ONTARIO SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-25-00743485-00CL **DATE: August 21, 2025**

NO. ON LIST: 4

TITLE OF PROCEEDING: ARBAT CAPITAL GROUP LTD. v. THE SECOND CUP COFFEE COMPANY INC.
BEFORE: JUSTICE OSBORNE

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Matthew Cressatti	Counsel for the Applicant	mcressatti@millerthomson.com
Jaclyn Tarola	Counsel for the Applicant	jtarola@millerthomson.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Justin Necpal	Counsel for Demetrios Ragas, CEO	justin@necpal.com
Maneetpal Khera	Counsel for Levelen Corp	mk@barlaw.ca

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Monique Sassi	Counsel for the Monitor	msassi@cassels.com
J Gordon	Counsel for Monitor	jgordon@cassels.com
Michael Dellaire	Monitor - Grant Thornton Limited	michael.dellaire@doane.gt.ca
Jason Kanji	Monitor - Grant Thornton Limited	jason.kanji@doane.gt.ca

ENDORSEMENT OF JUSTICE OSBORNE:

1. The Applicant seeks an order:

    a. approving a SISP and related activities;

    b. approving, only for the purpose of the SISP, a stalking horse agreement between Arbat and the Company;

    c. extending the stay of proceedings to and including November 7, 2025;

    d. increasing the authorize borrowings under the DIP Term Sheet from $900,000 to $1,500,000 with a corresponding increase to the DIP Lender's Charge; and

    e. approving the activities of the Monitor of Second Cup as set out in the Reports.

2. Defined terms in this Endorsement have the meaning given to them in the motion materials and/or the Second Report of the Monitor dated August 18, 2025 unless otherwise stated.

3. The relief sought today is unopposed, and is supported by the DIP Lender and recommended by the Monitor.

4. The background for and context of this motion are fully set out in the material. I am satisfied that the proposed SISP, including the stalking horse agreement, should be approved at this time. The *Nortel Networks* factors, in addition to the factors set out in section 36(3) of the *CCAA* (while not directly applicable to the approval of a sale process, are routinely considered in such circumstances), are satisfied here.

5. A transaction is clearly warranted at this time. A sale will benefit the whole economic community, no creditor has a *bona fide* reason to object to a sale of the business and there is no better viable alternative. The mechanics and timelines of the proposed SISP are reasonable in the circumstances.

6. I am also satisfied here that the proposed stalking horse agreement should be approved, as it will provide stability to the business of the Company and signal to stakeholders that a going concern outcome will be achieved. The break fee, based on disbursements and costs incurred, is reasonable in the circumstances.

7. The issue of whether the stalking horse agreement should be approved as a transaction is for another day and obviously depends upon whether another superior proposal emerges from the SISP.

8. I am also satisfied that the stay should be extended to and including November 7, 2025 pursuant to section 11.02 of the *CCAA*. The Applicant has acted and is acting in good faith and with due diligence. The cash flow forecast appended to the Second Report projects sufficient liquidity through the proposed stay extension period. The Monitor supports the proposed extension.

9. I am also satisfied that the DIP Term Sheet should be amended to increase the authorized borrowings to reflect the financing requirements of the Company during the proposed stay extension period, all as reflected in the cash flow forecast. It follows that the charge should be correspondingly increased. The factors set out in section 11.2(4) of the *CCAA* have been met here.

10. Finally, I am satisfied that the Reports and activities of the Monitor, should be approved: see: *Target Canada*. The activities are consistent with the mandate given to the Monitor in the appointment order and have been accretive to the progress of this proceeding.

11. For all of these reasons, the motion is granted. The SISP Order and the Ancillary Order I have signed have immediate effect without the necessity of issuing and entering.

Osborne J.