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 JANUARY 29, 2026)

January 26, 2026

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

ONTARIO
SUPERIOR COURT OF JUSTICE
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B E T W E E N:

ARBAT CAPITAL GROUP LTD.

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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 January 29, 2026)

Arbat Capital Group Ltd. ("**Arbat**" or the "**Applicant**") will make a Motion to the Court on Thursday, January 29, 2026 at 11:30 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:

1. An Order (the "**Distribution and CCAA Termination Order**") substantially in the form attached at **Tab "3"** to the Motion Record, among other things:

   (a) abridging the time for service of the Notice of Motion and the Motion Record, and dispensing with service on any person other than those served, if necessary;

   (b) authorizing Grant Thornton Limited ("**Grant Thornton**") in its capacity as the Court-appointed Monitor (in such capacity, the "**Monitor**") of The Second Cup

Coffee Company Inc. ("**Second Cup**" or the "**Company**") to make certain distributions in accordance with the Proposed Distribution Methodology as described in the fourth report of Grant Thornton, to be filed (the "**Fourt Report**) from the Closing Payment (as defined below) to satisfy the accepted claims identified by the Monitor (the "**Accepted Claims**") pursuant to the Order of the Honourable Justice Cavanagh dated May 22, 2025 (the "**Claims Identification Order**");

(c) approving the supplement to the Third Report of the Monitor dated October 20, 2025 (the "**Supplemental Third Report**") and the Fourth Report, and the activities and conduct of the Monitor described therein;

(d) approving the fees and disbursements of the Monitor and its legal counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), including the Final Fees (as defined below), as described in the Fourth Report;

(e) authorizing the Monitor to transfer funds from the Final Fees to Grant Thornton, in its intended capacity as trustee in bankruptcy of ResidualCo pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

(f) terminating these CCAA proceedings (the "**CCAA Proceedings**") upon the filing by the Monitor of a certificate with this Court certifying that, among other things, all matters to be attended to in connection with these CCAA Proceedings have been completed (the "**Monitor's Termination Certificate**" and the time of service thereof being the "**CCAA Termination Time**");

(g) extending the Stay Period (as defined below) from January 31, 2026 to the CCAA Termination Time;

(h) discharging Grant Thornton in its capacity as Monitor at the CCAA Termination Time;

(i) approving certain releases with respect to the Monitor and its advisors;

(j) sealing the confidential appendix to the Fourth Report of the Monitor (the "**Confidential Appendix**");

(k) terminating, releasing, and discharging the Administration Charge, the DIP Lender's Charge, and the Directors' Charge (each as defined below) (collectively, the "**Charges**") at the CCAA Termination Time; and

2. Such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

A. BACKGROUND TO THE CCAA PROCEEDINGS

(i) Procedural Background

3. On May 22, 2025, Second Cup was granted creditor-protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), pursuant to an Order of the Honourable Justice Cavanagh (the "**Initial Order**") sought by the Applicant, Arbat Capital Group Ltd., a 40% shareholder and the largest creditor of the Company.

4. The Initial Order, among other things, (i) appointed Grant Thornton as the Monitor; (ii) appointed Maxim Lojevsky as the Chief Restructuring Officer of the Company; (iii) granted an initial stay of proceedings in respect of Second Cup until and including June 1, 2025 (the "**Stay Period**"); (iv) granted an administration charge (the "**Administration Charge**") in the initial amount of $270,000 over the Company's Property (as defined in the Initial Order); (v) granted an initial directors' charge (the "**Directors' Charge**") in the amount of $100,000 over the Property; and (vi) authorized 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, and the Company, as borrower, which established a charge (the "**DIP Lender's Charge**" and, together with the Administration Charge and the DIP Lender's Charge, the "**Charges**") in the amount of $200,000 over the Property (the "**DIP Loan**").

5. On May 29, 2025, Arbat sought and obtained an Amended and Restated Initial Order (the "**ARIO**"), which, among other things, (i) extended the Stay Period up to and including August 28, 2025; (ii) approved an increase to the Administration Charge to the maximum amount of $500,000; (iii) approved an increase to the Directors' Charge to the maximum amount of $220,000; and (iv) approved the amended and restated DIP Term Sheet and a corresponding increase to the permitted borrowings under the DIP Loan and the DIP Lender's Charge to a maximum amount of $900,000, plus interest, fees, and expenses.

6. On May 29, 2025, this Court also granted the Claims Identification Order, which permitted the Company to identify the existing claims against it, including claims against the board of directors (the "**Claims Identification Process**").

7. On August 21, 2025, the Honourable Justice Osborne granted an order (the "**SISP Order**") approving the sale and investment solicitation process (the "**SISP**") and the stalking horse subscription agreement (the "**Subscription Agreement**") between Arbat, as the stalking horse bidder, and the Company, establishing a stalking horse bid in the SISP.

8. On the same date, the Honourable Justice Osborne also granted an order, which, among other things, (i) extended the Stay Period up to and including November 7, 2025; (ii) increased the authorized borrowings under the DIP Term Sheet to the maximum amount of $1,500,000, as well as a corresponding increase to the DIP Lender's Charge; and (iii) approved the activities, conduct, and decisions of the Monitor as set out in the Pre-Filing Report dated May 21, 2025, the First Report dated May 28, 2025, and the Second Report dated August 18, 2025.

9. The Monitor conducted the SISP in accordance with the SISP Order, which resulted in a multi-round auction (the "**Auction**") between Arbat and one other bidder. The bid submitted by Arbat represented the highest consideration and best bid of the Auction.

10. Following the culmination of the SISP and the Auction, on October 30, 2025, the Court granted an Approval and Reverse Vesting Order (the "**ARVO**"), among other things, (i) approving the Subscription Agreement as amended by the Amended Agreement No. 1 to the Subscription Agreement (the "**Amended Purchase Agreement**"), entered into between the Company, as vendor, and Arbat, as purchaser, and the transaction contemplated therein (the "**Transaction**"); (ii) expanding the powers of the Monitor and authorizing the Monitor to execute the Amended Purchase Agreement; and (iii) approving the releases of the Released Parties (as defined in the ARVO).

11. On the same date, the Court granted a further Order, which, among other things, (i) extended the Stay Period up to and including January 31, 2026; (ii) sealed the confidential appendices to the Third Report of the Monitor dated October 20, 2025 (the "**Third Report**"); (iii) approved the Third Report and the activities of the Monitor set out therein; and (iv) approved the fees and disbursements of the Monitor and its counsel.

(ii) The Amended Purchase Agreement and the Transaction

12. The Excluded Assets, Excluded Liabilities, and Excluded Contracts (each as defined in the Amended Purchase Agreement) will vest in 1001400034 Ontario Inc. ("**ResidualCo**"), a newly incorporated company, in accordance with the ARVO.

13. The Amended Purchase Agreement and the Transaction represent the culmination of the Applicant and the Monitor's extensive solicitation efforts, which were conducted in accordance with the SISP Order and the ARVO.

14. The Amended Purchase Agreement provides for, among other things, a closing payment (the "**Closing Payment**") to be received and held by the Monitor in a non-interest bearing account, in trust, in an amount equal to the sum of: (i) the priority payments prescribed under section 6 of the CCAA (the "**Priority Payments**"); (ii) the Administration Charge; (iii) the $50,000 Administrative Wind-down Amount contemplated in the Subscription Agreement; and (iv) the Overbid True-up Amount (as defined in the Amended Purchase Agreement).

15. Pursuant to paragraph 26 of the ARVO, once the Priority Payments and the amounts secured by the Administration Charge have been satisfied, the remaining amount of the

Closing Payment shall be held by the Monitor and used to: (i) satisfy the costs incurred by the Monitor and its professional advisors after closing (including amounts to administer and wind-down ResidualCo) ; and (ii) distribute any remaining funds in respect to the Accepted Claims pursuant to the Claims Identification Order.

16. Arbat is continuing to work diligently with the Monitor towards an anticipated closing of the Transaction prior to February 28, 2026.

B. RELIEF SOUGHT

Distributions

17. As referenced above, it is anticipated that the Transaction will close by February 28, 2026.

18. The Amended Purchase Agreement and the ARVO contemplate that, following the closing of the Transaction, the Monitor may utilize the Closing Payment to pay and satisfy the Priority Payments and all amounts owing under the Administration Charge. Additionally, the amount remaining from the Closing Payment may be used to: (i) satisfy the costs incurred in connection with the administration and wind-down of ResidualCo; and (ii) distribute claims pursuant to the Claims Identification Order.

19. Accordingly, the Applicant seeks an Order of this Court authorizing the Monitor, from and after the closing of the Transaction, to make the distributions from the balance of the Closing Payment to satisfy the Accepted Claims in accordance with the Proposed Distribution Methodology described in the Fourth Report.

20. The Monitor will report on the Accepted Claims in the Fourth Report. All Accepted Claims will be paid their entitlement in accordance with the Proposed Distribution Methodology. The time period for any appeals or disputes of the Monitor's determination with respect to the quantum of Accepted Claims has concluded and all such appeals or disputes have been resolved or settled, such that the amount to be paid to each unsecured creditor with an Accepted Claim has crystalized.

21. Each of Arbat, Park Investors LLC ("**Park**"), and Svetlana Bortsova ("**Bortsova**", and together with Arbat and Park, the "**Purchaser Group**") are contributing to the funding of the Closing Payment. As will be shown in the Fourth Report, the Purchaser Group is also entitled to be distributed $1,729,683.18 (such amount being the "**Purchaser Group Distributions**") in respect of their Accepted Claims.

22. Since all distributions will be funded from the Closing Payment, Arbat seeks authorization to set-off the Purchaser Group Distributions from the Closing Payment, with the effect that:

(a) The Purchaser Group not be required to pay $1,729,683.18 of the Closing Payment to the Monitor; and

(b) The Purchaser Group correspondingly not be distributed the $1,729,683.18 that would otherwise be distributed to it from the Closing Payment.

(the "**Set-Off Mechanism**")

23. For greater certainty, the Set-Off Mechanism would have no effect on the quantum of the distributions being paid to the other unsecured creditors with Accepted Claims. Rather, the

Purchaser Group will simply not have to pay $1,729,683.18 and that same amount will not be circulated back to the Purchaser Group in a distribution. All other unsecured creditors with Accepted Claims will be paid the amounts calculated by the Monitor in accordance with the Proposed Distribution Methodology.

24. Since the members of the Purchaser Group are also Claimants with Accepted Claims, the rationale for the Set-Off Mechanism is to create efficiencies and avoid money being sent to the Monitor as a Closing Payment only to be returned through a distribution shortly thereafter.

Approval of the Fourth Report, Conduct, and Activities

25. The proposed Distribution and CCAA Termination Order seeks this Court's approval of the Fourth Report of the Monitor and the activities and conduct described therein.

26. The Fourth Report identifies and describes the conduct and activities of the Monitor and its counsel, Cassels, all of which has been undertaken in accordance with the ARIO and the ARVO.

Approval of the Monitor's Fees

27. The proposed Distribution and CCAA Termination Order also seeks approval of the fees and disbursements of the Monitor and its counsel incurred from October 1, 2025 up to and including December 31, 2025.

28. Appended to the Fourth Report are the fee affidavits prepared by the Monitor and its counsel. The fees are reasonable, commensurate with the work performed throughout these

CCAA Proceedings, and reflect the complexity of these CCAA Proceedings as reported to the Court by the Monitor through its many reports.

29. Additionally, as described in the Fourth Report, the Monitor is seeking approval of its final fees, which are estimated to be $100,000 for the wind-down of these CCAA Proceedings (the "**Final Fees**"), as well as a bankruptcy reserve of $25,000 to administer the bankruptcy of Residual Co (the "**Bankruptcy Reserve**"). In the event any amounts remain from the Final Fees or the Bankruptcy Reserve, such amounts will be distributed in accordance with the Proposed Distribution Methodology or *pro rata* to the claimants with Accepted Claims.

30. The Monitor and its legal counsel have played a critical and necessary role in advancing the Company's restructuring, including conducting the SISP and negotiating the Subscription Agreement and Amended Purchase Agreement.

Termination of the CCAA Proceedings and Discharge of the Monitor

31. Once the Transaction is closed, the Company will cease to be a respondent in these CCAA proceedings. Pursuant to the ARVO, ResidualCo, which has no further operations, employees, management, or assets, will become the new respondent.

32. Subject to the completion of certain administrative matters giving effect to ResidualCo's bankruptcy and the Remaining Activities, these CCAA Proceedings will be substantially complete. The Applicant and the Monitor anticipate that the Remaining Activities will be completed in the near term.

33. The Applicant is seeking to terminate these CCAA Proceedings upon the filing of the Monitor's Termination Certificate with this Court certifying that, to the best of the Monitor's knowledge and belief, all matters to be attended to in connection with these CCAA Proceedings have been completed.

34. At the CCAA Termination Time, these CCAA Proceedings will have served their purpose. Accordingly, it will be appropriate for these CCAA Proceedings to be terminated and for Grant Thornton to be discharged and released from its role as the court-appointed Monitor.

Release of the Monitor and its Counsel

35. The proposed Distribution and CCAA Termination order includes a release of the Monitor and its counsel from all claims and liabilities based on any act, omission, transaction, dealing, or other occurrence arising from or in respect to the CCAA Proceedings or taking place on or prior to the CCAA Termination Time (the "**Released Claims**").

36. The proposed release of the Released Claims includes an express carve-out for any claim or liability arising out of gross negligence or wilful misconduct on the part of the Monitor and its counsel, Cassels.

Extension of the Stay Period

37. The current Stay Period expires on January 31, 2026. The Applicant is seeking an extension of the Stay Period up to and including the CCAA Termination Time.

38. Second Cup has been acting and will continue to act in good faith and with due diligence in these CCAA Proceedings and throughout the proposed extended Stay Period, including

working towards completing the Transaction. The proposed extension of the Stay Period is necessary and appropriate in the circumstances to provide the Applicant and the Monitor with the time necessary to close the Transaction and for ResidualCo to complete the winding down of its outstanding liabilities.

Sealing of the Confidential Appendix

39. The Applicant is seeking an order sealing the Confidential Appendices to the Fourth Report to the earlier of (i) the filing of the Monitor's Certificate, substantially in the form attached as Schedule "A" to the ARVO, upon the closing of the Transaction; or (ii) further order of this Court.

40. The Confidential Appendices contain potentially commercially sensitive information, including the distributions of the Accepted Claims to creditors. Disclosure of the aggregate amount of these distributions may enable a third party to determine the purchase price under the Amended Purchase Agreement. Public disclosure of this information could negatively impair the integrity of any subsequent process to find any subsequent purchaser in the event the Transaction does not close.

41. The Applicants and the Monitor are not aware of any parties that would be prejudiced by the proposed sealing of the Confidential Appendices.

Discharge of the Charges

42. The Applicant is seeking to terminate the remaining Court-ordered Charges, including the Administration Charge, the Directors' Charge, and the DIP Lender's Charge, effective at

the CCAA Termination Time.

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

43. The affidavit of Alexey Golubovich, affirmed January 26, 2026;

44. The Fourth Report of the Monitor, to be filed; and

45. Such further and other evidence as counsel may advise and this Honourable Court may permit.

January 26, 2026

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Lawyers for the Applicant

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

NOTICE OF MOTION
(Returnable January 29, 2026)

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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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Respondent

AFFIDAVIT OF ALEXEY GOLUBOVICH
(Affirmed January 26, 2026)

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AFFIDAVIT OF ALEXEY GOLUBOVICH
(Affirmed January 26, 2026)

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 my first affidavit affirmed May 19, 2025 (the "**First Golubovich Affidavit**"), in my second affidavit affirmed May 27, 2025 (the "**Second Golubovich Affidavit**"), or in my third affidavit affirmed August 15, 2025 (the "**Third Golubovich Affidavit**" and, together with the First Golubovich Affidavit and the Second Golubovich Affidavit, the "**Golubovich Affidavits**"). Copies of the Golubovich Affidavits, 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 Order (the "**Distribution and CCAA Termination Order**"), *inter alia*:

    (a) abridging the time for and validating serviced of the Notice of Motion and the Motion Record, and dispensing with service on any person other than those served;

    (b) authorizing Grant Thornton Limited ("**Grant Thornton**"), in its capacity as the Court-appointed Monitor (in such capacity, the "**Monitor**") of Second Cup Coffee, to make certain distributions from the Closing Payment (as defined below) to satisfy the accepted claims identified by the Monitor (the "**Accepted Claims**") pursuant to the Claims Identification Order of the Honourable Justice Cavanagh dated May 22, 2025 and approving proposed distribution methodology described in the Fourth Report of the Monitor (the "**Proposed Distribution Methodology**") including and the Restructuring Claim Holdback (as defined below);

    (c) approving the Supplement to the Third Report dated October 29, 2025 (the "**Supplemental Third Report**") and the fourth report of Granth Thornton, to be filed (the "**Fourth Report**"), and the activities and conduct of the Monitor described therein;

    (d) approving the fees and disbursements of the Monitor and its legal counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), including the estimated Final Fees (as defined in the Fourth Report), as described in the Fourth Report;

    (e) terminating these proceedings (the "**CCAA Proceedings**") upon the filing by the Monitor of a certificate with this Court certifying that, among other things, all matters to be attended to in connection with these CCAA Proceedings have been completed (the "**Monitor's Termination Certificate**" and the time of service thereof being the "**CCAA Termination Time**");

(f) extending the Stay Period (as defined below) from January 31, 2026 to the CCAA Termination Time;

(g) discharging Grant Thornton in its capacity as Monitor at the CCAA Termination Time and granting certain releases in favour of the Monitor and its counsel;

(h) Sealing the Confidential Appendices to the Fourth Report; and

(i) terminating, releasing, and discharging the Administration Charge, the DIP Lender's Charge, and the Directors' Charge (each as defined below) (collectively, the "**Charges**") at the CCAA Termination Time.

III. BACKGROUND OF CCAA PROCEEDINGS

5. The complete background and circumstances leading to these creditor-initiated CCAA Proceedings are set out in the Golubovich Affidavits.

6. All references to currency in this Affidavit are references to Canadian dollars, unless otherwise indicated.

A. Initial Order

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

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

(b) appointed Grant Thornton as the Monitor of the Company pursuant to section 11.7 of the CCAA;

(c) appointed Maxim Lojevsky as the Chief Restructuring Officer ("**CRO**") of the Company;

(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 "**Stay Period**");

(e) granted an initial administration charge in the 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**");

(f) approved and authorized 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 the borrower, establishing a charge (the "**DIP Lender's Charge**") over the Property in the maximum amount of $200,000; and

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

B. Amended and Restated Initial Order

8. On May 29, 2025, the Honourable Justice Cavanagh granted the amended and restated Initial Order (the "**ARIO**"). Pursuant to the ARIO, the Court, among other things:

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

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

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

(d) approved 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 to the DIP Lender's Charge to the maximum amount of $900,000, plus interest, fees, and expenses; and

(e) authorized the Company to pay certain critical pre-filing amounts owing to suppliers.

9. On the same date, the Honourable Justice Cavanagh also granted a claims identification order (the "**Claims Identification Order**") approving a claims procedure to allow the Monitor to identify the outstanding claims against the Company including those against the Company's directors ("**Claims Identification Process**").

C. SISP Order

10. On August 21, 2025, the Honourable Justice Osborne granted an order (the "**SISP Order**"), among other things, (i) approving a sale and investment solicitation process ("**SISP**") for an investment in, or a sale of, all or substantially all of Second Cup's business or Property; and (ii) approving the stalking horse subscription agreement (the "**Stalking Horse Agreement**") between Arbat (in such capacity, the "**Stalking Horse Bidder**") and the Company, establishing a "**Stalking Horse Bid**" in the SISP.

11. The SISP contemplated a one-phase process to be administered by the Monitor and provided key milestone dates, any of which could be extended by the Monitor.

12. The Monitor conducted the SISP in accordance with the SISP Order. The Monitor received one Qualified Bid in addition to the Stalking Horse Bid (each a "**Qualified Party**").

13. Accordingly, on October 3, 2025, the Monitor held an auction (the "**Auction**"), which proceeded over several rounds. The Monitor identified the leading bid, which became the initial bid in the Auction (the "**Initial Bid**").

14. The Auction began with the Initial Bid. Each following bid was required to proceed with minimum additional cash increments of $250,000 for the first bid, and then cash increments of at least $50,000 for each subsequent bid.

15. Following the conclusion of the Auction, the Monitor determined the Stalking Horse Bid to be the successful bid in the SISP, representing the highest consideration received and the best bid of the Auction. As a result of the Auction, the Stalking Horse Agreement was amended to reflect the new purchase price that arose from the Auction (the "**Amended Purchase Agreement**").

16. The transaction contemplated by the Amended Purchase Agreement (the "**Transaction**") is structured as a reverse vesting transaction, pursuant to which, all existing shares of the Company were cancelled with Arbat, as the Stalking Horse Bidder and ultimate purchaser, subscribing for and being issued new common shares in the Company (the "**Purchased Shares**").

D. Approval and Reverse Vesting Order

17. On October 30, 2025, the Honourable Justice Myers granted an approval and reverse vesting order (the "**ARVO**"), which, among other things:

(a) approved the Amended Purchase Agreement between Second Cup, as vendor, and Arbat, as purchaser, and the Transaction;

(b) approved the transfer and vesting all of Second Cup's right, title, and interest in and to the Purchased Shares and Retained Assets (as defined in the Amended Purchase Agreement) in Arbat on closing;

(c) approved the transfer and vesting of all of the Company's right, title, and interest in and to the Excluded Assets, Excluded Contracts, and Excluded Liabilities (each as defined in the Amended Purchase Agreement) in 1001400034 Ontario Inc. ("**ResidualCo**"), a newly incorporated company, on closing;

(d) directed the closing cash payment (the "**Closing Payment**") to be paid to the Monitor, and authorized the Monitor to pay from the Closing Payment: (i) the priority payments prescribed under section 6 of the CCAA (the "**Priority Payments**"); and (ii) amounts secured under the Administration Charge, with the balance of the Closing Payment to be held by the Monitor in trust to fund those costs incurred by the Monitor and its professional advisors after closing to administer ResidualCo;

(e) expanded the Monitor's powers and authorized the Monitor to take such steps and actions on behalf of Second Cup to complete the Transaction;

(f) expanded the Monitor’s powers over ResidualCo and authorized the Monitor to, among other things, make an assignment into bankruptcy on behalf of ResidualCo;

(g) authorized the addition of ResidualCo, and the removal of Second Cup, as a respondent to these CCAA Proceedings, on closing; and

(h) approved the releases of the Released Parties (as defined in the ARVO).

18. On October 30, 2025, the Honourable Justice Myers granted a further order (the “**Ancillary Order**”), among other things:

(a) extending the Stay Period up to and including January 31, 2026;

(b) sealing certain confidential appendices to the third report of the Monitor dated October 20, 2025 (the “**Third Report**”);

(c) approving the Third Report, and the activities of the Monitor described therein; and

(d) approving the fees and disbursements of the Monitor and its counsel, Cassels up to and including September 30, 2025.

19. On December 17, 2025 the Company and the Purchaser agreed to extend the Outside Date to the Transaction to February 15, 2026. I understand that the Company, through the CRO, is prepared to further extend the Outside Date to February 28, 2026, if needed, to close the Transaction.

E. The Set-Off Mechanism

20. Pursuant to paragraph 26 of the ARVO, once the Priority Payments and the amounts secured by the Administration Charge have been satisfied, the remaining amount of the Closing Payment shall be held by the Monitor and used to: (i) satisfy the costs incurred by

the Monitor and its professional advisors post-closing; and (ii) distribute any remaining funds towards the Accepted Claims (the "**Distributions**").

21. Arbat, Park Investors LLC ("**Park**"), and Svetlana Bortsova ("**Bortsova**" and, together with Arbat and Park, the "**Purchaser Group**") are collectively funding the Closing Payment. I understand that the Monitor's Fourth Report will demonstrate that the Purchaser Group is also entitled to be distributed $1,729,683.18 pursuant to the Distribution Methodology (the "**Purchaser Group Distributions**") in satisfaction of their respective Accepted Claims.

22. As the Purchaser Group is both funding the Closing Payment and entitled to receive the Purchaser Group Distributions from that same payment, Arbat proposes that the Purchaser Group Distributions be settled by way of set-off. Accordingly, the Closing Payment would be reduced by $1,729,683.18 (the amount of the Purchaser Group Distributions), such that the Purchaser Group would not be required to advance that amount, and no corresponding distribution would be made to the Purchaser Group from the Closing Payment in respect of its Accepted Claims (the "**Set-Off Mechanism**").

23. The Set-Off Mechanism will have no effect on the quantum of the Distributions being paid to the other unsecured creditors with Accepted Claims. Each of whom will receive the full Distribution that would have been made to them in the absence of the Set-Off mechanism.

24. Absent the Set-Off Mechanism, the Purchaser Group will be required to advance a further $1,729,683.18, incur the associated cost of capital, and later receive that same amount back through the distribution process. This circular flow of funds would serve no substantive purpose, would be operationally inefficient, and would unnecessarily complicate the closing of the Transaction.

25. I understand that the Monitor is supportive of the Set-Off Mechanism.

IV. RELIEF SOUGHT

A. Distribution of Closing Payment

26. The Applicant is seeking an order of this Court authorizing the Monitor, from and after the closing of the Transaction, to make the Distributions in accordance with the Proposed Distribution Mechanism from the balance of the Closing Payment to satisfy the Accepted Claims. I understand the Monitor's Fourt Report will provide details of the Proposed Distribution Methodology.

27. Additionally, the Applicant seeks this Court's authorization to satisfy the Purchaser Group Distributions using the Set-Off Mechanism. In effect, the Purchaser Group Distributions will be set off against the Closing Payment instead of being paid into and distributed from the Closing Payment by the Monitor.

28. As the Court-ordered Claims Identification Process was designed to identify, quantify, and resolve the claims against Second Cup, with a view to making distributions to the Company's creditors, the Proposed Distribution Methodology should be approved.

29. Since the Purchaser Group is both funding the Closing Payment and receiving the Purchaser Group Distributions from the Closing Payment, it is appropriate that the Set-Off Mechanism also be approved by this Court.

30. I am in agreement with the Proposed Distribution Methodology and believe it is reasonable and appropriate in the circumstances.

B. Approval of Monitor's Supplemental Third Report, Fourth Report, Activities, and Fees

31. The Applicant seeks this Court's approval of the Monitor's Fourth Report and the activities, conduct, and decisions of the Monitor set out therein. Additionally, the Applicant is seeking approval of the Monitor and its counsel's fees and disbursements incurred from October 1, 2025 up to and including December 31, 2025, as detailed in the fee affidavits to be appended to the Fourth Report.

32. The Monitor has played a critical role in advancing the Applicant's restructuring efforts towards the Company, including conducting the Claims Identification Process, conducting a thorough and comprehensive sale process and negotiating the Stalking Horse Agreement, Amended Purchase Agreement and developing the Proposed Distribution Methodology. The Monitor and its counsel have devoted a significant amount of time to facilitating these CCAA Proceedings.

33. Accordingly, the Applicant supports the approval of the Monitor's activities and conduct described in the Fourth Report, as well as the fees and disbursements of the Monitor and its counsel.

C. Termination of CCAA Proceedings and Discharge of Monitor and the Charges

34. The Applicant is seeking an order terminating these CCAA Proceedings, discharging Grant Thornton as the Monitor and releasing the Monitor and its counsel to up and including the CCAA Termination Time, effective upon its filing of an executed Monitor's Termination Certificate.

35. Once the Transaction is closed, the Company will cease to be a respondent in these CCAA proceedings. I understand that the Transaction is expected to close on or prior to February 28, 2026.

36. Subject to the completion the Remaining Activities, including those administrative matters giving effect to ResidualCo's bankruptcy, these CCAA Proceedings will be substantially complete. The Applicant estimates that the Remaining Activities and the wind-down of ResidualCo will be completed in the near term.

37. I understand that at the CCAA Termination Time, these CCAA Proceedings will have served their purpose. The Monitor and its counsel have been instrumental in the success of these CCAA proceeding which represents the best outcome for all stakeholders.

38. Accordingly, it will be appropriate for Grant Thornton to be discharged and released from its role as the Court-appointed Monitor, as well as for the Charges to be terminated, released, and discharged.

D. Extension of Stay Period

39. The Stay Period currently expires on January 31, 2026. The Applicant is seeking an extension of the Stay Period up to and including the CCAA Termination Time.

40. Prior to the CCAA Termination Time, the Applicant and the Monitor will complete the Remaining Activities, including: (i) closing the Transaction; (ii) making the proposed Distributions; (iii) completing the necessary statutory and administrative steps required to terminate these CCAA Proceedings and discharge the Monitor; and (iv) bankrupting and administering ResidualCo.

41. The proposed extension of the Stay Period will permit the Monitor to complete the above activities.

42. The Company has, under the direction of the CRO, acted, and is continuing to act, in good faith and with due diligence throughout these CCAA Proceedings. I understand that the Monitor is supportive of the proposed extension of the Stay Period and do not believe that any of the Company's stakeholders will be prejudiced as a result.

E. Sealing Relief

43. Arbat is requesting that this Court seal the Confidential Appendices to the Fourth Report. The Confidential Appendices to the Fourth Report sets out the purchase price and the Distributions to be made to each creditor with an Accepted Claim.

44. The basis for sealing the Confidential Appendices is that disclosing the total amount of Distributions to be paid could allow a person, upon review of the Amended Purchase Agreement, to "reverse engineer" the Purchase Price under the Amended Purchase Agreement. Such information could cause harm to a future sale process in the unlikely event that the Transaction does not close.

45. As the sealing relief is only necessary until the closing of the Transaction the draft order would only seek the Confidential Appendices until the earlier of the closing of the Transaction or further order of the Court.

V. FORM OF ORDER AND CONCLUSION

46. I swear this Affidavit in support of the Distribution and CCAA Termination Order substantially in the form contained at Tab "**3**" of the Motion Record, 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 January 26, 2026, in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.	Подписант: Alexey Golubovich 3856BACE1F23499...
DocuSigned by: Matthew Cressatti DA79353421D842D	**ALEXEY GOLUBOVICH**
Commissioner for Taking Affidavits	
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 United Kingdom, before me at the City of Toronto, in the Province of Ontario, on January 26, 2026 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) <u>Principal Amount</u>: USD $2,000,000

(b) <u>Use of funds</u>: general corporate purposes

(c) <u>Interest</u>: 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) <u>Term</u>:

(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) <u>Security</u>: 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) <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.

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.

<u>Arbat Loan Acknowledgements</u>

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) Principal Amount: £300,000 (each)

(b) Use of Funds: to fund Second Cup's acquisition of assets related to Second Cup cafes 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 (each)

(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.

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 “B” referred to in the Affidavit of Alexey Golubovich affirmed by Alexey Golubovich of the City of London, in the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on January 26, 2026 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 "C" referred to in the Affidavit of Alexey Golubovich affirmed by Alexey Golubovich of the City of London, in the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on January 26, 2026 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 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.

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 August 15, 2025)

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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

AFFIDAVIT OF ALEXEY GOLUBOVICH
(affirmed January 26, 2026)

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Lawyers for the Applicant

90557473.1

TAB 3

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

B E T W E E N:

ARBAT CAPITAL GROUP LTD.

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

ORDER

THIS MOTION, made by the Applicant, Arbat Capital Group Ltd. ("**Arbat**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order, *inter alia*, (i) approving and authorizing certain distributions to be made in accordance with the Proposed Distribution Methodology, as defined herein; (ii) approving the supplement to the Third Report dated October 20, 2025 (the "**Supplemental Third Report**") and the fourth report of Grant Thornton Limited ("**Grant Thornton**") in its capacity as the Court-appointed monitor (in such capacity, the "**Monitor**") of The Second Cup Coffee Company Inc. (the "**Debtor**"), to be filed (the "**Fourth Report**"), and the activities and conduct of the Monitor described therein; (iii) approving the fees and disbursements of the Monitor and the Monitor's counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), as described in the Fourth Report; (iv) authorizing the Monitor to transfer funds from the Final Fees (as defined below) to Grant Thornton, in its intended capacity as the trustee in bankruptcy of ResidualCo; (v) terminating these proceedings under the CCAA (the "**CCAA Proceedings**") at the CCAA Termination Time (as defined below); (vi) discharging Grant Thornton as Monitor at the CCAA Termination Time; (vii) approving the release of the Released Parties (as defined below); (iix) extending the Stay Period (as defined below) up to and including the CCAA Termination Time; (ix) sealing the Confidential Appendices to the Fourth Report of the Monitor; and (x) terminating the Court-ordered Charges (as defined below) at the CCAA Termination Time, was heard this day via Zoom videoconference.

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

SERVICE

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

DEFINED TERMS

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

DISTRIBUTIONS

3. **THIS COURT ORDERS** that, on Closing, following payment of the Priority Payment and the amounts secured by the Administration Charge from the Closing Payment, the Monitor be and is hereby authorized to make one or more distributions in accordance with the Proposed Distribution Methodology in satisfaction of the accepted claims identified by the Monitor pursuant to the Claims Identification Order.

4. **THIS COURT ORDERS** that the Proposed Distribution Methodology (including the Set-Off Mechanism, as set out in the Fourth Report) and the Proposed Distribution Schedule for the distributions to be made under this Order, and for any subsequent distributions of the Property of the Debtor or ResidualCo as set out in the Fourth Report, are hereby approved.

5. **THIS COURT ORDERS** that all distributions shall be made in Canadian dollars, regardless of the currency indicated in the Proof of Claim, calculated by the Applicants with the assistance of the Monitor in accordance with paragraph 19 of the Claims Identification Order.

6. **THIS COURT ORDERS** that the Monitor or any other person facilitating distributions pursuant to this Order shall be entitled to deduct and withhold from any such distribution to any Claimant such amounts as may be required to be deducted or withheld under any applicable law and to remit such amounts to the appropriate governmental authority or other person entitled thereto as may be required by such law, [including employee Claims for which a withholding will be calculated by the Applicants' payroll provider.]

7. **THIS COURT ORDERS** that the Monitor is hereby authorized, directed, and empowered to take all reasonably necessary steps and actions the Monitor deems necessary or desirable to effect the distributions in accordance with the provisions of this Order and shall not incur any liability as a result of making any distributions.

8. **THIS COURT ORDERS** that in carrying out the terms of this Order, the Monitor, whether in its personal capacity or in its capacity as the Monitor: (a) shall have all the protections provided to it as an officer of the Court, including the protections granted pursuant to the CCAA and other orders granted in these CCAA Proceedings, including the stay of proceedings; and (b) shall incur no liability or obligation as a result of carrying out any duties or work in connection with this Order, save and except for any gross negligence or willful misconduct on its part.

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

(a) the pendency of these CCAA Proceedings;

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

(c) any assignment in bankruptcy made in respect of the Debtor; and

(d) any provisions of any federal or provincial legislation,

the distributions shall be made final and irreversible, free and clear of all Encumbrances (as defined in the Approval and Reverse Vesting Order of the Honourable Justice Myers dated October 30, 2025 (the "**ARVO**")), including the Charges, and shall be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Debtor and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. **THIS COURT ORDERS AND DECLARES** that (a) by causing the distribution of funds or in making any payments hereunder; and (b) any payments or deliveries made in accordance with this Order that are assisted by the Monitor, the distributions shall not constitute a "distribution" for the purposes of section 107 of the *Corporations Tax Act*, R.S.O. 1990, c. C.40, section 22 of the *Retail Sales Tax Act*, R.S.O. 1990, c. R.31, section 117 of the *Taxation Act, 2007*, S.O. 2007, c. 11, Sched. A, section 159 of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), section 270 of the *Excise Tax Act*, R.S.C. 1985, c. E-15, section 86 of the *Employment Insurance Act*, S.C. 1996, c. 23, or any other similar applicable federal, provincial, or territorial tax legislation (collectively, the "**Tax Statutes**"), and the Monitor, in making the Distributions, is merely a disbursing agent and is not exercising any discretion in making the Distributions, and no Person is "distributing" such funds for the purpose of the Tax Statutes, and the Monitor shall not incur any liability under the Tax Statutes in respect of the Distributions and the Monitor is hereby forever released, remised, and discharged from any claims against it under or pursuant to the Tax Statutes or otherwise at law, arising in respect of or as a result of the Distributions made by it in accordance with this Order and any claims of this nature are hereby forever barred.

11. **THIS COURT ORDERS AND DECLARES** that the Set-Off Mechanism, as described in the Fourth Golubovich Affidavit, is hereby approved and that, for greater certainty, Arbat, Park

Investors LLC and Svetlana Bortsova may set-off the amounts to be distributed to them per the Distributions against the Closing Payment.

APPROVAL OF MONITOR'S FOURTH REPORT AND ACTIVITIES

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

APPROVAL OF FEES AND DISBURSEMENTS OF THE MONITOR

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

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

15. **THIS COURT ORDERS** that the anticipated further fees and disbursements of the Monitor and Cassels, estimated not to exceed $100,000 (inclusive of HST) in aggregate ("**Final Fees**"), for the completion of the Remaining Activities (as defined in the Fourt Report) in connection with these CCAA Proceedings, are hereby approved and that the Monitor and Cassels shall not be required to pass their accounts in respect of any further activities in connection with the administration of the CCAA Proceedings, provided, however, that if the further fees and disbursements of the Monitor and Cassels in connection with the completion by the Monitor of its remaining duties and administration of the CCAA Proceedings exceed the amount of the Final Fees, the Monitor shall return to Court to seek approval to pay any such amounts pursuant to a further Order of the Court. Following completion of the CCAA Proceedings, the Monitor is hereby authorized and directed to pay any available remainder from the Final Fees in accordance with the Proposed Distribution Methodology.

BANKRUPTCY MATTERS

16. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed to transfer $25,000 of funds from the Final Fees (the "**Bankruptcy Reserve**") to Grant Thornton for the fees and disbursements of the Trustee and its counsel (plus applicable taxes) incurred in connection with the intended assignment into bankruptcy of ResidualCo pursuant to the BIA. Following completion of the ResidualCo's BIA proceedings, the Trustee is hereby authorized and directed to pay any available remainder from the Bankruptcy Reserve pro rata to the claimants with Accepted Claims.

17. **THIS COURT ORDERS** that notwithstanding the termination of the CCAA Proceedings pursuant to the process described below, the Claims Identification Order, including the bar dates set forth therein, shall remain in full force and effect.

TERMINATION OF CCAA PROCEEDINGS

18. **THIS COURT ORDERS** that, upon filing by the Monitor of an executed certificate substantially in the form attached hereto as **Schedule "A"** (the "**Monitor's Termination Certificate**") with the Court certifying that, to the best of the knowledge and belief of the Monitor, all matters to be attended to in connection with the CCAA Proceedings, including the Remaining Activities, have been completed, these CCAA Proceedings shall be terminated without any other act or formality (the "**CCAA Termination Time**"), save and except as provided in this Order, and provided that nothing herein impacts the validity of any Orders made in these CCAA Proceedings or any action or steps taken by any Person in connection therewith.

19. **THIS COURT ORDERS** that the Monitor is hereby directed to file a copy of the Monitor's Termination Certificate with the Court and post a copy of the Monitor's Termination Certificate on the case website maintained by the Monitor as soon as practicable following the CCAA Termination Time and serve a copy of the filed Monitor's Termination Certificate on the service list in these CCAA Proceedings.

TERMINATION OF THE CHARGES

20. **THIS COURT ORDERS** that the Administration Charge, the DIP Lender's Charge, and the Directors' Charge (collectively, the "**Charges**") shall be and are hereby terminated, released, and discharged as of the CCAA Termination Time without need for any further act or formality.

DISCHARGE OF THE MONITOR

21. **THIS COURT ORDERS** that, effective at the CCAA Termination Time, Grant Thornton shall be and is hereby discharged from its duties as the Monitor and shall have no further duties, obligations, or responsibilities as Monitor from and after the CCAA Termination Time, provided that, notwithstanding its discharge as Monitor, Grant Thornton shall have the authority to carry out, complete, or address any matters in its role as Monitor that are ancillary or incidental to these CCAA Proceedings, following the CCAA Termination Time, as may be required or appropriate (the "**Monitor Incidental Activities**"). Notwithstanding any provision of this Order or the Monitor's discharge and termination of these CCAA Proceedings, Grant Thornton and its advisors shall continue to have the benefit of the provisions of all Orders made in these CCAA Proceedings and all protections under the CCAA, including all approvals, protections, and stays of proceedings in favour of Grant Thornton in its capacity as Monitor, at law or pursuant to the CCAA or any Order of this Court, and nothing in this Order shall affect, vary, derogate from, or amend any of the protections in favour of the Monitor pursuant to any Order issued in these CCAA Proceedings, all of which are expressly continued and confirmed following the CCAA Termination Time, including in connection with any actions taken by Grant Thornton following the CCAA Termination Time with respect to the Debtor, ResidualCo, or these proceedings.

22. **THIS COURT ORDERS** that no action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor, respectively, except with prior leave of this Court on not less than fifteen (15) days prior written notice to the Monitor.

RELEASES

23. **THIS COURT ORDERS** that, effective at the CCAA Termination Time, in addition to the protections in favour of the Monitor in any Order of this Court in the CCAA Proceedings or the CCAA, the Monitor, its counsel, and each of their respective affiliates, officers, directors, partners, employees, and agents, as applicable (collectively, the "**Released Parties**"), shall be

released and forever discharged from any and all claims or liability that the Released Parties now or may hereafter have by reason of any act, omission, transaction, dealing, or other occurrence in any way relating to, arising out of, or in respect of the CCAA Proceedings or taking place on or prior to the CCAA Termination Time, including in carrying out any incidental matters, whether known or unknown, matured or unmatured, foreseen or unforeseen, relating to matters that were raised or that could have been raised in the within proceedings (collectively, the "**Released Claims**"), and any such Released Claims are hereby released, stayed, extinguished, and forever barred, and the Released Parties shall have no liability in respect thereof, provided that the Released Claims shall not include any claim or liability: (i) arising out of any gross negligence or wilful misconduct on the part of the applicable Released Party; or (ii) that is not permitted pursuant to section 5.1(2) of the CCAA.

SEALING ORDER

24. **THIS COURT ORDERS** that the Confidential Appendices to the Third Report are hereby sealed and shall not form part of the public record until the Monitor's Certificate, substantially in the form attached as Schedule "A" to the ARVO is filed, or upon further order of the Court.

EXTENSION OF STAY PERIOD

25. **THIS COURT ORDERS** that the Stay Period be and is hereby extended from January 31, 2026 up to and including the CCAA Termination Time or such other date as this Court may order.

GENERAL

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

27. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or any other

jurisdiction, to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceedings, or to assist the Applicant and the Monitor and its agents in carrying out the terms of this Order.

28. **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"

FORM OF TERMINATION CERTIFICATE

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

B E T W E E N:

ARBAT CAPITAL GROUP LTD.

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

TERMINATION CERTIFICATE

RECITALS

A. Grant Thornton Limited ("**Grant Thornton**") was appointed as the Monitor (in such capacity, the "**Monitor**") in the within proceedings commenced under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), pursuant to an Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated May 22, 2025 (as amended and restated, the "**Initial Order**").

B. Pursuant to an Order of this Court dated January 29, 2026 (the "**Distribution and CCAA Termination Order**"), among other things, Grant Thornton shall be discharged as Monitor, and these CCAA Proceedings shall be terminate upon the filing of this Monitor's Termination Certificate with the Court, all in accordance with the terms of the CCAA Termination Order.

C. Unless otherwise indicated herein, capitalized terms used in this Termination Certificate shall have the meaning given to them in the Initial Order or the Distribution and CCAA Termination Order, as applicable.

THE MONITOR CERTIFIES the following:

1. To the knowledge of the Monitor, all matters to be attended to in connection with these CCAA Proceedings have been completed.

ACCORDINGLY, the CCAA Termination Time as defined in the Distribution and CCAA Termination Order has occurred upon the filing of this Monitor's Termination Certificate with the Court.

DATED at Toronto, Ontario this ________________ day of _______________________, 2026.

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: ____________________________________

Name:

Title:

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

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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 January 29, 2026)

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