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

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

May 28, 2025

Doane Grant Thornton

Grant Thornton Limited,
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INTRODUCTION

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

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

3. On May 22, 2025, Justice Cavanagh heard various submissions from counsel present and granted an initial order pursuant to the CCAA (the "**Initial Order**"). Pursuant to the Initial Order, GTL was appointed as monitor of Second Cup (in such capacity, the "**Monitor**") and Maxim Lojevsky (the current chairman of the Board) was appointed as the Chief Restructuring Officer over and in respect of the Debtor (in such capacity, the "**CRO**"). A copy of the Initial Order is attached hereto as **Appendix "A"**.

4. The Initial Order, among other things:

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

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

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

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

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

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

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

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

5. The Honourable Justice Cavanagh further made an initial endorsement and a supplementary endorsement on May 22, 2025 (the "**May 22, 2025 Endorsement**"), which, amongst other things, stated that the Comeback Hearing would be heard on May 29, 2025. A copy of the May 22, 2025 Endorsement is attached hereto as **Appendix "B"**.

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

PURPOSE OF THE FIRST REPORT

7. The purpose of this First Report is to update the Court of the Monitor's duties as set out in section 23(1)(a) of the CCAA, provide an update on the Debtor's financial position and cash flow projection, and to provide the Monitor's views and recommendations regarding the Applicant's motion for:

   a. an amended and restated initial order (the "**ARIO**")

      i. extending to the Stay Period to August 28, 2025;

      ii. approving certain pre-filing payments to vendors that are deemed critical to Second Cup's ongoing business operation;

      iii. amending and restating the DIP Facility Term Sheet (the "**Amended DIP Term Sheet**"), to among other things, increase the amounts which may be borrowed by the Debtor under the DIP Facility Term Sheet to $900,000, which, together with the other obligations of the Debtor under the DIP Facility Term Sheet will be secured by the DIP Lender's Charge;

      iv. increasing the amount of the Administration Charge to $500,000;

      v. increasing the amount of the Directors' Charge to $220,000, in light of no Directors' and Officers' liability insurance being in place; and,

   b. a claims identification order (the "**Claims Identification Order**") approving a process to identify claims which may be outstanding in respect of the Debtor or the Board of Second Cup.

TERMS OF REFERENCE

8. In preparing this First Report, the Monitor has relied upon unaudited internal financial statements, certain other financial information and financial projections of the Debtor, discussions with the management and shareholders of the Debtor ("**Management**"), discussion with the Applicant's counsel, and financial information provided by other stakeholders (collectively, the "**Information**"). While the Monitor reviewed the Information for reasonableness and believes that the information herein provides a fair summary of the transactions as reflected in the documents of the Debtor, the Monitor has not audited,

reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Canadian Generally Accepted Auditing Standards.

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

10. Over the course of its mandate, the Monitor has assumed the integrity and truthfulness of the information and explanations presented to it by the Debtor and its Management, within the context in which such Information was presented. To date, nothing has come to the Monitor's attention that would cause it to question the reasonableness of these assumptions. The Monitor has requested that Management bring to its attention any significant matters which were not addressed during the Monitor's specific inquiries. Accordingly, this First Report is based solely on the information (financial or otherwise) made available to the Monitor by the Applicant, the Debtor, Management, the CRO and respective counsellors involved in these CCAA Proceedings.

11. This First Report has been prepared for the use of this Court and the Debtor's stakeholders as general information relating to the Debtor and to assist the Court in determining whether to grant the relief sought by the Applicant. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose. The Monitor will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.

12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined herein have the meaning given to them in the Affidavit of Alexey Golubovich, director of Arbat Capital (a 40% shareholder of Second Cup), sworn May 19, 2025 (the "**First Golubovich Affidavit**"), the Affidavit of Alexey Golubovich sword May 27, 2025 (the "**Second Golubovich Affidavit**"), and the Pre-Filing Report.

BACKGROUND

13. Second Cup is a coffee shop franchisor which owns or controls the "Second Cup Café" brand and rights globally. The Debtor franchises these rights to franchisees in approximately twenty (20) countries worldwide, including in Pakistan, Egypt, Kuwait, Azerbaijan, Cyprus, and across sub-Saharan Africa. These franchisees operate approximately 170 cafes worldwide, none of which are located in Canada. The Debtor is not affiliated with and is independent from Second Cup Coffee Co., the Canadian coffee chain and retailer.

14. The need for a formal restructuring came as the result of a series of challenges faced by Second Cup resulting in financial distress and the Debtor's inability to pay their liabilities as they came due. More details can be found in the First Golubovich Affidavit in support of the need for the CCAA Application and the Pre-Filing Report.

MONITOR'S DUTIES UNDER SECTION 23(1)(A) OF THE CCAA AND ACTIVITIES OF THE MONITOR SINCE THE INITIAL ORDER

15. The Initial Order was issued on May 22, 2025 at approximately 1:00 PM Eastern Standard Time.

16. At such time, the Monitor's case website was activated (www.DoaneGrantThornton.ca/SecondCup). As at the date of this First Report, the case website includes the following documents:

    a. Notice of Application and Application Record returnable May 22, 2025;

    b. The First Golubovich Affidavit;

    c. The Affidavit of Jaclyn Tarola of Miller Thomson LLP (counsel for the Applicant), sworn on May 21, 2025;

    d. The Applicant's Factum in support of the CCAA Application dated May 21, 2025;

    e. Proposed Monitor's Pre-Filing Report dated May 21, 2025;

    f. Endorsement Order of Justice Cavanagh dated May 22, 2025;

    g. Supplementary Endorsement Order of Justice Cavanagh dated May 22, 2025;

h. Initial Order dated May 22, 2025;

i. Notice to Creditors dated May 26, 2025;

j. List of Creditors to include names, addresses and estimated amounts owing; and

k. E-Service List and contact information for the E-Service List Keeper.

17. The Monitor arranged for newspaper notices pertaining to these CCAA Proceedings, to be published in the Globe and Mail (National Edition) on May 27, 2025 and June 3, 2025. A copy of the tear sheet from May 27, 2025 is attached hereto as **Appendix "C"**. The Monitor will provide a copy of the tear sheet confirming the publication of the June 3rd newspaper notice, in its next report.

18. The Monitor also arranged for the notice to creditors, a copy of the mailing affidavit with the respective notice is attached hereto as **Appendix "D"**. The notice was mailed on May 26, 2025 to those creditors with amounts owing more than $1,000. A list of creditors (expressed in CAD$), which was posted to the case website on May 26, 2025, is also included in Appendix D.

19. All notice requirements pursuant to sections 23(1)(a)(i) and 23(1)(a)(ii) of the CCAA have been complied with, including the filing of the required forms with the Office of the Superintendent of Bankruptcy.

20. On May 22, 2025 and May 23, 2025, representatives from the Monitor attended the Second Cup head office to assist Second Cup with initial communications of these CCAA Proceedings to stakeholders.

21. On May 23, 2025 the Monitor, in conjunction with the CRO conducted an employee townhall to discuss the ongoing CCAA Proceedings, the role of the CRO, and the role of the Monitor. As at the date of the Initial Order, Second Cup employed approximately eight (8) employees and two (2) contract employees.

22. The Monitor has been in frequent contact with the CRO who has been in discussions with the suppliers and franchise partners that were identified to be key to the on-going operations of Second Cup. In addition, the Monitor held several meetings with the CRO and Management, particularly those key individuals who are involved in operations. Discussions included amongst other things, financial resources required, timelines for

supplying product to franchisees, reporting requirements from not only a financial perspective but also a production perspective and discussions regarding the 13-Week Cash Flow (as defined and discussed further below).

23. The Monitor continues to engage with Management and the CRO regarding the foregoing. The Monitor will update this Court accordingly as these CCAA Proceedings progress.

FINANCIAL INFORMATION

24. As described in the Pre-Filing Report, prior to the Initial Order the Monitor was provided with very limited financial information with no input from Management. As discussed above, representatives of the Monitor attended the site upon the granting of the Initial Order. The Monitor was granted access to the Debtor's QuickBooks file which provided further financial information of the Debtor (the "**QuickBooks Records**").

25. From the QuickBooks Records the Monitor was able to obtain the balance sheet summary for Second Cup (the "**Balance Sheet Summary**") which is as follows:

The Second Cup Coffee Company Inc. Balance Sheet Summary	As at December 31, 2024	As at May 22, 2025
Assets		
Total Cash and Cash Equivalent	$ (586,756)	$ (630,654)
Accounts Receivable (A/R)	1,514,049	1,622,400
Inventory	134,162	180,783
Other Current Assets	214,719	237,701
Total Current Assets	1,276,174	1,410,231
Property, plant and equipment	9,543	9,543
Loan Receivables	2,167,811	2,167,811
Deferred Expenses	-	903,168
Total Non Current Assets	2,177,354	3,080,522
Total Assets	**$ 3,453,528**	**$ 4,490,753**
Liabilities and Equity		
Liabilities		
Total Accounts Payable (A/P)	$ 137,217	$ 212,994
Other Current Liabilites	132,968	119,479
Payroll Liabilities	404,407	497,996
Total Current Liabilities	674,591	830,469
Shareholder Loans	5,479,467	6,382,636
Other Loans	60,000	60,000
Total Liabilities	6,214,059	7,273,105
Equity		
Share capital	3,487,235	3,487,235
Retained Earnings	(6,247,767)	(6,269,588)
Total Equity	**(2,760,531)**	**(2,782,352)**
Total Liabilities and Equity	**$ 3,453,528**	**$ 4,490,753**

26. The Monitor notes that the Balance Sheet Summary was obtained from the QuickBooks Records which consists of unaudited financial statements. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the QuickBooks Records in a manner that would comply with Canadian Generally Accepted Auditing Standards.

27. The Debtor's assets are primarily made up of the following major categories:

   a. Cash and Cash Equivalents: The Debtor has been operating with a negative cash balance, primarily related to a line of credit with the Bank of Montreal (the "**BMO Line of Credit**").

   b. Accounts Receivable: Based on discussions with Management, the Monitor understands that minimal accounts receivable is actually collectible. The Monitor further understands that a significant balance of the accounts receivable relates to cafés which are no longer in business or where a receivable was recorded for a deposit with a signed letter of intent to open a new franchise, but where no café was opened, and no deposit was paid.

c. Loan Receivables: The Monitor is working with Management to understand the nature and collectability of the 'Loan Receivables'.

d. Deferred Expenses: The Monitor notes that there is a corresponding liability account recorded as a shareholder loan which relates to the deferred expenses, the Monitor continues to review and investigate this amount.

28. The Monitor notes that the shareholder loans balance recorded in the Balance Sheet Summary appears to be materially understated as it does not reflect the shareholder loans owing to Park Investors LLC and Svetlana Bortsova, as identified in the Second Golubovich Affidavit.

29. Attached as **Appendix "E"** is the estimated list of creditors prepared from the QuickBooks Records and the information in the Second Golubovich Affidavit. A summary of Second Cup's creditors are as follows:

Creditors List Summary		
Priority	$	493,439
Secured	$	761,252
Unsecured	$	9,279,190
Total	**$**	**10,533,881**

30. The $493,439 recorded as a priority claim represents the total amount owing to the Canada Revenue Agency ("**CRA**") for unremitted employee source deductions. The Monitor has obtained access to the Debtor's online CRA portal (the "**CRA Portal**"), which shows $320,046 owing for unremitted source deductions for 2023 and 2024, and $88,122 owing for interest and penalties incurred from September 13, 2023 to April 30, 2025. In addition to the amounts from the CRA Portal, the payroll information in the QuickBooks Records indicate that there is an estimate of $85,271 owing for unremitted source deductions in 2025.

31. The principal secured obligations of the Debtor relate to the BMO Line of Credit, with an amount owing of approximately $760,000. The Monitor also understands that the CEO of

the Debtor leases a BMW vehicle which the Debtor pays for, but that the lease is in the personal name of the CEO.

32. The Monitor notes that the Balance Sheet Summary as well as the continued losses experienced by the Debtor, which is reflected in the negative balance for retained earnings, indicates a deterioration of equity as the result of significant losses and a declining cash balance.

33. As of the date of the Monitor's appointment, the Applicant did not have access to the books and records of Second Cup, as a result of the creditor-driven nature of the CCAA Application. The Applicant was therefore unable to accurately reflect the Debtor's financial statements at that time. However, based on the Monitor's review of the QuickBooks Records, the Monitor is of the view that the Debtor continues to be insolvent and these CCAA Proceedings should be continued to allow for an orderly restructuring of the Debtor.

EXTENSION OF THE STAY PERIOD

34. The above financial information depicts the deteriorating financial condition of Second Cup. In addition, the Monitor has been advised by the CRO that a number of franchise partners and suppliers have been experiencing financial difficulties due to the lack of resources from Second Cup, including supplying critical products that was agreed upon and would in the ordinary course, support the franchisee businesses to profitability.

35. Second Cup will be relying on the funding from the DIP Lender over the course of the short and medium term in order to inject capital for the purpose of continuing operations. Additionally, the Monitor understands that Second Cup intends to commence a sales and investment solicitation process ("**SISP**"), which is to be approved by this Court at a future motion. Accordingly, the Applicant seeks the approval of the Court that the Stay Period be extended to August 28, 2025. The Monitor supports this request.

REQUEST FOR PRE-FILING PAYMENTS

36. The Applicant is seeking the Court's approval to make pre-filing payments, in each case with the consent of the Monitor, and only to suppliers that are deemed critical to the Debtor's ongoing business operations and which are required to preserve the value of the Debtor's business (the "**Critical Suppliers**").

37. The Critical Suppliers identified provide coffee beans, powders and syrup which are essential to Second Cup's continued operations. The Monitor is of the view that payment to these Critical Suppliers is imperative for Second Cup to continue operations whilst commencing a restructuring. The Monitor understands that the Critical Suppliers are refusing to provide further supplies to the Debtor unless they are paid for certain pre-filing amounts owing.

38. The Monitor understands, from the Golubovich Affidavit, that the Debtor's franchisees are required, pursuant to their franchise agreements with the Debtor, to purchase these supplies from the Debtor. As a result, if the Debtor is unable to source these goods it will be unable to supply them to the franchisees, which would result in value destruction for the Debtor and its stakeholders.

39. The Monitor is supportive of the Applicant's request considering the nature and location of the Applicant's vendors and where such flexibility may be required in order to maintain operations and the opportunity to complete a formal restructuring.

CASH FLOW FORECAST

40. As reported in the Pre-Filing Report, as of the date of the Pre-Filing Report, the Debtor was unable to assist in the preparation of a cash flow, for the reasons set out in the First Golubovich Affidavit and Pre-Filing Report and limited information was provided by the Debtor, primarily due to the resignation of the Director of Finance.

41. As a result, the Monitor prepared the initial Cash Flow Forecast (as defined in the Pre-Filing Report) based on limited information and with no input from Management but primarily relying on historical banks statements provided by Management. The Cash Flow Forecast covered the two-week period from May 18, 2025 to May 31, 2025 (the "**Initial Cash Flow Period**"). The Cash Flow Forecast was prepared on the assumption that the Debtor's franchise operations will continue in the ordinary course.

42. Since the Monitor's appointment, the Debtor and the CRO, with assistance from the Monitor, prepared the 13-Week Cash Flow, attached hereto as **Appendix "F"**, which extends the Initial Cash Flow Period through to August 31, 2025 (the "**Extended Cash Flow Period**"). The 13-Week Cash Flow was prepared on the assumption that the Debtor's franchise operations and collections will continue in the ordinary course.

43. Below is a summary of the 13-Week Cash Flow, reflecting the projected receipts and disbursements over the Extended Cash Flow Period:

Cash Flow Forecast Summary For the week beginning In CAD	Actuals Week 1	Forecast Weeks 2-15	TOTAL
CASH RECEIPTS			
Franchise Collections	-	71,000	71,000
A/R Collections	-	280,000	280,000
Miscellaneous Receips	-	2,500	2,500
Total Cash Receipts	**-**	**353,500**	**353,500**
CASH DISBURSEMENTS			
Labour	-	217,600	217,600
Operational	971	176,600	177,571
Operational Stability Costs	-	123,200	123,200
Leases	-	36,700	36,700
Financing Disbursements	-	36,530	36,530
Professional Fees	-	660,000	660,000
Total Cash Disbursements	**971**	**1,250,630**	**1,251,601**
Net Cash Flows	**(971)**	**(897,130)**	**(898,101)**
DIP Financing	**-**	**900,000**	**900,000**
Opening Cash Balance	1,432	461	1,432
Closing Cash Balance	461	3,331	3,331

44. The 13-Week Cash Flow indicates the need to receive funding under the DIP Facility Term Sheet beyond the initial $200,000 that was provided for in the Initial Order.

45. The Monitor has reviewed the 13-Week Cash Flow to the standard required of a Court-appointed Monitor by s. 23(1)(b) of the CCAA. The Monitor's review of the 13-Week Cash Flow consisted of inquiries, analytical procedures, and discussions related to information supplied to the Monitor by Management and the CRO of the Debtor. Since the Probable and Hypothetical Assumptions need not be supported, the Monitor's procedures with respect to same were limited to evaluating whether they were consistent with the purpose of the 13-Week Cash Flow. The Monitor has also reviewed the support provided by the Debtor for the Probable and Hypothetical Assumptions and the preparation and presentation of the 13-Week Cash Flow. Based on the Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:

   a. the Probable and Hypothetical Assumptions are not consistent with the purpose of the 13-Week Cash Flow;

   b. as at the date of this First Report, the Probable and Hypothetical Assumptions developed by Management are not suitably supported and consistent with the

Debtor's plans or do not provide a reasonable basis for the 13-Week Cash Flow, given the Probable and Hypothetical Assumptions; or

c. the 13-Week Cash Flow does not reflect the Probable and Hypothetical Assumptions.

46. The Proposed Monitor makes the following general comments on the 13-Week Cash Flow:

a. cash receipts arise from the collection of royalty fees and product sales from Second Cup's franchise partners; the Debtor has projected these collections based on historical information, however; the Monitor understands that since payments come from international customers timing of receipts can be sporadic;

b. cash disbursements appear to be consistent with the level of operations recently being experienced and as contemplated by Management;

c. the 13-Week Cash Flow contemplates paying employee wage and other employee obligations as well as related source deductions in the ordinary course;

d. the 13-Week Cash Flow contemplates paying vendors in accordance with existing and/or modified credit terms;

e. interest on the BMO Line of Credit is being paid in the ordinary course;

f. disbursements include fees and interest that relate to the DIP Facility; and,

g. disbursements include forecast payments to the Applicants' legal counsel, the Monitor and its legal counsel, and the CRO.

47. Since the 13-Week Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the Probable and Hypothetical Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the 13-Week Cash Flow will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy or completeness of any financial information presented in this First Report or relied upon by the Monitor in preparing this First Report.

48. The 13-Week Cash Flow has been prepared solely for the purposes described on the face of the 13-Week Cash Flow and readers are cautioned that it may not be appropriate for other purposes.

AMENDMENTS TO DIP FACILITY TERM SHEET

49. The Debtor's cash position at the commencement of the CCAA Proceedings was approximately $450. The 13-Week Cash Flow estimates the Debtor will require further incremental advances under the DIP Facility totaling $900,000 to fund its cash shortfall during the Extended Cash Flow Period. The Debtor is projecting total disbursements of approximately $1,250,000.

50. On May 16, 2025 the Debtor and the DIP Lender entered into the DIP Facility Term Sheet. As described in the Second Golubovich Affidavit the Debtor is seeking approval of the Amended DIP Term Sheet on substantially the same terms as the DIP Facility Term Sheet.

51. A summary of the material proposed changes to the DIP Facility Term Sheet are as follows:

   a. The maximum aggregate principal amount of the DIP Facility has been increased from $200,000 to $900,000;

   b. The DIP Facility will be used to fund the professional fees and expenses incurred by the Debtor in respect of the CCAA Proceedings;

   c. The DIP Facility will be used to fund debt service obligations of the Debtor, in accordance with the 13-Week Cash Flow;

   d. The balance of the DIP Facility will be secured in full by an increase to the DIP Facility Charge, and shall be made available to the Debtor in multiple advances in accordance with the 13-Week Cash Flow or at the discretion of the DIP Lender;

   e. The Debtor is to operate within an allowable variance range of no more than 10% in any week of the 13-Week Cash Flow;

   f. The Crown in Right of Canada in respect of any claim it may have against the Debtor arising from statutory deemed trust amounts in favour of the Crown in Right of Canada which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes, will rank in priority to BMO, the Administration Charge, the Directors' Charge, and the DIP Facility Charge; and

g. The insertion of funding conditions on subsequent advances which shall be subject to the conditions outlined in Section 13 of the Amended DIP Term Sheet.

52. The above noted terms are set out in the Amended DIP Term Sheet for which the Applicant is seeking this Court's approval and a redline showing the differences between DIP Facility Term Sheet and the Amended DIP Term Sheet are attached as Exhibit E to the Second Golubovich Affidavit.

53. The DIP Lender is supportive of the terms of the Amended DIP Term Sheet. Accordingly, the Applicant, with the support of the Monitor, seeks approval of the Court of the Amended DIP Term Sheet, including the increase to amounts which may be borrowed by Second Cup under the DIP Facility to $900,000, which, together with the other obligations of the Debtor under the Amended DIP Term Sheet will be secured by the DIP Facility Charge.

54. As described in the 13-Week Cash Flow, the Monitor notes that the Debtor requires critical additional funding to continue to operate and emerge from these CCAA Proceedings. The amendments to the DIP Facility Term Sheet are necessary to provide the Debtor with sufficient liquidity to the end of the extension of the Stay Period.

55. The Monitor is not aware that any of the secured creditors oppose the increase in the DIP Facility Charge, as proposed. The Monitor further notes that BMO will not be affected by these CCAA Proceedings, as it is contemplated in the 13-Week Cash Flow to maintain BMO's post-filing principal and interest payments. Further, any deemed trust amounts owing to the Crown will not be primed by the DIP Facility Charge.

56. Based on the foregoing, the Monitor respectfully recommends that the Court grant the Applicant's request for approval of the Amended DIP Term Sheet.

INCREASING THE AMOUNT OF THE ADMINISTRATION CHARGE

57. The Initial Order provided for the following three charges that rank as follows:

a. first – the Administration Charge;

b. second – the DIP Facility Charge; and,

c. third – the Directors' Charge.

(collectively, the "**Charges**"). These Charges rank ahead of all security, interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise in favour of any Person (as defined in the Initial Order), and the Charges rank subordinate to any indebtedness owing by the Debtor to BMO in respect of the secured line of credit and the Crown in Right of Canada in respect of any deemed trust amounts.

58. The amount of the Administration Charge contained in the Initial Order was commensurate with the fees and disbursements of the Monitor, the Monitor's counsel, the CRO and the Applicant's counsel incurred and to be incurred during the initial 10-day Stay Period.

59. If the Court approves the Stay Period to be extended to August 28, 2025, the fees and disbursements of the restructuring professionals currently covered under the Administration Charge will increase. Accordingly, the Applicant, with the support of the Monitor, seeks approval of the Court to increase the amount of the Administration Charge to $500,000. The Applicant is not seeking approval of an increase to the Administration Charge the full amount of the professional fees to be incurred as contemplated in the 13-Week Cash Flow, as the Applicant anticipates it will be before this Court in advance of August 28, 2025.

60. The Monitor is of the view that the increased amount of the Administration Charge is reasonable and appropriate in the circumstances considering the complexity of these CCAA Proceedings, the timing of payment of the forecast professional costs and similar charges in comparable insolvency proceedings.

INCREASING THE AMOUNT OF THE DIRECTORS' CHARGE

61. The amount of the Directors' Charge contained in the Initial Order was commensurate with the potential exposure that the Directors could potentially have statutory personal liability that could be outstanding during the first pay period within the CCAA Proceedings, being: wages, salaries and applicable withholdings, benefits, and accrued vacation pay.

62. The Monitor understands that the Debtor's Directors and Officers liability insurance has lapsed. Resultantly, the Monitor is supportive of an increase to the Directors' Charge to account the absence of Directors and Officers liability insurance. The Monitor has estimated that the total costs associated with the wages, salaries and applicable withholdings, benefits, and accrued vacation pay from Week 2 to Week 15 of the Extended Cash Flow Period will total $220,000.

63. It continues to be of the Monitor's view that the continued support and service of the directors and officers during the CCAA Proceedings would be beneficial to the restructuring efforts of the Debtor. As a result, the Applicant, with the support of the Monitor, seeks approval of the Court to increase the amount of the Directors' Charge to $220,000

CLAIMS IDENTIFICATION PROCESS

64. The Applicant is seeking approval to conduct a claims process to identify and quantify claims against Second Cup (the "**Claims Identification Process**"), which in turn will assist in conducting a meaningful SISP.

65. Key aspects of the proposed Claims Identification Process include:

a. The establishment of a procedure for the submission of claims by all creditors against Second Cup and their directors and officers by filing a proof of claim ("**Proof of Claim"**), with the Monitor.

b. BMO, as secured creditor, is excluded from the Claims Identification Process.

c. The Monitor will provide a package ("**Claims Package**") to all known creditors of Second Cup within five (5) business days of the issuance of the Claims Identification Order, if granted, which includes a Proof of Claim form, a notice to claims regarding the Claims Identification Order ("**Notice to Claimants**"), an instruction letter and any other documentation the Monitor, deems appropriate.

d. The Claims Package will also be available on the Monitor's website and served on the service list in these CCAA Proceedings.

e. The Monitor shall review all Proofs of Claim received, and may accept, revise or disallow each claim as set out therein,

f. In the event the Monitor issues a Notice of Revision or Disallowance and subsequently, receives a Notice of Dispute of Revision or Disallowance, the Monitor may, at its sole discretion, refer the dispute to a claims officer for determination.

g. Proofs of Claim must be received by the Monitor by 5:00 PM (Eastern Standard Time) on June 30, 2025, approximately 30 days from the date of the Claims Identification Order, if granted by this Court, failing which a creditor will be forever barred from advancing a claim against Second Cup or its directors or officers.

66. The Notice to Claimants, a Claims Package and other documents relevant to the Claims Identification Process will be attached as schedules to the proposed Claims Identification Order.

67. The Monitor is of the view that the Claims Identification Process is appropriate in order to identify and quantify claims against the Debtors and Directors and Officers. For the reasons set out above, the Monitor respectfully recommends that this Court approve the Claims Identification Process as outlined in this First Report.

68. The Applicant developed the Claims Identification Process in consultation with the Monitor. The Monitor is of the view that the Claims Identification Process is efficient, fair and reasonable in the circumstances, will assist with the development of a restructuring strategy, and help to facilitate an orderly exit from the CCAA Proceedings. The proposed claims bar dates are reasonable. The direct notification and publication of notice to potential Claimants will make the Claims Identification Process widely distributed and publicized.

69. Accordingly, the Monitor supports the approval of the Claims Identification Process and recommends that it be approved by the Court.

CONCLUSION

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

71. As at the date of this First Report, nothing has come to the attention of Monitor that would require the Monitor to report that a material adverse change has occurred or that these CCAA Proceedings should be changed to proceedings under the *Bankruptcy and Insolvency Act*, pursuant to sections 23(1)(d)(i) and 23(1)(h) of the CCAA, respectively.

72. For the reasons set out in this First Report, the Monitor is of the view that the relief requested by the Applicant is reasonable and respectfully recommends that this Court make the Order granting the Applicant's requested relief.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 28th day of May 2025.

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

Per: Jason Kanji

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

Appendix A

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	THURSDAY, THE 22ND
	)	
JUSTICE CAVANAGH	)	DAY OF MAY, 2025

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

B E T W E E N:

ARBAT CAPITAL GROUP LTD.

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

INITIAL ORDER

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

ON READING the affidavit of Alexey Golubovich, affirmed May 19, 2025 (the "**Golubovich Affidavit**") and the Exhibits thereto, and the pre-filing report (the "**Pre-Filing Report**") of Grant Thornton Limited ("**GTL**") in its capacity as the proposed monitor (in such capacity, the "**Monitor**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, The Second Cup Coffee Company Inc. (the "**Debtor**"), Demetrios Ragas ("**Ragas**"), His Majesty the King in right of Canada, and for GTL, no one appearing for the Bank of Montreal ("**BMO**") although duly served as appears from the affidavit of service of Kim Sellers, sworn May 20, 2025, and on reading the consent of GTL to act as the Monitor,

SERVICE

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

APPLICATION

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

to the Cash Management System, and shall be, in its capacity as provider of the, Cash Management System, an unaffected creditor under any plan or compromise or arrangement with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

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

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

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

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

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

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

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

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

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

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

(a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes, and all other amounts related to such deductions or employee wages payable for periods following the date of this Order pursuant to the *Income Tax Act*, the *Canada Pension Plan*, the *Employment Insurance Act* or similar provincial statutes;

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

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

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

8. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Debtor shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated

between the Debtor and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly in equal payments on the first day of each month. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

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

RESTRUCTURING

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

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

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

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

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

11. **THIS COURT ORDERS** that the Debtor shall provide each of the relevant landlords with notice of the Debtor's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a

representative present in the leased premises to observe such removal and, if the landlord disputes the Debtor's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Debtor, or by further Order of this Court upon application by the Debtor on at least two (2) days notice to such landlord and any such secured creditors. If the Debtor disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Debtor's claim to the fixtures in dispute.

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the

Debtor or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Debtor and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any

Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Debtor. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

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

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

21. **THIS COURT ORDERS** that the directors and officers of the Debtor shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of $100,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 41 and 43 herein.

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

APPOINTMENT OF MONITOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste

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

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

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

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

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

35. **THIS COURT ORDERS** that the Monitor, and counsel to the Monitor, the CRO, and counsel to the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of $275,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 41 and 43 hereof.

DIP FINANCING

36. **THIS COURT ORDERS** that the Debtor is hereby authorized and empowered to obtain and borrow under the debtor-in-possession term sheet dated as of May 22, 2025 between the Debtor, as the borrowers, and the Applicant, as lender attached as Exhibit "A" to the Golubovich Affidavit (as may be amended, restated, supplemented and/or modified from time to time, the "**DIP Facility Term Sheet**"), in order to finance the Debtor's working capital requirements, other general corporate purposes, accrued interest, expenses, and capital expenditures, all in accordance with the terms of the DIP Facility Term Sheet, provided that borrowings under the DIP Facility Term Sheet shall not exceed $200,000 plus interest, fees and expenses, unless permitted by further Order of this Court.

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

38. **THIS COURT ORDERS** that the Applicant shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Facility Charge**") on the Property, in the maximum amount of $200,000 plus interest, fees, and expenses pursuant to the DIP Facility Term Sheet, which DIP

Facility Charge shall not secure an obligation that exists before this Order is made. The DIP Facility Charge shall have the priority set out in paragraphs 41 and 43 hereof.

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

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

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

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

First – Administration Charge (to the maximum amount of $275,000);

Second – DIP Facility Charge (to the maximum amount of $200,000 plus interest, fees, and expenses pursuant to the DIP Facility Term Sheet); and

Third – Directors' Charge (to the maximum amount of $100,000).

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

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

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

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

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

45. **THIS COURT ORDERS** that the Directors' Charge, the Administration Charge, the DIP Facility Term Sheet, the Definitive Documents and the DIP Facility Charge shall not be rendered

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

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

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

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

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

APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

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

2025 (the "**CRO Engagement**"), and enclosed to the affidavit of Jaclyn Tarola, sworn May 20, 2025 (the "**Tarola Affidavit**").

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

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

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

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

52. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO, and all rights and remedies of any Person against or in respect of the CRO are hereby stayed and suspended, except with: (i) written consent of the CRO and the Monitor; or (ii) leave of this Court.

SERVICE AND NOTICE

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

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

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

COMEBACK MOTION

56. **THIS COURT ORDERS** that the return hearing for the amendment and restatement of this Order shall be heard on May 29, 2025 at 10:00AM, for two hours.

GENERAL

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

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

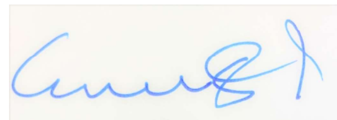
59. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Debtor, the Monitor and their respective agents in carrying out the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

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

61. **THIS COURT ORDERS** that any interested party (including the Applicant, the CRO, and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days

notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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



ARBAT CAPITAL GROUP LTD. Applicant	and	THE SECOND CUP COFFEE COMPANY INC.. Respondent	Court File No. CV-25-00743485-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

INITIAL ORDER

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Lawyers for the Applicant

Appendix B

SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-25-00743485-00CL
CONFIDENTIAL

DATE: May 22, 2025

NO. ON LIST: 1

TITLE OF PROCEEDING:

Arbat Capital Group Ltd. Vs. The Second Cup Coffee Company Inc.

BEFORE: Justice Cavanagh

PARTICIPANT INFORMATION

For Plaintiff, Applicant:

Name of Person Appearing	Name of Party	Contact Info
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Matthew Cressatti Jaclyn Tarola		mcressatti@millerthomson.com

For Defendant, Respondent:

Name of Person Appearing	Name of Party	Contact Info
Constantine Alexiou	The Second Cup Coffee Company Inc.	calexiou@dakllp.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
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Jason Kanji	Grant Thornton – Proposed Monitor	Jason.kanji@doane.gt.ca

Fozia Chaudary	Counsel for Canada Revenue Agency	Fozia.chaudary@justice.gc.ca
David Salter	Counsel for Shareholder/CEO – Jim Ragas (Second Cup)	dsalter@necpal.com

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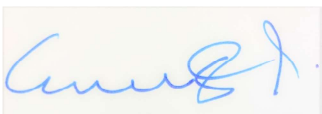
<u>ENDORSEMENT OF JUSTICE CAVANAGH:</u>

[1] At the conclusion of this hearing, I advised counsel that I would grant the motion for an initial order for reasons to follow. I will release those reasons through a supplementary endorsement.

[2] Order to issue in form of Order signed by me today.



SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-25-00743485-00CL
CONFIDENTIAL

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BEFORE: Justice Cavanagh

PARTICIPANT INFORMATION

For Plaintiff, Applicant:

Name of Person Appearing	Name of Party	Contact Info
Gavin H. Finlayson	Arbat Capital Group	gfinlayson@millerthomson.com
Matthew Cressatti Jaclyn Tarola		mcressatti@millerthomson.com

For Defendant, Respondent:

Name of Person Appearing	Name of Party	Contact Info
Constantine Alexiou	The Second Cup Coffee Company Inc.	calexiou@dakllp.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
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Fozia Chaudary	Counsel for Canada Revenue Agency	Fozia.chaudary@justice.gc.ca
David Salter	Counsel for Shareholder/CEO – Jim Ragas (Second Cup)	dsalter@necpal.com

SUPPLEMENTARY ENDORSEMENT OF JUSTICE CAVANAGH:

[1] At the close of oral submissions, I indicated that I would grant the requested initial order in these *CCAA* proceedings and that I would issue a brief endorsement summarizing my reasons for doing so. These are my reasons.

[2] Defined terms in this endorsement have the meanings assigned to them in the Applicant's materials.

[3] Arbat Capital Group Ltd. (the "Applicant") brings this application and seeks an initial order pursuant to the *Companies' Creditors Arrangement Act* (the "*CCAA*") in respect of The Second Cup Coffee Company (the "Company"), and granting the Company protection from its creditors and certain ancillary relief including, among other things:

a. a declaration that the Company is a debtor company to which the *CCAA* applies;

b. appointing Grant Thornton Limited ("GTL") as Monitor of the business and financial affairs of the Company;

c. appointing Maxim Lojevsky, the current chairman of the Company's Board of Directors, as the Chief Restructuring Officer ("CRO) of the Company and approving an engagement letter between the proposed CRO and the Company;

d. staying, for an initial period of not more than 10 days, all proceedings and remedies taken, or that may be taken, in respect of the Company and its current, former, and future directors, employees, and representatives;

e. granting 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 (the "Property"), as security for the payment of the fees and disbursements of GTL and its counsel, the CRO, and counsel for Arbat , in the priority set out in the Initial Order;

f. approving, authorizing and directing the Company to execute the draft DIP Term Sheet which establishes a charge (the "DIP Lender's Charge") over the Property in the maximum amount of $200,000 in favour of the Applicant , as the DIP Loan Lender, to be used as GTL and the CRO deemed necessary; and

g. granting a charge (the "Directors' Charge") in favour of the Company's directors, including Mr. Ragas, over the Property, in the amount of $100,000.

[4] The Company owns or controls the "Second Cup Café" brand and rights globally. The Company franchises these rights to franchisees. The franchisees operate approximately 170 cafés worldwide, in

around 20 different countries, none of which are located in Canada. Pursuant to the franchise agreements with the Company, the franchisees pay royalty fees to the Company and purchase certain supplies from the Company, including coffee beans and powders for flavoured drinks. The majority of the Company's revenues come from the purchase of the supplies and the royalty fees collected from franchisees. The Company has seven employees. Five of these employees are located in Canada, and two provide services from abroad. The employees are not subject to a collective agreement.

[5] The Applicant is the Company's largest creditor, being owed in excess of USD $3,715,190.61 and £832,745.20 on an unsecured basis as of March 31, 2025. The Applicant is also a 40% shareholder of the Company. The application is supported by Park Investors LLC ("Park") and Svetlana Bortsova ("Bortsova" and, together with the Applicant and Park, the "Majority Group"). The Company is indebted to Park in the amount of £724,558.89. The Majority Group holds 70% of the issued and outstanding shares of the Company.

[6] The Company is unable to pay the debts owing to the Applicant and the other members of the Majority Group, which have matured, come due, and been demanded upon. The Company has accumulated a super-priority debt in excess of $400,000 owing to the Canada Revenue Agency for failing to remit payroll source deductions for several years. The Company does not have sufficient liquidity to honour its payroll obligations that are due on May 23, 2025.

[7] The relief sought on this application is consented to by the Majority Group and also by the Company's current management and CEO, Demitrios (Jim) Ragas. Bank of Montreal, the Company's primary secured creditor, will not be primed by these proceedings nor by the proposed court-order charges, and has been advised of this *CCAA* filing.

[8] The facts in support of this application are set out in the affidavit of Alexey Golubovich sworn May 19, 2025.

[9] The CCAA applies in respect of a "debtor company" where the total claims against the debtor company exceed $5 million. The phrase "debtor company" is defined in the *CCAA* as "any company that: (a) is bankrupt or insolvent …".

[10] I am satisfied that the Company as a "debtor company" within the meaning of the *CCAA*.

[11] Upon the granting of an initial order under the *CCAA*, section 11.7 the *CCAA* requires that a trustee be appointed to monitor the debtor company's business and financial affairs.

[12] GTL is a trustee within the meaning of subsection 2 of the BIA and, subject to Court approval, has consented to act as Monitor in the *CCAA* proceedings.

[13] I am satisfied that GTL should be appointed by the Court as Monitor of the Company in these *CCAA* proceedings.

[14] The Applicant seeks the appointment of Maxim Lojevsky , the current chairman of the Board of Directors of the Company, as Chief Restructuring Officer ("CRO") of the Company pursuant to the terms and conditions outlined in an engagement letter (the "CRO Engagement"). The CRO Engagement provides that during the Initial Stay Period, and following the issuance by the Court of an Amended and Restated Initial Order, the CRO's role is proposed to be limited to review and reporting functions.

[15] Pursuant to section 11 of the *CCAA*, this Court has the jurisdiction to approve the engagement of a CRO. The proposed CRO has expertise in respect of the global coffee landscape. The proposed CRO would provide the Company with stable and independent management necessary to preserve the Company's going concern value during the *CCAA* proceedings. GTL supports the appointment of the proposed CRO, pursuant to the terms of the CRO Engagement, which includes that the CRO's compensation will consist of a 2% success fee to be paid upon a successful action or sale of the Company in a Court-supervised process.

[16] I am satisfied that the engagement of the CRO should be approved.

[17] Pursuant to section 11.02 of the *CCAA*, a court may grant a stay of proceedings upon an initial application under the *CCAA* for a period of no more than 10 days, provided the court is satisfied that circumstances exist that make the order appropriate. A stay of proceedings is appropriate where it provides a debtor company with "breathing room" while the debtor company seeks to restore solvency and emerge from the *CCAA* on a going concern basis. See *Target Canada Co.*, 2015 ONSC 303, at para. 8.

[18] I am satisfied that it is appropriate for this Court to grant the requested stay of proceedings in favour of the Company. Given the Company's current liquidity crisis and financial distress, a stay of proceedings will allow the Company to maintain the *status quo* and provide the breathing room required to provide the Board and the CRO with the information needed to better understand the Company's financial position, and to formulate either a plan of arrangement or a sale and investment solicitation process. The relief sought on this initial application is limited to the relief reasonably necessary for the debtor to continue to operate in the ordinary course.

[19] The Company seeks the Administration Charge on the Company's Property up to a maximum amount of $275,000 in favour of GTL as proposed Monitor, counsel to GTL, the CRO, and counsel to the Applicant (collectively, the "Professionals Group"), to secure payment of their professional fees and disbursements, incurred both before and after the commencement of the *CCAA* proceedings, through to the Comeback Hearing.

[20] Pursuant to section 11.52 of the *CCAA*, this Court has the jurisdiction to grant a super-priority charge for the fees and expenses of financial, legal and other advisors or experts. GTL, as proposed Monitor, and its counsel, counsel to the Applicant, and the CRO, have been extensively involved in planning and preparing this initial application under the *CCAA*. It is expected that each of these parties will have extensive involvement during the proposed *CCAA* proceedings, will continue to contribute to the Company's restructuring, and will ensure that there is no unnecessary duplication of roles among the parties. GTL, as proposed Monitor, supports the granting and the amount of the Administration Charge.

[21] I accept the submissions made on behalf of the Applicant in respect of the requested Administration Charge. I am satisfied that the Administration Charge should be granted.

[22] The Applicant is seeking approval of the DIP Term sheet and third-ranking DIP Lender's Charge over the Property, in favour of the Applicant, as DIP lender, to secure amounts advanced under the DIP Term Sheet.

[23] Section 11.2 (1) of the *CCAA* allows this Court to approve the DIP Term Sheet and the DIP Lender's Charge in an amount that the Court considers as appropriate, having regard to the Company's Cash Flow Forecast.

[24] I have considered the factors listed in section 11.2 (4) of the *CCAA*. I accept that absent approval of the proposed interim financing to be made available under the DIP Loan, the Company will not be able to meet its obligations as they become due, including payroll due on May 23, 2025. The Cash Flow Forecast indicates that the Company's business is in serious jeopardy of running out of liquidity. Advances under the DIP Loan will accrue interest at 9% per annum.

[25] GTL, as proposed Monitor, supports authorizing the Company to enter into the DIP Term Sheet and the granting of the DIP Charge.

[26] I am satisfied that the requested authorization in respect of the DIP Term Sheet should be given and that the DIP Charge should be granted.

[27] The Applicant seeks a Directors' Charge on the Property in favour of the Company's directors in the amount of $100,000. The Directors' Charge is intended to rank below BMO's security interest and the Administration Charge, and above the DIP Lender's Charge.

[28] I accept the Applicant's submission that to ensure stability of the Company's business during the *CCAA* proceedings, the continued participation of the Company's directors is required. The Company's D&O insurance policy has lapsed, resulting in a risk of personal exposure to the Board if the Directors' Charge is not granted. GTL, as proposed Monitor, supports the requested Directors' Charge.

[29] I am satisfied that the requested Directors' Charge should be granted.

[30] These are my reasons for making the Initial Order.

[31] The comeback hearing is scheduled for **May 29, 2025 at 10:00 a.m**. for two hours.

Appendix C

How luxury gyms aim to reach the next wellness frontier

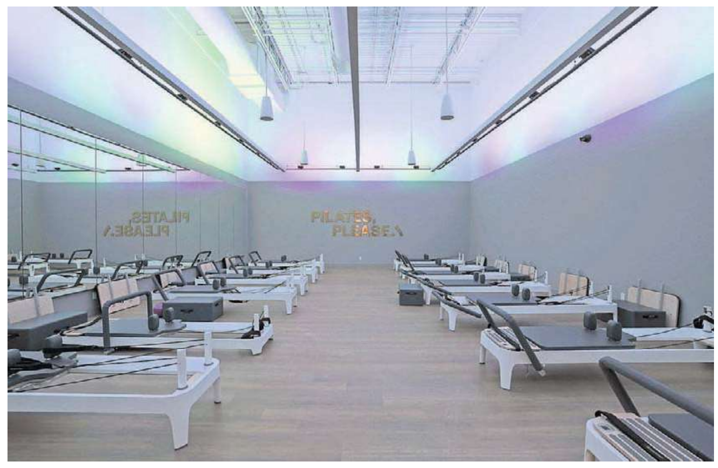
Ottawa fitness centre prioritizes exclusivity, health and self-care with its upscale amenities

ADAM STANLEY

What was once an expansive garage is now home to a large swimming pool in Ottawa's newest wellness destination – a members-only health and fitness sanctuary that merges self-care and sophistication.

Altea Active, a chain of new fitness and wellness centres, opened the pool at its 129,000-square-foot Ottawa outpost in early May, says chief executive officer Jeff York, a former executive at both Farm Boy and retailer Giant Tiger.

With high-class amenities such as aquatics facilities, recovery areas and multiple types of fitness classes, Altea Ottawa – which officially opened in November – is redefining how and when Canadians get their sweat on in a postpandemic world.



Altea Ottawa occupies a former 129,000-square-foot Canadian Tire at the corner of Carling Avenue and Clyde Avenue North. The new fitness and wellness centre offers a variety of classes, including reformer pilates. ALTEA ACTIVE

RENEWED FOCUS ON FITNESS

In the year after June, 2022, almost 400 fitness and recreational sports centres opened across the country, according to Statistics Canada. At the same time, fitness industry revenue hit nearly $4.3-billion in 2022, up from $3-billion a year earlier as pandemic restrictions relaxed.

It's "a new day in fitness" across the country, says Sara Gilbert, president of the Fitness Industry Council of Canada. While Canadians once spent money on trips they had postponed during COVID, they've "turned to themselves again" with a renewed sense of urgency, she adds.

The renovation of an old Canadian Tire into arguably Ottawa's most modern fitness facility reflects an industry that has "always been at the forefront of innovation," Ms. Gilbert says.

"You look back in the 1980s and we had these huge step-aerobic studios, and that took up most of the space in gyms.

"The gym industry … our strength is the ability to innovate and always listen to what members need, and the ongoing transition of our facilities to meet those needs."

REDEFINING CANADIAN WORKOUT CULTURE

Altea Ottawa is now Canada's largest fitness and wellness centre.

The $30-million facility boasts nine fitness studios (the spin room alone cost $1-million), six pickleball courts, exercise machines of all kinds and zones for emerging fitness-class concepts such as HyRox (the new CrossFit, Mr. York says). There's also a postworkout recovery area with red-light therapy and Hyperice cold-therapy boots, a women-only exercise space, the new 25-metre pool, as well as a Starbucks in the lobby.

> We tend to look at real estate as a static thing, but it services a fluid world, and as that world ebbs and flows, change abounds.
>
> SHAWN HAMILTON
> PRINCIPAL AT PROVERAS COMMERCIAL REALTY

There are four other Altea locations across the country. A fifth will arrive soon in the former 31,000-square-foot Nordstrom Rack in Toronto's upscale Yorkville neighbourhood. The forthcoming location will open under the name of AVANT by Altea Active – the company's ultrapremium offering that's specific to urban areas such as Yorkville.

"We tend to look at real estate as a static thing, but it services a fluid world, and as that world ebbs and flows, change abounds," says Shawn Hamilton, principal at Proveras Commercial Realty in Ottawa. "Spaces get occupied with uses we would never have dreamed of."

Unlike other large-scale gyms, Altea's facilities won't be popping up everywhere.

"It's the opposite of GoodLife. We want to be exclusive," Mr. York explains. "We are going to [places] where the market is already there for people who want the best. But we want to deliver it at a competitive price where people are still getting value."

STANDING OUT IN A CROWDED MARKET

Mr. York says Altea's competition are mid-sized fitness studios. If you're a regular at hot yoga, boot camps and spin classes, you could pay upward of $1,000 a month in fees, he explains. Altea offers all that and more in one place – something that is becoming more common across the country.

Altea is not the only fitness centre working to redefine exercise culture in Canada. At Toronto's The Well, a mixed-use complex less than one kilometre from the CN Tower, sits the newest Sweat and Tonic – a cheekily named boutique gym that offers more than a half-dozen classes, personal training, a spa with registered massage therapists, a pool and sauna. The city's Yorkville neighbourhood is also saturated with fitness options, including luxury gym Equinox, Barry's Bootcamp and three GoodLife gyms.

"You've got to be where people live, work and play. That's the key for the future," Mr. York says. "You upgrade your facility because that's where the market is going. The murky middle is not where you want to be."

Altea's Ottawa plan was clear from the start, Mr. York explains, with 80 per cent of the original blueprint becoming reality. It eliminated a restaurant and members' club from the plan – the same thing it did at the Liberty Village location in Toronto – because it wanted to focus on fitness.

CHALLENGES OF RENOVATION

Altea's renovation in Canada's capital took just over a year. A full month was needed just to remove shelves, nuts and bolts from the Canadian Tire for what would become the facility's hotel-like lobby, Mr. York says.

The challenges also ranged from laughable – swapping the directions of the old escalators – to serious, such as installing individual HVAC systems in each room and studio. It was a hurdle, but it was a success. Despite the facility's roughly 6,000 members and upward of 350 fitness classes per week, there's a reduction in body odour because of the new system.

That work was all taking place on the inside.

"No one knew we were working on it because we never changed the physical structure," Mr. York says. "The biggest question was, 'When are you going to start construction?' but we had already started for six months.

"Making a big building feel comfortable is hard to do."

Only 16 per cent of Canadians have a gym membership, according to the Health and Fitness Association, so it's no surprise that fitness facilities in Canada would aim to strike a balance between value and choice.

"Many boutiques under one roof is the way fitness should be delivered," Mr. York says.

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LEGALS

Court File No. CV-25-00743053-00CL

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 ("CCAA")

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO LI-CYCLE HOLDINGS CORP., LI-CYCLE CORP., LI-CYCLE AMERICAS CORP., LI-CYCLE U.S. INC., LI-CYCLE INC. and LI-CYCLE NORTH AMERICA HUB, INC. (the "Applicants").

TAKE NOTICE THAT the Applicants commenced proceedings under the *Companies' Creditors Arrangement Act* ("**CCAA**") and were granted an order (the "**Initial Order**") of the Ontario Superior Court of Justice (Commercial List) on May 14, 2025.

The Initial Order, among other things, appointed Alvarez & Marsal Canada Inc. as Monitor (the "**Monitor**") of the business and financial affairs of the Applicants.

As required by section 23(1)(a)(i) of the CCAA, notice is hereby given that a copy of the Initial Order has been posted on the Monitor's website at: **www.alvarezandmarsal.com/LiCycle**.

The Monitor will post additional relevant information and documentation related to these proceedings on the Monitor's website as they become available. For further information, contact the Monitor directly at:

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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

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF The Second Cup Coffee Company Inc. (the "Company")

PLEASE TAKE NOTICE that an Initial Order was made by the Ontario Superior Court of Justice (Commercial List), on May 22, 2025, following the hearing of an application by the majority creditor, and that Grant Thornton Limited was appointed as Monitor. The Company owns or controls the "Second Cup Café" brand and rights globally. The Company franchises these rights to franchisees in approximately 20 countries worldwide and outside of Canada. To clarify, the Company **does not** have any franchisees or corporate-owned cafes located in Canada.

PLEASE TAKE NOTICE that any person with a claim, grievance, application, suit, right or remedy, or proceeding or enforcement process in any, tribunal, or arbitration association, relating to the Company are stayed on terms as set out in the Initial Order.

PLEASE TAKE FURTHER NOTICE that a copy of the Initial Order and additional information regarding this proceeding has been made available on the Monitor's website at: www.DoaneGrantThornton.ca/SecondCup. If you require further information, please contact a representative of the Monitor: Jesse Cooper, T: 416-360-2364, E: Jesse.Cooper@doane.gt.ca, or: Michael Dellaire, T: 416-607-2689, E: Michael.Dellaire@doane.gt.ca.

Appendix D

CANADA
Province of Ontario
District of:
Division No. -
Court No. CV-25-00743485-00CL
Estate No.

Affidavit of Mailing

In the Matter of the CCAA Proceedings of
The Second Cup Coffee Company Inc.
of the city of Toronto, in the Province of Ontario

I, Lucia Pileggi, of the Trustee's office of Grant Thornton Limited, 11 th Floor, 200 King Street West, Box 11, Toronto, ON, M5H 3T4, MAKE OATH AND SAY (or AFFIRM)

That on the 26th day of May 2025, I did cause to be sent by prepaid ordinary mail to everyone on the attached mailing list, whose names and addresses appear on the paper writing marked exhibit "A" annexed hereto, a copy of: "The Notice to Creditors".

Lucia Pileggi

Lucia Pileggi
Phone: (416) 366-0100
Fax: (416) 360-4948

SWORN (or SOLEMNLY DECLARED) before me in the City of Toronto in the Province of Ontario, this 27th day of May 2025.

Jason Kanji

Jason Nadir Kanji, Commissioner of Oaths
For the Province of Ontario
Expires September 27, 2026

Jason Nadir Kanji
a Commissioner, etc., Province of Ontario,
for Grant Thornton Limited
Expires September 27, 2026

This Exhibit "A" referred to in the Affidavit of Lucia Pileggi

sworn before me this 27th day of May, 2025

A Commissioner, etc.

Jason Nadir Kanji
a Commissioner, etc., Province of Ontario,
for Grant Thornton Limited
Expires September 27, 2026

Creditor Mailing List

Exhibit "A"

In the Matter of the CCAA Proceedings of
The Second Cup Coffee Company Inc.
of the city of Toronto, in the Province of Ontario

Creditor Type	Name	Attention	Address
Official Receiver	Toronto Division Office		151 Yonge Street, 4th Floor Toronto ON M5C 2W7 Fax: (416) 973-7440
Court	Ontario Superior Court of Justice In Bankruptcy and Insolvency - Toronto		330 University Ave, 9th Floor Toronto ON M5G 1R7
Secured	Bank of Montreal		100 King Street West - 9th Floor Toronto ON M5X 1A1
	BMW Canada Inc.		50 Ultimate Drive Richmond Hill ON L4S 0C8
Unsecured	A&F Gift and Souvenir Co Limited		3060 Sawmill Road St. Jacobs ON N0B 2N0
	Arbat Capital Group Ltd.		20 Mortlake High Street London SW14 8JN United Kingdom
	Blue Riband Uniforms Inc.		7483 Rue Lautrec #6 Brossard QC J4Y 3H7
	Brazilian Canadian Coffee Co Ltd		1260 Martin Grove Road Toronto ON M9W 4X3
	Canadian Cleaning Company		7 Copeland Street East York ON M4G 3E7
	Canadian Revenue Agency		1050 Notre Dame Ave Sudbury ON P3A 5C2
	Comwave Business Services		61 Wildcat Road Toronto ON M3J 2P5
	David Shaw Designs		85 Martin Ross Avenue North York ON M3J 2L5
	Dez Capital Corporation		12 Bruce Park Avenue 2nd Floor Toronto ON M4P 2S3
	Drudi Alexiou Kuchar LLP		4950 Young St Unit 508 Toronto ON M2N 6K1
	Employees		12 Bruce Park Avenue, 2nd Floor Toronto ON M4P 2S3
	Espresso Capital		8 King Street East Suite 300 Toronto ON M5C 1B5
	Europence		Via Aosta 1 Ciserano 24040 Italy
	EXEM Legal Solutions-USD		121 Block-B GulbergII Lahore Pakistan
	Fun Foods Canada		200 Memorial Avenue #3-143 Orillia ON L3V 5X6
	Grosche International Inc.		25 Miling Road, Suitw 106 Cambridge ON N3C 1C3
	GWR Consulting FZ LLC		Circular Building G2, Office F03 Dubai UAE
	Haiwen & Partners		5 Dong San Huan Central Road Beijing 100020 CHINA
	Infinity Business Growth Network		128 City Road London EC1 V2NX UK

Creditor Mailing List

In the Matter of the CCAA Proceedings of
The Second Cup Coffee Company Inc.
of the city of Toronto, in the Province of Ontario

Creditor Type	Name	Attention	Address
Unsecured	Jas Forwarding Worldwide Inc. USD		2-6221 Kennedy Road Mississauga ON L5T 2S8
	Kingsmill Foods Company Limited		17-1399 Kennedy Road Toronto ON M1P 2L6
	Ontario Ministry of Finance		33 King St W Oshawa ON L1H 1A1
	Park Investors LLC		20 Mortlake High Street London SW1 48JN UK
	Peyhum		910-25 Four Winds Drive North York ON M3J 1K8
	Raymond Chabot Grant Thornton		2207 King Street West, Suite 350 Sherbroke QC J1J 2G2
	RGX Group		#2 2425 Meadowpine Blvd Mississauga ON L5N 6L7
	Rogers Communications Canada Inc.		P.O. Box 200, Stn. D Scarborough ON M1R 5P4
	Russell Hendrix Foodservice Equipment		PO Box 130 Brockville ON K6V 2V5
	Saba & Co.		Block A, Said Freiha Street Beirut 11-9420 Lebanon
	SERVE CANADA FOOD EQUIPMENT LIMITED		40 East Pearce Street Richmond Hill ON L4B 1B7
	Shasky & Associates Ltd		2880 Portland Drive Oakville ON L6H 5W8
	Stitchy Lizard		41 Industrial Street Unit 105 Toronto ON M4G 0C7
	Svetlana Bortsova		20 Mortlake High Street London SW14 8JN UK
	The Metropolitan Tea Company		41 Butterick Road Toronto ON M8W 4W4
	Trans Global Logistique Inc.		3975 Boul. De la Grande Boisbriand QC J7H 1M6
	Turkey Hill Sugarbush Ltd.		1037 Bd Industriel Granby QC J2J 2B8
	ULINE CANADA CORPORATION		3333 James Snow Parkway North Milton ON L9T 8L1
	United Restaurant Supplies		300 Kennedy Road S Unit D Brampton ON L6W 4V2
	UPS Canada		P.O. Box 4900 Station A Toronto ON M5W 0A7

Doane Grant Thornton

May 26, 2025

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

NOTICE TO CREDITORS

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

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF THE SECOND CUP COFFEE COMPANY INC. (the "Company")

On May 22, 2025, the Company became subject to an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The Initial Order provides, among other things, a stay of proceedings until and including June 1, 2025 (the "**Stay Period**") and may be extended by the Court from time to time. The Company will be seeking an extension of the Stay Period at a hearing scheduled for May 29, 2025. Pursuant to the Initial Order, Grant Thornton Limited was appointed as monitor (the "**Monitor**") of the Company. A copy of the Initial Order and copies of the materials filed in the CCAA proceedings can be found on the Monitor's case website: www.DoaneGrantThornton.ca/SecondCup or on request by contacting the Monitor's office.

Pursuant to the Initial Order, all persons having oral or written agreements with the Company or statutory or regulatory mandates for the supply of goods and/or services are restrained until further Order of the Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Company, provided that the normal prices or charges for all such goods or services received after the date of the Initial Order are paid by the Company in accordance with normal payment practices of the Company, or such other practices as may be agreed upon by the supplier or service provider and the Company and the Monitor, or as may be ordered by the Court.

During the Stay Period, all parties are prohibited from commencing or continuing legal action against the Company and all rights and remedies of any party against or in respect of the Company or their assets are stayed and suspended except with the written consent of, the Company and the Monitor, or leave of the Court.

To date, no claims procedure has been approved by the Court and creditors therefore are not required to file a proof of claim at this time. Further notice will be given to creditors if/when a claims procedure is approved by the Court.

If you have any questions regarding the CCAA proceedings, please contact the Monitor's office:

Contact Information

Jesse Cooper
Jesse.Cooper@doane.gt.ca
(416) 360-2364

or

Michael Dellaire
Michael.Dellaire@doane.gt.ca
(416) 607-2689

Sincerely,

GRANT THORNTON LIMITED
In its Capacity as Monitor of
The Second Cup Coffee Company Inc.
and not in its personal or corporate capacity

Jason Kanji

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

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

In the Matter of the CCAA Proceedings of
The Second Cup Coffee Company Inc.
of the city of Toronto, in the Province of Ontario

Affidavit of Trustee

Trustee:	Jason Nadir Kanji
License:	4211
Email:	Jason.Kanji@doane.gt.ca

Grant Thornton Limited - Licensed Insolvency Trustee
11 th Floor, 200 King Street West, Box 11
Toronto ON M5H 3T4
Phone: (416) 366-0100 Fax: (416) 360-4948

Appendix E

The Second Cup Coffee Company Inc.
Creditor List with Payables
As at May 26, 2025

Creditor Name	Street	City	Province	Country	Postal Code	Unsecured	Secured
A&F Gift and Souvenir Co Limited	3060 Sawmill Road	St. Jacobs	ON	Canada	N0B 2N0	$62.66	
Arbat Capital Group Ltd.	20 Mortlake High Street	London		UK	SW14 8JN	$6,722,745.64	
Bank of Montreal	100 King Street West - 9th Floor	Toronto	ON	Canada	M5X 1A1		$760,252.08
Blue Riband Uniforms Inc.	7483 Rue Lautrec #6	Brossard	QC	Canada	J4Y 3H7	$1,000.00	
BMW Canada Inc.	50 Ultimate Drive	Richmond Hill	ON	Canada	L4S 0C8		$1,000.00
Brazilian Canadian Coffee Co Ltd	1260 Martin Grove Road	Toronto	ON	Canada	M9W 4X3	$98,825.44	
Canadian Cleaning Company	7 Copeland Street East	York	ON	Canada	M4G 3E7	$1,728.90	
Canadian Revenue Agency	1050 Notre Dame Ave	Sudbury	ON	Canada	P3A 5C2	$493,439.00	
Comwave Business Services	61 Wildcat Road	Toronto	ON	Canada	M3J 2P5	$101.58	
David Shaw Designs	85 Martin Ross Avenue	North York	ON	Canada	M3J 2L5	$1,000.00	
Dez Capital Corporation	12 Bruce Park Avenue 2nd Floor	Toronto	ON	Canada	M4P 2S3	$1,000.00	
Drudi Alexiou Kuchar LLP	4950 Young St Unit 508	Toronto	ON	Canada	M2N 6K1	$41,460.41	
Employees	12 Bruce Park Avenue 2nd Floor	Toronto	ON	Canada	M4P 2S3	$1,000.00	
Europence	Via Aosta 1	Ciserano		Italy	24040	$933.28	
Espresso Capital	8 King Street East Suite 300	Toronto	ON	Canada	M5C 1B5	$1,000.00	
EXEM Legal Solutions-USD	121 Block-B GulbergII	Lahore		Pakistan		$3,248.70	
Fun Foods Canada	200 Memorial Avenue #3-143	Orillia	ON	Canada	L3V 5X6	$4,752.00	
Grosche International Inc.	25 Miling Road, Suitw 106	Cambridge	ON	Canada	N3C 1C3	$1,980.00	
GWR Consulting FZ LLC	Circular Building G2, Office F03	Dubai		UAE		$9,220.23	
Haiwen & Partners	5 Dong San Huan Central Road	Beijing		China	100020	$2,620.81	
Infinity Business Growth Network	128 City Road	London		UK	EC1V 2NX	$4,294.72	
Jas Forwarding Worldwide Inc. USD	2-6221 Kennedy Road	Mississauga	ON	Canada	L5T 2S8	$0.12	
Kingsmill Foods Company Limited	17-1399 Kennedy Road	Toronto	ON	Canada	M1P 2L6	$531.39	
Ontario Ministry of Finance	33 King St W	Oshawa	ON	Canada	L1H 1A1	$1,000.00	
Park Investors LLC	20 Mortlake High Street	London		UK	SW14 8Jn	$1,163,716.03	
Peyhum	910-25 Four Winds Drive	North York	ON	Canada	M3J 1K8	$1,273.51	
Raymond Chabot Grant Thornton	2207 King Street West, Suite 350	Sherbroke	QC	Canada	J1J 2G2	$28,476.01	
RGX Group	#2 2425 Meadowpine Blvd	Mississauga	ON	Canada	L5N 6L7	$901.81	
Rogers Communications Canada Inc.	P.O. Box 200, Stn. D	Scarborough	ON	Canada	M1R 5P4	$228.06	
Russell Hendrix Foodservice Equipment	PO Box 130	Brockville	ON	Canada	K6V 2V5	$0.02	
Saba & Co.	Block A, Said Freiha Street	Beirut		Lebanon	11 - 9420.	$15,027.08	
SERVE CANADA FOOD EQUIPMENT LIMITED	40 East Pearce Street	Richmond Hill	ON	Canada	L4B 1B7	$1,000.00	
Shasky & Associates Ltd	2880 Portland Drive	Oakville	ON	Canada	L6H 5W8	$644.10	
Stitchy Lizard	41 Industrial Street Unit 105	Toronto	ON	Canada	M4G 0C7	$384.57	
Svetlana Bortsova	20 Mortlake High Street	London		UK	SW14 8JN	$1,163,716.03	
The Metropolitan Tea Company	41 Butterick Road	Toronto	ON	Canada	M8W 4W4	$1,574.68	
Turkey Hill Sugarbush Ltd.	1037 Bd Industriel	Granby	QC	Canada	J2J 2B8	$1,000.00	
Trans Global Logistique Inc.	3975 Boul. De la Grande	Boisbriand	QC	Canada	J7H 1M6	$257.36	
ULINE CANADA CORPORATION	3333 James Snow Parkway North	Milton	ON	Canada	L9T 8L1	$1,110.72	
United Restaurant Supplies	300 Kennedy Road S Unit D	Brampton	ON	Canada	L6W 4V2	$352.27	
UPS Canada	P.O. Box 4900 Station A	Toronto	ON	Canada	M5W 0A7	$1,021.99	

Appendix F

The Second Cup Coffee Company Inc.
13-Week Cash Flow Forecast
Beginning the Week of May 25, 2025

Doane Grant Thornton

For the week beginning In CAD	2025-May-18 Actuals Week 1	2025-May-25 Forecast Week 2	2025-Jun-01 Forecast Week 3	2025-Jun-08 Forecast Week 4	2025-Jun-15 Forecast Week 5	2025-Jun-22 Forecast Week 6	2025-Jun-29 Forecast Week 7	2025-Jul-06 Forecast Week 8	2025-Jul-13 Forecast Week 9	2025-Jul-20 Forecast Week 10	2025-Jul-27 Forecast Week 11	2025-Aug-03 Forecast Week 12	2025-Aug-10 Forecast Week 13	2025-Aug-17 Forecast Week 14	2025-Aug-24 Forecast Week 15	Actuals Cumulative	Forecast Cumulative	TOTAL
Cash Receipts																		
Franchise Collections		-	-	-	-	-	27,000	-	-	-	22,000	-	-	-	22,000	-	71,000	71,000
A/R Collections	-	40,000	-	40,000	-	40,000	-	40,000	-	40,000	-	40,000	-	40,000	-	-	280,000	280,000
Miscellaneous Receipts	-	-	500	-	-	-	500	-	-	-	-	500	-	-	1,000	-	2,500	2,500
Total Cash Receipts	**-**	**40,000**	**500**	**40,000**	**-**	**40,000**	**27,500**	**40,000**	**-**	**40,000**	**22,000**	**40,500**	**-**	**40,000**	**23,000**	**-**	**353,500**	**353,500**
Cash Disbursements																		
Operational Stability Costs																		
Suppliers	-	106,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	106,000	106,000
Contractors	-	17,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,200	17,200
Labour																		
Payroll/Expenses	-	16,800	12,800	-	12,800	-	12,800	-	12,800	-	12,800	-	12,800	-	12,800	-	106,400	106,400
Source Deductions	-	9,400	6,400	-	6,400	-	6,400	-	6,400	-	6,400	-	6,400	-	6,400	-	54,200	54,200
Contractors	-	-	-	-	14,100	-	-	-	14,100	-	-	-	14,100	-	-	-	42,300	42,300
Benefits	-	2,100	1,800	-	1,800	-	1,800	-	1,800	-	1,800	-	1,800	-	1,800	-	14,700	14,700
Leases																		
Rent	-	-	-	-	-	-	5,300	-	-	-	5,300	-	-	-	5,300	-	15,900	15,900
Vehicle Lease	-	3,600	-	-	-	3,600	-	-	-	3,600	-	-	-	3,600	-	-	14,400	14,400
Warehouse Storage	-	-	1,000	-	-	-	1,000	-	-	-	1,000	-	-	-	1,000	-	4,000	4,000
Self-Serve Storage	-	-	600	-	-	-	600	-	-	-	600	-	-	-	600	-	2,400	2,400
Operational																		
Suppliers	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	-	140,000	140,000
Freight	-	500	500	500	500	500	500	500	500	500	500	500	10,000	500	500	-	16,500	16,500
Subscriptions	296		400	700	500		400	600	400	200		900	400	200		296	4,700	4,996
Insurance	-	700	500	-	-	700	500	-	-	700	500	-	-	700	500	-	4,800	4,800
Travel	259	300	300	300	300	300	300	300	300	300	300	300	300	300	300	259	4,200	4,459
Advertising/Marketing	417	-	800	-	-	-	800	-	-	-	800	-	-	-	800	417	3,200	3,617
Cleaning Expenses	-	-	500	-	-	-	500	-	-	-	500	-	-	-	500	-	2,000	2,000
Phone/Internet	-	-	-	-	400	-	-	-	400	-	-	-	400	-	-	-	1,200	1,200
Total Cash Disbursements	**971**	**166,600**	**35,600**	**11,500**	**46,800**	**15,100**	**40,900**	**11,400**	**46,700**	**15,300**	**40,500**	**11,700**	**56,200**	**15,300**	**40,500**	**971**	**554,100**	**555,071**
Financing Disbursements																		
BMO Interest	-	5,000	-	-	-	5,000	-	-	-	5,000	-	-	-	5,000	-	-	20,000	20,000
DIP Interest	-	250	-	-	-	-	4,000	-	-	-	5,670	-	-	-	6,610	-	16,530	16,530
Total Financing Disbursements	**-**	**5,250**	**-**	**-**	**-**	**5,000**	**4,000**	**-**	**-**	**5,000**	**5,670**	**-**	**-**	**5,000**	**6,610**	**-**	**36,530**	**36,530**
Professional Fees	-	-	280,000	45,000	25,000	25,000	65,000	25,000	25,000	25,000	25,000	60,000	20,000	20,000	20,000	-	660,000	660,000
Total Professional Fees	**-**	**-**	**280,000**	**45,000**	**25,000**	**25,000**	**65,000**	**25,000**	**25,000**	**25,000**	**25,000**	**60,000**	**20,000**	**20,000**	**20,000**	**-**	**660,000**	**660,000**
Total Cash Disbursements	**971**	**171,850**	**315,600**	**56,500**	**71,800**	**45,100**	**109,900**	**36,400**	**71,700**	**45,300**	**71,170**	**71,700**	**76,200**	**40,300**	**67,110**	**971**	**1,250,630**	**1,251,601**
Net Cash Flows	**(971)**	**(131,850)**	**(315,100)**	**(16,500)**	**(71,800)**	**(5,100)**	**(82,400)**	**3,600**	**(71,700)**	**(5,300)**	**(49,170)**	**(31,200)**	**(76,200)**	**(300)**	**(44,110)**	**(971)**	**(897,130)**	**(898,101)**
Cash from Interim Financing																		
DIP Financing		**200,000**	**300,000**	**-**	**125,000**	**-**	**-**	**125,000**	**-**	**-**	**125,000**	**-**	**-**	**-**	**25,000**	-	900,000	**900,000**
Opening Cash Balance	1,432	461	68,611	53,511	37,011	90,211	85,111	2,711	131,311	59,611	54,311	130,141	98,941	22,741	22,441	1,432	461	1,432
Closing Cash Balance	**461**	**68,611**	**53,511**	**37,011**	**90,211**	**85,111**	**2,711**	**131,311**	**59,611**	**54,311**	**130,141**	**98,941**	**22,741**	**22,441**	**3,331**	**461**	**3,331**	**3,331**

Disclaimers:

1. This statement of projected cash flow of The Second Cup Coffee Company Inc. (the "**Company**") is prepared by the debtor in accordance with s. 23(1)(b) of the Companies Creditors' Arrangement Act ("**CCAA**").
2. The Company has prepared this 13-Week Cash Flow, on probable and hypothetical assumptions that reflect the Company's planned course of action for the period of 13 weeks to accommodate the SISP. Management is of the opinion that, as at the date of filing the 13-Week Cash Flow, the assumptions used to develop the projection represent the most probable set of economic conditions facing the Company and that the assumptions used proved a reasonable basis for and are consistent with the purpose of this 13-Week Cash Flow.
3. The 13-Week Cash Flow has been prepared by the Company and has been reviewed by the Monitor. The Monitor has not verified or confirmed certain expenses incurred by the Company which are reflected in this 13-Week Cash Flow.
4. The information contained in the 13-Week Cash Flow is subject to changing assumptions and/or receipt of new or additional information; actual results may vary. This 13-Week Cash Flow should not be used for any other purpose than its stated purpose, and creditors are cautioned that the information provided in the cash flow could vary based on changing future circumstances.

Notes and Assumptions:

1. The purpose of this 13-Week Cash Flow is to estimate the liquidity requirement of the company.
2. The Company has completed a review of historical performance on new sales and collections of accounts receivable and has forecasted the same based on the assumptions cash receipts will mirror more recent historical performance.
3. Similarly operational costs have been estimated based on a review of accounts payable, existing purchase orders and historical operational costs.
3. The Company intends to pay the outstanding arrears of its critical suppliers in Week 2 in order to maintain the Company's operational stability and to ensure commitments to its franchise partners.
4. The Company intends to maintain its Bank of Montreal line of credit interest payments current throughout the CCAA proceedings.
5. Professional Fees include legal and financial advisors associated with the CCAA Proceedings and are based on estimates provided by the advisors.
6. Forecasted DIP Financing is based on funding requirements and maintaining a positive balance throughout the period.

Signed by:

Per: Maxim Lojevsky

Maxim Lojevsky, Chief Restructuring Officer

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

Applicant Respondent

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

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

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

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

Lawyers for the Court-Appointed Monitor, Grant Thornton Limited