOR SHARES

2.1 Agreement to Subscribe for and Issue Purchased Shares

(a) Subject to the terms and conditions of this Agreement, in accordance with the Implementation Steps and effective as of the Closing Time, the Purchaser shall subscribe for and purchase from the Company, and the Company shall issue to the Purchaser, free and clear of all Encumbrances (other than any Permitted Encumbrances), 100 newly-issued common shares of the Company (the "**Purchased Shares**").

(b) Pursuant to the Approval and Vesting Order and the Articles of Reorganization, and in accordance with the Implementation Steps, all of the Existing Shares will be cancelled, without consideration, and the Purchased Shares issued to the Purchaser shall represent 100% of the issued and outstanding Equity Interests of the Company following such cancellation and issuance.

(c) For the avoidance of doubt, upon the Closing, following the issuance of the Purchased Shares, the cancellation of the Existing Shares and the completion of the Implementation Steps, the Company shall be wholly owned, directly or indirectly, by the Purchaser.

2.2 Retained Assets; Transfer of Excluded Assets to ResidualCo

At Closing, the Company shall retain all of the assets owned by it on the Effective Date of this Agreement and any assets acquired by it up to and including Closing, including, without limitation, the shares of any and all subsidiaries, equipment and other personal property, Retained Contracts, Books and Records, business and undertakings, trade names and intellectual property, Permits and Licences, Tax losses, receivables and any cash on hand (collectively, the "**Retained Assets**"). The Retained Assets shall not include: (i) the Excluded Assets; or (ii) the Excluded Contracts; which shall be transferred to ResidualCo, in accordance with the Implementation Steps, and same shall be vested in ResidualCo pursuant to the Approval and Vesting Order. The Purchaser shall retain the right to designate assets as Retained Assets or Excluded Assets up to one (1) Business Day prior to Closing.

2.3 Excluded Liabilities; Transfer of Excluded Liabilities to ResidualCo

Pursuant to the Approval and Vesting Order, save and except for the Retained Liabilities, all debts, obligations, Liabilities, Encumbrances (other than Permitted Encumbrances), indebtedness, Excluded Contracts, leases, agreements, undertakings, Claims, rights and entitlements 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 in equity and whether based in statute or otherwise) of or against the Company or the Purchased Shares or against, relating to or affecting any of the Retained Assets, or any Excluded Assets or Excluded Contracts, including, *inter alia*, the non-exhaustive list of Liabilities set forth in Schedule "**C**", (collectively, the "**Excluded Liabilities**") shall be transferred to, vested in and assumed in full by ResidualCo in accordance with the Implementation Steps and the Approval and Vesting Order, and the Company, the Purchased Shares, the Retained Assets and the Company's undertakings, Business, property and Books and Records shall be Discharged of such Excluded Liabilities at the Closing Time. All Claims attaching to the Excluded Liabilities, if any, shall continue to exist against ResidualCo only and the Excluded Assets, if any, shall be available to satisfy such Claims. Notwithstanding any other provision of this Agreement, the Purchaser and the Company shall not assume and shall have no liability for any of the Excluded Liabilities and all Excluded Liabilities shall be fully and finally discharged from the Company, the Purchased Shares and the Retained Assets at the Closing Time.

ARTICLE 3
PURCHASE PRICE

3.1 Purchase Price

The total aggregate consideration payable by the Purchaser for the Purchased Shares (the "**Purchase Price**") shall be equal to:

(a) the DIP Indebtedness, including principal and interest accrued through to and including the Closing Date, plus any and all fees and expenses associated therewith;

(b) the Secured Indebtedness, including principal and interest accrued through to and including the Closing Date; and

(c) the Closing Payment.

The Purchase Price is expected to fall within the range of $3,000,000 - $3,500,000. The Monitor will provide an estimate of the Purchase Price to Qualified Bidders prior to the Bid Deadline.

3.2 Payment of Purchase Price

The Purchase Price shall be paid and satisfied on the Closing Date in accordance with the following:

(a) the DIP Indebtedness and the Secured Indebtedness shall constitute Retained Liabilities and shall continue as valid outstanding obligations of the Company from and after, and notwithstanding, Closing, to be paid and satisfied in accordance with the terms of the loan and security documents establishing the Secured Indebtedness; and

(b) the Closing Payment shall be paid by the Purchaser to the Monitor, on behalf of the Company, on the Closing Date, by wire transfer of immediately available funds, to be utilized and distributed in accordance with Section 3.3.

3.3 Closing Payment

(a) On the Closing Date, the Purchaser shall pay to the Monitor, on behalf of the Company, an amount equal to the sum of: (i) the Priority Payments; (ii) the Administration Charge Amount; and (iii) the Administrative Wind-down Amount (collectively, the "**Closing Payment**"). The Monitor shall hold the Closing Payment in a non-interest bearing account, in trust for the benefit of Persons entitled to be paid from the Closing Payment.

(b) Following the Closing, the Monitor may utilize the Closing Payment to pay and satisfy the Priority Payments, all amounts owing under the Administration Charge, and the costs incurred in connection with the administration and wind-down of ResidualCo, in its sole discretion and without further authorization from the Company or the Purchaser. Any unused portion of the Closing Payment shall be returned by the Monitor to the Purchaser.

(c) Notwithstanding the foregoing or anything else contained herein or elsewhere, each of the Company and the Purchaser acknowledges and agrees that: (i) the Monitor's obligations hereunder are and shall remain limited to those specifically set out in this Section 3.3; and (ii) the Monitor is acting solely in its capacity as the CCAA Court-appointed Monitor of the Company and not in its personal or corporate capacity, and the Monitor has no liability in connection with this Agreement whatsoever, in its personal or corporate capacity or otherwise, save and except for and only to the extent of the Monitor's gross negligence or intentional fault. The Parties further acknowledge and agree that the Monitor may rely upon the provisions of this Section 3.3 notwithstanding that the Monitor is not a party to this Agreement.

3.4 Tax Matters

To the extent permitted by the CCAA and Applicable Law, pursuant to the Implementation Steps and the Approval and Vesting Order, at the Closing Time, all Taxes owed or owing or accrued due by any member of the Company shall be transferred to, vested in and assumed by ResidualCo, including any Taxes related to debt forgiveness arising from or in connection with the consummation of the Transaction and the transfer of the Excluded Assets and Excluded Liabilities to ResidualCo. Any and all obligations and Liabilities arising from any audits or reassessments with respect to any Taxes that relate to a time period occurring, or facts arising, prior to the Closing Date, regardless of when such audit was commenced or completed, shall be transferred to and vest in ResidualCo.

ARTICLE 4
SISP, BIDDING PROCEDURES

4.1 SISP

(a) The SISP shall be conducted in accordance with the terms of the SISP Order. The Purchaser shall bring a motion for the SISP Order to be heard on or before August 21, 2025. The SISP Order shall recognize the within offer by the Purchaser and the Purchase Price: (i) as a baseline or "stalking horse bid" in respect of the Purchased Shares (the "**Stalking Horse Bid**"); and (ii) as a deemed "Qualified Bid", with an attendant right on the part of the Purchaser to participate as a bidder in any Auction. The Purchaser acknowledges and agrees that the aforementioned process is in contemplation of determining whether a superior bid can be obtained for the Purchased Shares and the Retained Assets, and that the within Stalking Horse Bid may or may not be the Successful Bid for the Purchased Shares and the Retained Assets.

(b) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to a break fee in the amount of $150,000 (the "**Break Fee**"), which Break Fee shall be payable to the Purchaser in the event that the Stalking Horse Bid is not the Successful Bid.

(c) The payment of the Break Fee shall be approved in the SISP Order and shall, if payable pursuant to Section 4.1(b), be payable to the Purchaser within two (2) Business Days of the closing of the transaction contemplated by the Successful Bid.

(d) The Parties acknowledge and agree that the aggregate foregoing Break Fee amount represents a fair and reasonable estimate of the costs that will be incurred by the Purchaser as a result of preparing and entering into, and not completing the Transactions contemplated by this Agreement, and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Shares or the Retained Assets. For certainty, the Break Fee does not form part of the Purchase Price.

(e) Notwithstanding anything contained herein to the contrary, in the event that the Purchaser is not the Successful Bidder under the SISP, then upon selection of the Successful Bid (or, in the event that the Stalking Horse Bid is selected as the Back-up Bid, upon the closing of the transaction contemplated by the Successful Bid): (i) this Agreement shall be terminated (subject to Article 9 and the Purchaser's entitlement to the Break Fee); (ii) the Purchaser shall be entitled to the Break Fee; and (iii) neither Party hereto shall have any further Liability or obligation hereunder, except as expressly provided for in this Agreement.

(f) If no Qualified Bids are received by the Bid Deadline (other than the Stalking Horse Bid), the Company shall forthwith bring a motion to the Court to obtain the Approval and Vesting Order and, if granted, shall proceed with completing the Transaction forthwith.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Company

The Company hereby represents and warrants as of the date hereof and as of the Closing Time as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) Incorporation and Status. The Company is a corporation incorporated and existing under the *Business Corporations Act* (Ontario) and, subject to the obtaining of the Approval and Vesting Order, has the power and authority to enter into, deliver and perform its obligations under this Agreement.

(b) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms, subject only to obtaining the Approval and Vesting Order.

(c) Residency. No member of the Company is a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable.

5.2 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Company as of the date hereof and as of the Closing Time as follows, and acknowledges that the Company is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

(a) Incorporation and Status. The Purchaser is a corporation incorporated and existing under the laws of its jurisdiction of incorporation, is in good standing under such laws and has the power and authority to enter into, deliver and perform its obligations under this Agreement.

(b) Corporate Authorization. The execution, delivery and performance by the Purchaser of this Agreement has been authorized by all necessary corporate action on the part of the Purchaser.

(c) No Conflict. The execution, delivery and performance by the Purchaser of this Agreement do not (or would not with the giving of notice, the lapse of time, or both, or the happening of any other event or condition) result in a breach or a violation of, or conflict with, or allow any other Person to exercise any rights under, any terms or provisions of the Organizational Documents of the Purchaser.

(d) Litigation. There are no Legal Proceedings pending, or to the knowledge of the Purchaser, threatened against the Purchaser before any Governmental Authority, which would: (i) prevent the Purchaser from paying the Purchase Price to the Company; (ii) prohibit or seek to enjoin, restrict or prohibit the Transactions contemplated by this Agreement; or (iii) which would reasonably be expected to delay, restrict or prevent the Purchaser from fulfilling any of its obligations set forth in this Agreement.

(e) Execution and Binding Obligation. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms.

(f) Financial Ability. The Purchaser will have, as of the Closing Date, (i) sufficient funds available for purposes of satisfying the Purchase Price and (ii) the resources and capabilities (financial or otherwise) to perform its obligations under this Agreement, including the Assumed Liabilities. The Purchaser has not, as of the date hereof, and will not have, as of the Closing Time, incurred any liability that would materially impair or adversely affect such resources and capabilities.

5.3 As is, Where is

The representations and warranties of the Company shall not survive the Closing Time. The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the Purchased Shares (for clarity, together with the Retained Assets) shall be sold and delivered to the Purchaser on an "*as is, where is*" basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever. Other than those representations and warranties contained herein, the Purchaser acknowledges and agrees that (a) no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever, including with respect to the Purchased Shares or the Retained Assets, and (b) the Monitor has not provided any representations and warranties in respect of any matter or thing whatsoever in connection with the Transactions contemplated hereby, including with respect to the Purchased Shares or the Retained Assets. The disclaimer in this Section is made notwithstanding the delivery or disclosure to the Purchaser or its directors, officers, employees, agents or representatives of any documentation or other information (including financial projections or supplemental data not included in this Agreement). Without limiting the generality of the foregoing and unless and solely to the extent expressly set forth in this Agreement or in any documents required to be delivered pursuant to this Agreement, any and all conditions, warranties or representations, expressed or implied, pursuant to Applicable Law do not apply hereto and are hereby expressly waived by the Purchaser

ARTICLE 6
COVENANTS

6.1 Closing Date

The Parties shall cooperate with each other and shall use their commercially reasonable efforts to effect the Closing on or before the Outside Date.

6.2 Application for Approval and Vesting Order

If this Agreement is determined to be the Successful Bid in accordance with the SISP, as soon as practicable following the selection of this Agreement as the Successful Bid in the SISP, the Monitor shall serve and file with the Court a motion for the issuance of the Approval and Vesting Order, seeking relief that will, *inter alia*, approve this Agreement and the Transaction, and release the officers and directors of the Company, its advisors, the CRO, the Monitor and the Monitor's counsel. The Company and the Monitor shall use their best efforts to seek the issuance and entry of the Approval and Vesting Order and the Purchaser shall cooperate with the Monitor in its efforts to obtain the issuance and entry of the Approval and Vesting Order.

6.3 Interim Period

During the Interim Period, except as otherwise expressly contemplated or permitted by this Agreement (including the Approval and Vesting Order and the Implementation Steps), as otherwise required by

Applicable Law or provided in the Initial Order and any other orders of the Court prior to the Closing Time, or as consented to by the Purchaser, such shall consent not to be unreasonably withheld, the Company shall comply with the terms of the DIP Term Sheet and continue to maintain the Business and operations of the Company and the Retained Assets in substantially the same manner as conducted on the Effective Date and in material compliance with all Applicable Laws and Permits and Licences.

6.4 Access during Interim Period

During the Interim Period, the Company shall give, or cause to be given, to the Purchaser, and its representatives, reasonable access during normal business hours to the Retained Assets, including the Books and Records, to conduct such investigations, inspections, or tests thereof and of the financial and legal condition of the Business and the Retained Assets as the Purchaser reasonably deems necessary or desirable. Without limiting the generality of the foregoing: (a) the Purchaser and its representatives shall be permitted reasonable access during normal business hours to all documents relating to information scheduled or required to be disclosed under this Agreement and to the Employees, provided that the Purchaser shall provide the Monitor and the CRO with no less than 24 hours advance notice of any on-site inspection or investigation; and (b) the Purchaser and its representatives shall be permitted to contact and discuss the Transactions contemplated herein with Governmental Authorities and the customers and contractual counterparties of the Company. Such investigations, inspections, surveys and tests shall be carried out at the Purchaser's sole and exclusive risk and cost, during normal business hours, and without undue interference with the operations of the Company, and the Company shall co-operate reasonably in facilitating such investigations, inspections, surveys and tests and shall furnish copies of all such documents and materials relating to such matters as may be reasonably requested by or on behalf of the Purchaser. The Purchaser acknowledges that the foregoing access rights are not exclusive, and the same rights shall be granted to other Qualified Bidders in the SISP.

6.5 Insurance Matters

Until Closing, the Company shall keep in full force and effect all insurance policies existing as of the Effective Date and give any notice or present any claim under any such insurance policies consistent with past practice of the Company in the ordinary course of business.

ARTICLE 7
CLOSING ARRANGEMENTS

7.1 Closing

Closing shall take place on the Closing Date effective as of the Closing Time electronically (or as otherwise determined by mutual agreement of the Parties in writing), by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

7.2 Implementation Steps

(a) Subject to the other terms of this Agreement and the Approval and Vesting Order, the Company shall effect the Implementation Steps on the terms and using the steps set out at Exhibit "**A**"; *provided that* the Purchaser and the Company shall cooperate to ensure that the Implementation Steps are completed in a tax efficient manner, including by revising the steps thereof as required by the Purchaser.

(b) The Purchaser and the Company shall work cooperatively and use commercially reasonable efforts to prepare, before the Closing Date, all documentation necessary and do such other acts and things as are necessary to give effect to the Implementation Steps.

(c) subject to the Approval and Vesting Order, the Implementation Steps may be amended at any time and from time to time prior to the Closing Time with the prior written consent of the Monitor, the Company and the Purchaser (which consent may not be unreasonably withheld or delayed)

7.3 Closing Deliverables of the Company

At or before the Closing Time, the Company shall deliver or cause to be delivered to the Purchaser the following:

(a) a true copy of the Approval and Vesting Order, as issued and entered by the Court

(b) evidence of the completion of the Implementation Steps, including: (i) confirmation of the due incorporation and organization of ResidualCo; and (ii) evidence of the filing of the Articles of Reorganization, as set out in Section 2.1;

(c) a share certificate representing the Purchased Shares;

(d) a certificate of an officer of the Company dated as of the Closing Date confirming that all of the representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Company has performed in all material respects the covenants, obligations and agreements to be performed by it prior to the Closing Time;

(e) the Organizational Documents of the Company and the corporate Books and Records; and

(f) such other agreements, documents and instruments as may be reasonably required by the Purchaser to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

7.4 Closing Deliverables of the Purchaser

At or before the Closing Time, the Purchaser shall deliver or cause to be delivered to the Company (or to the Monitor, as applicable), the following:

(a) the Closing Payment, in accordance with Section 3.3;

(b) a certificate of an officer of the Purchaser dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true and correct in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all material respects the covenants, obligations and agreements to be performed by it prior to the Closing Time; and

(c) such other agreements, documents and instruments as may be reasonably required by the Company to complete the Transaction, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

ARTICLE 8
CONDITIONS OF CLOSING

8.1 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following mutual conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

(a) Successful Bid. This Agreement shall have been designated as the Successful Bid in accordance with the terms of the SISP.

(b) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, vacated, subject to appeal, or leave to appeal and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.

(c) No Order. No Applicable Law and no judgment, injunction, order or decree shall have been issued by a Governmental Authority or otherwise in effect that restrains or prohibits the completion of the Transaction.

(d) No Restraint. No motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.

(e) Monitor's Certificate. The Monitor shall have delivered to the Company, Purchaser and thereafter filed with the Court, an executed certificate of the Monitor substantially in the form attached to the Approval and Vesting Order (the "**Monitor's Certificate**") confirming that all conditions to Closing have either been satisfied or waived by the Purchaser and the Company.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in this Section 8.1 is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Parties to terminate this Agreement.

8.2 Conditions Precedent in favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

(a) Company's Deliverables. The Company shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 7.3.

(b) No Breach of Representations and Warranties. Except as such representations and warranties may be affected by the occurrence of events or transactions specifically contemplated by this Agreement, each of the representations and warranties contained in Section 5.1 shall be true and correct in all material respects: (i) as of the Closing Date as if made on and as of such date; or (ii) if made as of a date specified therein, as of such date.

(c) No Breach of Covenants. The Company shall have performed, in all material respects, all covenants, obligations and agreements contained in this Agreement required to be performed by the Company on or before the Closing Date.

(d) Employees. Each member of the Company, as applicable, shall have terminated the employment of any Employees identified by the Purchaser in its sole discretion to be Terminated Employees and all Liabilities owing to any such Terminated Employees in respect of such terminations, including all amounts owing on account of statutory notice, termination payments, individual or group notice of termination (as applicable), severance, wages, overtime pay, vacation pay, benefits, bonuses or other compensation or entitlements, including any amounts deemed owing pursuant to statute or common law, shall be Excluded Liabilities or shall be Discharged pursuant to the Approval and Vesting Order.

(e) ResidualCo. Pursuant to the Approval and Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to ResidualCo or Discharged; (ii) the Excluded Liabilities shall have attached to the Excluded Assets, if any; and (iii) the Company, its Business and property shall have been released and forever Discharged of all Claims and Encumbrances (other than Retained Liabilities, if any) such that, from and after Closing the Business and property of the Company shall exclude the Excluded Assets and shall not be subject to any Excluded Liabilities.

(f) Partial Termination of CCAA Proceedings. Upon Closing, the CCAA Proceedings shall have been terminated in respect of each member of the Company, its Business and property, as set out in the Approval and Vesting Order, but, for greater certainty, shall continue in respect of ResidualCo, which shall be added to the CCAA Proceedings as an applicant in accordance with the Implementation Steps.

(g) Disclaimer of Excluded Contracts. The Company shall have sent notices of disclaimer for all known Excluded Contracts, and such known Excluded Contracts shall form part of the Excluded Assets.

(h) Permits and Licenses. The Permits and Licenses shall be in good standing at the Closing Time and no material default shall have occurred under any such Permits and Licenses that remains unremedied and such Permits and Licenses shall remain in good standing immediately following and notwithstanding Closing.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 8.2 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 8.2 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Company to terminate this Agreement.

8.3 Conditions Precedent in favour of the Company

The obligation of the Company to complete the Transaction is subject to the following conditions being satisfied, fulfilled, or performed on or prior to the Closing Date:

(a) Purchaser’s Deliverables. The Purchaser shall have executed and delivered or caused to have been executed and delivered to the Company at the Closing all the documents and payments contemplated in Section 7.4.

(b) No Breach of Representations and Warranties. Each of the representations and warranties contained in Section 5.2 shall be true and correct in all material respects (i) as of the Closing Date as if made on and as of such date, or (ii) if made as of a date specified therein, as of such date.

(c) No Breach of Covenants. The Purchaser shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Purchaser on or before the Closing.

The foregoing conditions are for the exclusive benefit of the Company. Any condition in this Section 8.3 may be waived by the Company in whole or in part, without prejudice to any of their rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Company only if made in writing. If any condition set forth in this Section 8.3 is not satisfied or performed on or prior to the Outside Date, the Company may elect on written notice to the Purchaser to terminate the Agreement.

ARTICLE 9
TERMINATION

9.1 Grounds for Termination

This Agreement may be terminated on or prior to the Closing Date:

(a) Automatically upon: (i) the selection of a Successful Bidder by the Monitor in accordance with the SISP in the event that the Purchaser is not the Successful Bidder or the Back-up Bidder; and (ii) in the event that the Purchaser is selected as the Backup Bidder, upon the completion of the transaction contemplated by the Successful Bid;

(b) by the mutual written agreement of the Company (with the consent of the Monitor) and the Purchaser;

(c) by the Company (with the consent of the Monitor) or the Purchaser, if the conditions set forth in Section 8.1 are not satisfied or waived on or before the Outside Date; provided that the failure to satisfy such conditions by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement;

(d) by the Purchaser, if there has been a material violation or breach by the Company of any agreement, covenant, representation or warranty of the Company in this Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in Section 8.1 or 8.2, by the Outside Date and such violation or breach has not been waived by the Company or cured within five (5) Business Days after written notice thereof from the Purchaser to the Company;

(e) by the Purchaser, if the Company fails to satisfy any of the conditions set forth in Section 8.2 on or before the Outside Date, and such conditions are not waived by the Purchaser;

(f) by the Parties if (i) the Approval and Vesting Order has not been obtained by November 14, 2025 or (ii) the Court declines at any time to grant the Approval and Vesting Order; in each case for reasons other than a breach of this Agreement by the Party proposing to terminate this Agreement;

(g) by the Company (with the consent of the Monitor), if there has been a material violation or breach by the Purchaser of any agreement, covenant, representation or warranty of the Purchaser in this Agreement which would prevent the satisfaction of, or compliance with, any condition set forth in Section 8.1 or 8.3 by the Outside Date and such violation or breach has not been waived by the Company or cured within five (5) Business Days after written notice thereof from the Company to the Purchaser; or

(h) by the Company (with the consent of the Monitor), if the Purchaser fails to satisfy any of the conditions set forth in Section 8.3 on or before the Outside Date, and such conditions are not waived by the Company.

9.2 Effect of Termination.

If this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement will terminate and no Party will have any Liability or further obligations hereunder; except for the provisions of: (a) this Section 9.1(h); and (b) Section 4.1 with respect to the Purchaser's entitlement to the Break Fee. Notwithstanding the foregoing, if this Agreement is terminated by the Company pursuant to Section 9.1(b), (c), (f) or (g), the Purchaser shall not be entitled to receive the Break Fee and nothing in this Agreement shall absolve the Purchaser of liability for the violation or breach giving rise to such termination.

ARTICLE 10
GENERAL

10.1 Access to Books and Records

For a period of two years from the Closing Date or for such longer period as may be reasonably required for ResidualCo (or any trustee in bankruptcy of the estate of the ResidualCo) to comply with Applicable Law, the Purchaser shall, and shall cause the Company to, retain all original Books and Records that are transferred to the Purchaser under this Agreement, but the Purchaser is not responsible or liable for any accidental loss or destruction of, or damage to, any such Books and Records. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, ResidualCo (and any representative, agent, former director or officer or trustee in bankruptcy of the estate of the ResidualCo, including the Monitor) has the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser.

10.2 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

(a) in the case of the Purchaser, as follows:

Arbat Capital Group Ltd.
Commonwealth Trust Ltd., Drake Chambers,
Road Town, Tortola, British Virgin Islands

Attention: Alexey Golubovich
Email: golubovich@arbatcapital.com

with a copy to:

Miller Thomson LLP
40 King Street West, Suite 6600
Toronto, ON M5H 4A9

Attention: Matthew Cressatti
Email: mcressatti@millerthomson.com

(b) in the case of the Company, as follows:

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

Attention: Maxim Lojevsky, Chief Restructuring Officer
Email: maxim@bluegrovecm.com

(c) in each case, with a further copy to the Monitor as follows:

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

Attention: Jason Kanji / Jesse Cooper
Email: Jason.Kanji@doane.gt.ca / Jesse.Cooper@doane.gt.ca
with a copy to:

Cassels Brock & Blackwell LLP
Bay Adelaide Centre – North Tower
40 Temperance Street Suite 3200
Toronto, ON M5H 0B4

Attention: Monique Sassi / Joshua Gordon
Email: msassi@cassels.com / jgordon@cassels.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

10.3 Public Announcements

The Company shall be entitled to disclose this Agreement to the Court and parties in interest in the CCAA Proceedings, other than any information which the Purchaser advises the Company in writing as being confidential, and this Agreement may be posted on the Monitor's website maintained in connection with the CCAA Proceedings, and the virtual data room established in connection with the SISP. Other than as provided in the preceding sentence or statements made in Court (or in pleadings filed therein) or where required to meet timely disclosure obligations of the Company or any of its Affiliates under Applicable

Law or stock exchange rules, the Parties shall not issue (prior to or after the Closing) any press release or make any public statement or public communication with respect to this Agreement or the Transactions contemplated hereby without the prior consent of the other Parties, which shall not be unreasonably withheld or delayed.

10.4 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

10.5 Survival

None of the representations, warranties or covenants of any of the Parties set forth in this Agreement or in any document executed in connection with this Agreement shall survive the Closing; save and except for any covenant that, by its terms, is to be performed after Closing.

10.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns, including for greater certainty, ResidualCo, provided that no consent, waiver or agreement of ResidualCo shall be required for any amendment of this Agreement.

10.7 Entire Agreement

This Agreement and the attached Exhibit and Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any material respect except by written instrument executed by the Company and the Purchaser and with the approval of the Monitor or the Court.

10.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

10.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the exclusive jurisdiction of the Court, and any appellate courts of the Province of Ontario therefrom.

10.10 Assignment

(a) This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, in whole or in part, with the prior written consent of the Company, ResidualCo or the Monitor, not to be unreasonably withheld, provided that: (i) the Purchaser provides prior notice of such assignment to the Company and the Monitor; and (ii) such assignee agrees to be bound by the terms of this Agreement to the extent of the assignment.

(b) Except as specifically contemplated herein as it relates to ResidualCo, this Agreement may not be assigned by the Company without the consent of the Purchaser.

10.11 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

10.12 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

10.13 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

10.14 Monitor’s Certificate

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Monitor’s Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party’s counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no Liability to the Parties in connection therewith.

10.15 Monitor’s Capacity

In addition to all of the protections granted to the Monitor under the CCAA or any order of the Court in the CCAA Proceedings, the Company and the Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Company and not in its personal or corporate capacity, will have no Liability, in its personal or corporate capacity or otherwise, in connection with this Agreement or the Transaction contemplated herein whatsoever as Monitor.

[*Signature Page Follows*]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the day and year first above written.

For the Purchaser:

ARBAT CAPITAL GROUP LTD.

Подписант:
Alexey Golubovich
3856BACE1F23499...

By: ______________________________

Name: Alexey Golubovich
Title: Authorized Signatory

I have authority to bind the Corporation.

For the Company:

THE SECOND CUP COFFEE COMPANY INC.

By: ______________________________

Name: Maxim Lojevsky
Title: Chief Restructuring Officer

I have authority to bind the Corporation.

EXHIBIT "A"
IMPLEMENTATION STEPS

The Parties agree that this Exhibit "A Error! Reference source not found.**" remains subject to further revision no less than two (2) days prior to Closing.**

1. At least five (5) days prior to the Closing Date, the Company shall incorporate ResidualCo, with no issued and outstanding shares.

2. At least one (1) day prior to the Closing Date, the Purchaser shall pay to the Monitor's counsel the Closing Payment, to be held in trust and released in accordance with these Implementation Steps.

3. Upon the issuance of the Monitor's Certificate, the following steps shall take place, and shall be deemed to take place, sequentially, beginning at the Closing Time, pursuant to the Approval and Vesting Order:

   (a) ResidualCo shall be added to the CCAA Proceedings as a debtor company;

   (b) all Employees designated by the Purchaser as Terminated Employees, if any, will be terminated by the Company;

   (c) the Excluded Assets and Excluded Liabilities shall transfer to, and vest in, ResidualCo in the same nature and priority as they had immediately prior to transfer;

   (d) the Articles of Reorganization for the Company shall be filed with the applicable Governmental Authority, and shall be deemed to be effective;

   (e) the Company shall issue the Purchased Shares to the Purchaser;

   (f) the Existing Shares shall be redeemed and cancelled for no consideration pursuant to the Approval and Vesting Order and the Articles of Reorganization;

   (g) the Closing Payment shall be released to the Monitor in partial satisfaction of the Purchase Price, and from the Closing Payment the Monitor shall pay the Priority Payments, if any, and shall otherwise utilize the Closing Payment in accordance with this Agreement;

   (h) Closing shall be deemed to have occurred;

   (i) any and all Liabilities arising from or relating to: (i) the transactions noted above; (ii) the change of control resulting from the transactions noted above; and (iii) the transfer of the Excluded Contracts and Excluded Liabilities to ResidualCo; including, for certainty and without limitation, Liabilities and Taxes resulting from any debt forgiveness, shall be transferred to ResidualCo and the Company shall have no obligations in connection with such Liabilities or Taxes;

   (j) the Company shall cease to be a debtor company subject to the CCAA Proceedings.

SCHEDULE "A"
EXCLUDED ASSETS

1. Inventory and assets sold in the ordinary course of Business in the Interim Period.

2. Excluded Contracts.

[**Note: Balance of schedule to be completed prior to Closing.]**

SCHEDULE "B"
EXCLUDED CONTRACTS

[**Note: Schedule to be completed prior to Closing.]**

SCHEDULE "C"
EXCLUDED LIABILITIES

[**Note: Schedule to be completed prior to Closing.]**

SCHEDULE "D"
PERMITTED ENCUMBRANCES

[**Note: Schedule to be completed prior to issuance of Approval and Vesting Order.]**

SCHEDULE "E"
SISP AND BIDDING PROCEDURES

[NTD: To be completed]

SCHEDULE "F"
RETAINED LIABILITIES

[**Note: Schedule to be completed prior to Closing.]**

SCHEDULE “G”
RETAINED CONTRACTS

[**Note: Schedule to be completed prior to Closing.]**

This is Exhibit "F" referred to in the Affidavit of Alexey Golubovich affirmed by Alexey Golubovich of the City of London, in the In the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on August 15, 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

AMENDMENT NO. 1 TO THE AMENDED AND RESTATED DIP FACILITY TERM SHEET

This amending agreement (this "**Agreement**") is made as August 15, 2025, between The Second Cup Coffee Company Inc. (the "**Borrower**"), and Arbat Capital Group Ltd. (the "**Lender**").

WHEREAS:

A. The Borrower and the Lender entered into a binding Amended and Restated DIP Facility Term Sheet dated as of May 29, 2025 (the "**DIP Facility Term Sheet**"); and

B. The Borrower and the Lender have agreed to make certain amendments to the DIP Facility Term Sheet on and subject to the terms and conditions set out in this Agreement;

NOW THEREFORE in consideration of the premises and the agreements set out herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrower and the Lender agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

Unless otherwise defined herein, capitalized terms used in this Agreement, including in the recitals hereto, shall have the meaning ascribed to such terms in the DIP Facility Term Sheet.

Section 1.2 References to the DIP Facility Term Sheet

Upon execution of this Agreement, the DIP Facility Term Sheet shall be deemed to have been amended as of the date hereof. The terms "hereof", "herein", "this DIP Facility Term Sheet", "the DIP Facility Term Sheet" and similar terms used in the DIP Facility Term Sheet, shall mean and refer to, from and after the date hereof, the DIP Facility Term Sheet as amended by this Agreement.

Section 1.3 Continued Effectiveness

Nothing contained in this Agreement shall be deemed to be a waiver by the Lender of compliance by the Borrower with any covenant or agreement contained in the DIP Facility Term Sheet, or a waiver of any default or event of default under the DIP Facility Term Sheet, and each of the parties hereto agrees that the DIP Facility Term Sheet as amended by this Agreement shall remain in full force and effect, and time shall remain of the essence.

Section 1.4 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the Borrower and the Lender and their respective successors and permitted assigns.

Section 1.5 Currency

All references in this Agreement to dollars, monetary amounts or to $ are expressed in the lawful currency of Canada unless otherwise specifically indicated.

Section 1.6 Invalidity of any Provisions

Any provision of this Agreement, which is prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition in such jurisdiction without invalidating the remaining terms and provisions hereof and no such invalidity shall affect the obligation of the Borrower to pay the debts, liabilities and obligations of the Borrower under the Interim Financing Facility.

Section 1.7 Captions and Headings

The inclusion of headings preceding the text of the sections of this Agreement and the headings following each Article in this Agreement are intended for convenience of reference only and shall not affect in any way such construction or interpretation thereof.

ARTICLE 2
AMENDMENTS

Section 2.1 Amendments

The DIP Facility Term Sheet is hereby amended as follows:

(a) Paragraph C of the recitals is amended by deleting “$900,000” and replacing it with “$1,500,000”;

(b) Section 3 titled “**DIP Facility**” is amended by deleting “$900,000” and replacing it with “$1,500,000”;

(c) Subparagraph (a) of Section 5 titled “**Advances**” is amended by deleting “$700,000” and replacing it with “$1,300,000”; and

(d) Clause (ii) of subparagraph (a) of Section 13. titled “**Funding Conditions for Subsequent Advanced**” is amended by deleting “$900,000” and replacing it with “$1,500,000”.

ARTICLE 3
CONDITIONS PRECEDENT

Section 3.1 Conditions Precedent

This Agreement shall not become effective until:

(a) this Agreement is duly executed and delivered to the Lender; and

(b) the Court grants an order amending the ARIO approving the increase to the DIP Facility and the DIP Lender's Charge.

ARTICLE 4
MISCELLANEOUS

Section 4.1 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 4.2 Time of the Essence

Time shall be of the essence in this Agreement in all respects.

Section 4.3 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[*The remainder of this page has been left intentionally blank*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set out above.

ARBAT CAPITAL GROUP LTD.

Подписант:

Per: Alexey Golubovich

3856BACE1F23499...

Name: Alexey Golubovich
Title: Authorized Signatory

I have authority to bind the corporation.

THE SECOND CUP COFFEE COMPANY INC.

Per: ______________________________

Name: Maxim Lojevsky
Title: Chief Restructuring Officer

I have authority to bind the corporation.

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

AFFIDAVIT OF ALEXEY GOLUBOVICH
(affirmed August 15, 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

TAB 3

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	THURSDAY, THE 21ST
	)	
JUSTICE BLACK	)	DAY OF AUGUST, 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

SISP ORDER

THIS MOTION, made by the Applicant, Arbat Capital Group Ltd. ("**Arbat**"), seeking, among other relief, an Order (i) approving the sale and investment solicitation process ("**SISP**") attached hereto as **Schedule "A"**; and (ii) authorizing and directing the Monitor (as defined below) to conduct the SISP, was heard this day at 330 University Avenue, Toronto, Ontario by judicial videoconference via Zoom.

ON READING the Affidavit of Alexey Golubovich, affirmed August 15, 2025 (the "**Third Golubovich Affidavit**"), and the Exhibits thereto, and the report (the "**Second Report**") of Grant Thornton Limited ("**GTL**"), in its capacity as the Court-ordered monitor (in such capacity, the "**Monitor**") of the Second Cup Coffee Company Inc. (the "**Debtor**"), 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 Shallon Garrafa, sworn August 15, 2025, filed,

DEFINED TERMS

1. **THIS COURT ORDERS** that capitalized terms used in this order and not otherwise defined herein have the meanings ascribed to them under the SISP.

SERVICE

2. **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.

APPROVAL OF SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the SISP (subject to such amendments as may be agreed to by the Monitor, the Debtor, and the Applicant, in its capacity as interim lender, in accordance with the terms of the SISP), appended hereto as **Schedule "A"**, is hereby approved.

4. **THIS COURT ORDERS** that the Monitor is authorized and directed to take such steps as it deems necessary or advisable to carry out and perform its obligations under the SISP, including but not limited to bringing a Sale Approval Motion, as defined in the SISP, subject to prior approval of this Court being obtained before completion of any transaction(s) under the SISP.

5. **THIS COURT ORDERS** that the Monitor and its respective affiliates, directors, partners, employees, representatives and agents shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Monitor in performing its obligations under the SISP, as determined by this Court.

6. **THIS COURT ORDERS** that the Monitor and the Debtor, and their respective counsel, be and are hereby authorized, but not obligated, to serve or distribute this SISP Order, any other materials, orders, communication, correspondence or other information as may be necessary or desirable in connection with the SISP to any Person (as defined in the Initial Order dated May 22, 2025, as amended and restated) or interested party that the Monitor or the Debtor considers appropriate. For greater certainty, any such distribution, communication or correspondence shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Monitor and the Debtor are hereby authorized and permitted to disclose and transfer to each Potential Bidder and to thier advisors, if requested by such Potential Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in the Debtor's records pertaining to its past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale of the Property ("**Sale**") or investment in the Business ("**Investment**") or a combination thereof. Each Potential Bidder to whom such personal

information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale or Investment, and if it does not complete a Sale or Investment, shall return all such information to the Monitor and the Debtor, or in the alternative destroy all such information. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Property of Business acquired pursuant to the Sale, or invested in pursuant to the Investment, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Monitor and the Debtor, and otherwise ensure that all other personal information in their possession is destroyed.

APPROVAL OF STALKING HORSE AGREEMENT

8. **THIS COURT ORDERS** that the Debtor, through the CRO, is hereby authorized and empowered to enter into the stalking horse subscription agreement (“**Stalking Horse Agreement**”) between Arbat (as the “**Stalking Horse Bidder**”) and the Debtor substantially in the form attached as Exhibit “E” to the Third Golubovich Affidavit, with such minor amendments as may be acceptable to the Monitor, the Debtor, and the Stalking Horse Bidder, provided that nothing herein approves the sale of any Property to the Stalking Horse Bidder. The approval of any sale of any Property to the Stalking Horse Bidder shall be considered by this Court on a subsequent motion if the Stalking Horse Agreement is the Successful Bid pursuant to the SISP.

9. **THIS COURT ORDERS** that the Stalking Horse Agreement is hereby approved and accepted as the “Stalking Horse Agreement” for the purposes of being the “Stalking Horse Bid” under the SISP, and subject to further order of the Court referred to in paragraph 8 above.

10. **THIS COURT ORDERS** that, if the Stalking Horse Bidder is not the Successful Bidder, the Debtor is authorized to pay the Break Fee in the amount of $150,000, in accordance with the terms of the Stalking Horse Agreement.

GENERAL

11. **THIS COURT ORDERS** that any interested party (including the Applicant, the CRO, and the Monitor) may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or elsewhere, 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 Debtor 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 Debtor and the Monitor and their respective agents in carrying out the terms of this Order.

13. **THIS COURT ORDERS** that the Debtor and the Monitor be at liberty and are 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.

14. **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.

SCHEDULE "A"
SALE AND INVESTMENT SOLICITATION PROCESS

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

SISP ORDER

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Lawyers for the Applicant

TAB 4

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	THURSDAY, THE 21ST
	)	
JUSTICE BLACK	)	DAY OF AUGUST, 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
(Re: Stay Extension)

THIS MOTION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), was heard this day by judicial videoconference via Zoom.

ON READING the Notice of Motion dated August 14, 2025, the Affidavit of Alexey Golubovich sworn August 14, 2025 (the "**Third Golubovich Affidavit**"), the report (the "**Second Report**") of Grant Thornton Limited ("**GTL**"), in its capacity as Court-ordered monitor (in such capacity, the "**Monitor**") of the Second Cup Coffee Company Inc. (the "**Debtor**"), and the Amended and Restated Initial Order dated May 29, 2025 (the "**ARIO**"), as may be further amended and restated from time to time, and on hearing the submissions of counsel for the Applicant, 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 Shallon Garrafa, sworn August [●], 2025, filed,

SERVICE

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

DEFINED TERMS

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein have the meaning ascribed to them in the amended and restated initial order dated May 29, 2025 (the "**ARIO**") or the Third Golubovich Affidavit.

EXTENSION OF STAY PERIOD

3. **THIS COURT ORDERS** that the Stay Period is hereby extended up to and including November 7, 2025.

DIP FINANCING INCREASE

4. **THIS COURT ORDERS** that the first amendment to the DIP Facility Term Sheet (the "**First DIP Amendment**") attached as Exhibit "[●]" to the Third Golubovich Affidavit is hereby approved.

5. **THIS COURT ORDERS** that the Debtor is hereby authorized to borrow up to $1,500,000 from the DIP Lender under the DIP Facility Term Sheet, and the DIP Facility Charge, as defined in paragraph 38 of the ARIO, is hereby increased to the amounts outstanding under the DIP Facility Term Sheet as amended by the First DIP Amendment.

GENERAL

6. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, to give effect

to this Order and to assist the Applicant, 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, the Debtor, 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, the Debtor, and the Monitor and their respective agents in carrying out the terms of this Order.

7. **THIS COURT ORDERS** that each of the Applicant 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.

8. **THIS COURT ORDERS** that any interested party (including the Applicant, the CRO, and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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

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
(ANCILLARY RELIEF)

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Lawyers for the Applicant

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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

MOTION RECORD

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