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

APPLICATION RECORD

May 20, 2025

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SERVICE LIST
(as of May 20, 2025)

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INDEX

Q.	Park Loan Agreement dated June 14, 2018
R.	Bortsova Loan Agreement dated June 14, 2018
S.	Ragas email dated July 11, 2024
T.	Golubovich email dated October 3, 2024
U.	Demand Letters and 244 Notice dated December 3, 2024
3.	Draft Initial Order
4.	Redline of Model Order to Initial Order
5.	Proposed Monitor's Consent to Act

TAB 1

Court File No.

ONTARIO
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NOTICE OF APPLICATION

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following page.

THIS APPLICATION will come on for a hearing *(choose one of the following)*

☐ In writing
☐ In person
☐ By telephone conference
☒ By video conference

at the following location:

[Zoom link to be uploaded to Case Centre];

On Thursday, May 22, 2025, before a judge presiding over the Commercial List.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date ______________________ Issued by ____

Local Registrar

Address of court office:	Superior Court of Justice 330 University Avenue Toronto, ON M5G 1R7

TO: **[SERVICE LIST ATTACHED]**

APPLICATION

1. The Applicant, Arbat Capital Group Ltd. ("**Arbat**" or the "**Applicant**"), makes an application for an Initial Order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**"), substantially in the form attached at **Tab 3** of the within Application Record that, among other things:

(a) abridges and validates the time for service of the Notice of Application and the Application Record and dispenses with further service thereof;

(b) declares that The Second Cup Coffee Company Inc. ("**Second Cup**" or the "**Company**") is a debtor company to which the CCAA applies;

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

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

(e) stays, for an initial period of not more than ten (10) days, to and including June 1, 2025 (the "**Initial Stay Period**"), all proceedings and remedies taken or that might be taken in respect of the Company and its respective current and former directors, employees, and representatives (the "**Stay of Proceedings**");

(f) grants an initial administration charge in the amount of $275,000 over the Company's assets, undertakings, and properties of every nature and kind whatsoever, and wherever situated including all proceeds thereof ("**Property**"), as security for the payment of the fees and disbursements of the Monitor and its counsel, the CRO, and of the Applicant's counsel, in the priority set out in the Initial Order;

(g) approves, authorizes, and directs the Company to execute an interim financing term sheet ("**DIP Term Sheet**") between the Applicant, as lender (in such capacity, the "**DIP Lender**"), and the Company, as the borrower, establishing a charge (the "**DIP Lender's Charge**") over the Property in the maximum amount of $200,000 in favour of the DIP Lender, to be used as the Monitor and CRO deem necessary;

(h) grants an initial directors' charge ("**Directors' Charge**") over the Property, in favour of the Company's directors, including the Company's CEO, Demetrios (Jim) Ragas ("**Ragas**"), in the amount of $100,000;

(i) orders a comeback hearing to be scheduled on May 29, 2025 (the "**Comeback Hearing**"); and

(j) grants such further and other relief as counsel may request and this Court may permit.

2. If the proposed Initial Order is granted, at the Comeback Hearing, the Applicant intends to seek the granting of an amended and restated Initial Order ("**ARIO**"), substantially in the full form of the Ontario Superior Court of Justice (Commercial List) model CCAA initial order. At this time, the Majority Group, Proposed Monitor, and CRO do not have full visibility into the Company's finances. Accordingly, while it is likely that the Applicant will seek additional and further relief at the Comeback Hearing, the Applicant cannot confirm what relief will be sought.

THE GROUNDS FOR THE APPLICATION ARE:

I. BACKGROUND

A. Urgent Need for Relief

3. This is a creditor-initiated Application brought by Arbat for an initial order under the CCAA.

4. Arbat is Second Cup's largest and most significant creditor, being owed in excess of US $3,715,198.61 and £832,745.20 on an unsecured basis as of March 31, 2025. Arbat is also a 40% shareholder of the Company.

5. This Application is further supported by Park Investors LLC ("**Park**") and Svetlana Bortsova ("**Bortsova**" and, together with Arbat and Park, the "**Majority Group**"). The Company is indebted to Park and Bortsova on an unsecured basis, in the amount of £624,558.89 each, as of March 31, 2025. Together, the Majority Group also represents 70% of the issued and outstanding shares of Second Cup.

6. As outlined herein, a CCAA proceeding is necessary and urgently required for three main reasons: (a) Second Cup is unable to repay the debts owing to the Applicant and the other members of the Majority Group, which have matured, come due, and been demanded upon; (b) the Company has amassed a super-priority debt in excess of $400,000 owing to the Canada Revenue Agency ("**CRA**") for failing to remit payroll source deductions for several years; and (c) the Company does not have sufficient liquidity to honour its payroll obligations that are due on May 23, 2025.

7. On April 19, 2025, the Majority Group was provided with copies of the Company's bank statements for the period of March 2023 to March 2025 (the "**Bank Statements**"). The Bank Statements reveal that the Company has very little liquidity. The Bank Statements do not provide

any visibility into the status of the Company's secured Line of Credit (as defined below) after the period ending November 29, 2024. The Line of Credit is fully extended, with interest continuing to accrue. The Company has no remaining liquidity to make payments on interest or principal on the Line of Credit.

8. Accordingly, a court-supervised restructuring process, with the direction and guidance of an independent monitor, and with the Company's management being overseen by the CRO, provides the highest probability of achieving a going-concern and value maximising investment or sale transaction for the benefit of all stakeholders, including (a) the repayment or refinancing of monies owed to creditors; and (b) the preservation of jobs for the Company's seven employees, services to the Company's franchise partners, and supply relationships with the Company's vendors.

9. A proceeding with the protections of the CCAA will provide the fastest, most efficient, and least stigmatic means of stabilizing the business, which in turn will maintain Second Cup's going-concern value and preserve the Company's relationship with its stakeholders.

B. The Company and the Business

10. The Company was amalgamated under the *Business Corporations Act* (Ontario) (the "**OBCA**") on September 9, 2015. Second Cup owns or controls the "Second Cup Cafe" brand and rights globally. Second Cup franchises these rights to franchisees (the "**Franchisees**"). The Franchisees operate approximately 170 cafes worldwide, in around 20 different countries, none of which are located in Canada.

11. Pursuant to the franchise agreements with Second Cup, the Franchisees pay royalty fees to Second Cup and purchase certain supplies from the Company, including coffee beans and

powders for flavoured drinks. The majority of Second Cup's revenues come from the purchase of these supplies and the royalty fees collected from Franchisees.

12. 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.

13. The Company's shareholders consist of the following:

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

14. On September 29, 2023, Mr. Ragas and the Majority Group executed a Second Amended and Restated Unanimous Shareholders' Agreement (the "**USA**") in respect of the Company.

15. The USA gives each of Mr. Ragas, Arbat, Park, and Khomutova the right to appoint one member of Second Cup's Board of Directors (the "**Board**"). The Board consists of Mr. Ragas, Mr. Golubovich for Arbat, Mr. Lojevsky for Park, and Ms. Khomutova for Bortsova.

C. Creditors

i. BMO

16. The Company's main secured creditor is the Bank of Montreal ("**BMO**"). On or about December 19, 2019, pursuant to a discussion paper (the "**BMO Discussion Paper**"), the Company and BMO entered into an operating demand loan revolving facility (the "**Line of Credit**"), with a total availability of $750,000, that bears interest at prime plus 1.75% and is repayable on demand. The Company granted BMO a first-ranking security interest over the

Company's present and after-acquired personal property as security for the Line of Credit. On January 23, 2020, BMO registered a financing statement against the Company for inventory, equipment, accounts, other, and motor vehicles.

17. The Company has not provided a copy of the final loan and security documents in respect of the Line of Credit to the Majority Group. The Company has not provided a copy of the Schedule "A" to the BMO Discussion Paper, which purportedly identifies additional covenants.

18. The most recent Bank Statement provided to the Majority Group shows that, as of November 29, 2024, $760,252.08 was owing to BMO. Accordingly, the Line of Credit was fully drawn. The Bank Statements do not provide any further visibility into the status of the Line of Credit following November 29, 2024. The Company advised on May 15, 2025 that the Line of Credit is on hold with interest continuing to accrue.

19. The Applicant does not intend to "prime" BMO's security position with any of the court-ordered charges that it is seeking in this application.

ii. Arbat Loans

20. Arbat is an investment management corporation, which has invested monies into the Company to fund its acquisition of assets related to Second Cup cafes opening in the United Kingdom ("**UK**") and for other general corporate purposes.

21. On June 25, 2018, the Applicant loaned £400,000 to Second Cup (the "**Arbat GBP Loan**") pursuant to a loan agreement between Arbat and Second Cup (the "**Arbat GBP Loan Agreement**"). The Arbat GBP Loan matured and came due on June 25, 2021. To date, the Applicant has not received any interest or principal payments from Second Cup on this loan and approximately £832,745.32 remains outstanding, inclusive of principal and accrued interest.

22. As security for the Arbat GBP Loan, the Company pledged 40% of the Company's UK subsidiary, to be incorporated. The UK subsidiary was never incorporated. As such, the Arbat GBP Loan is effectively unsecured.

23. On April 3, 2019, the Applicant loaned Second Cup US $1,000,000 (the "**Original Arbat USD Loan**") pursuant to a loan agreement between Arbat and the Company (the "**Original Arbat USD Loan Agreement**").

24. On May 9, 2019 and July 22, 2019, the Original Arbat USD Loan Agreement was amended to increase the outstanding principal amount to US $1,500,000 and then to US $2,000,000, respectively (collectively, the "**Arbat USD Loan**" and, together with the Arbat GBP Loan, the "**Arbat Loans**").

25. As security for the Arbat USD Loan, Ragas pledged 300,000 Second Cup Class "A" shares in favour of the Applicant, pursuant to an agreement dated April 3, 2019 (the "**Share Pledge Agreement**").

26. The Share Pledge Agreement was later amended, on July 22, 2019, to pledge a further 1,366,667 Class "A" shares, for a total of 1,666,667 Class "A" shares (the "**Pledged Shares**"). The Pledged Shares represent half of the total Second Cup Class "A" shares held by Mr. Ragas and 15% of Second Cup's total issued and outstanding Class "A" shares.

27. The Original Arbat USD Loan matured and came due on April 10, 2021. The additional US $500,000 loaned by the Applicant to Second Cup on May 9, 2019 matured and came due on May 6, 2020. The additional US $500,000 loaned by the Applicant to Second Cup on July 22, 2019 matured and came due on July 22, 2020.

28. As of March 31, 2025, the Company has repaid approximately US $31,369.86 of the Arbat USD Loan, with approximately US $3,715,198.61 outstanding and owing to the Applicant.

29. The Arbat Loans have been repeatedly acknowledged by the Company and remain outstanding, despite the issuance of a demand on December 3, 2024. Most recently, on October 22, 2024, Mr. Ragas sent an email to Mr. Golubovich confirming that the Majority Group Loans (as defined below) exist and are outstanding. At the Bank of Canada's March 28, 2025 exchange rates, these loans total approximately $6,857,578, inclusive of principal and interest.

iii. Other Shareholder Debt

30. In addition to the outstanding amounts owed to the Applicant, the Company is also indebted to Park and Bortsova (the "**Park Loan**" and the "**Bortsova Loan**", respectively, and together with the Arbat Loans, the "**Majority Group Loans**").

31. On June 14, 2018, the Park Loan and the Bortsova Loan were each made on substantially similar terms of agreement (the "**Park Loan Agreement**" and the "**Bortsova Loan Agreement**", respectively). Both the Park and Bortsova Loans each advanced a principal amount of £300,000 to fund Second Cup's acquisition of assets in respect of Second Cup cafes opening in the UK.

32. The Park and Bortsova Loans matured and came due on June 25, 2021.

33. As of March 31, 2025, no payments have been made on either the Park or Bortsova Loans, despite their maturing and coming due and that demands have been issued in respect of each loan. Accordingly, approximately £624,558.89 remains outstanding on each of the Park and Bortsova Loans, inclusive of principal and interest, as of the same date.

iv. BMW Canada

34. To the knowledge of the Majority Group, the Company's only other secured creditor, besides BMO, is BMW Canada Inc. ("**BMW Canada**"). BMW registered its security interest against the Company on March 2, 2023 over a vehicle used by the Company for corporate purposes.

D. Challenges Faced by the Company

35. The Majority Group is concerned that, without a CCAA restructuring, the Company will be unable to repay the Majority Group Loans, which are due, along with the unremitted source deductions and payroll obligations.

i. Inability to Pay and Unwillingness to Restructure Majority Group Loans

36. On July 11, 2024, Mr. Ragas advised the Applicant that the Company did not have any ability to repay the Arbat Loans.

37. In September 2024, Mr. Lojevsky travelled to Toronto to meet with Mr. Ragas and the Company's former Director of Finance, Kaleem Haider ("**Haider**"). The purpose of the meeting was to review Second Cup's books and records to better understand the Company's financial situation. Based on Mr. Lojevsky's discussions with Mr. Haider, it became apparent to Mr. Lojevsky that the Company had no cash and that the Line of Credit was fully drawn. Mr. Lojevsky also became aware that the Company's auditor was not being paid.

38. Based on this development, and with a view towards maintaining the Company as a going concern, the Applicant made the Company an offer to restructure and extend the Arbat Loans on October 3, 2024. The offer was made for the purpose of providing the Company time to address its financial distress. The offer included an extension of the maturity dates, a reduction of the interest payable for 2025 from 16% to just 1% per annum, and no equity conversion.

39. On October 11, 2024, the Applicant sent Mr. Ragas an email setting out Arbat's analysis of the Company's financial problems, including the need to restructure the Majority Group Loans.

40. Following the Applicant's offer, the Company acknowledged the need to restructure the Arbat Loans, but the parties were not able to arrive at a solution throughout October or November 2024.

41. In November 2024, the Board convened two meetings to discuss information disclosure to the Board, restarting the Company's 2023 audit to better understand the Company's financial position, and how to address the Company's apparent liquidity crisis. Following these meetings, it became clear that the Company was unable to work towards a restructuring of the Majority Group Loans. The Applicant and the other members of the Majority Group determined that the viable path forward to protect their interests and investments was to make a demand on the Majority Group Loans.

42. On December 3, 2024, copies of the Majority Group Loan demands, addressed to Mr. Ragas personally, were delivered along with notices of intention to enforce security against the Pledged Shares pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). Following the delivery of these demands, Mr. Ragas confirmed that the Company was unable to repay the Majority Group Loans.

ii. Auditor Resignation

43. The Company's auditor was Raymond Chabot Grant Thornton ("**RCGT**" or the "**Auditor**"), until its resignation on March 7, 2025. RCGT had been engaged by the Company to complete audits for 2022 and 2023.

44. In September 2024, the Majority Group learned that the Company was not paying the Auditor and did not have the funding to do so. The Majority Group eventually provided payment of the Auditor's fees and discussed its desire to restart the audit with RCGT from December 2024 to February 2025. Unfortunately, RCGT resigned as auditor on March 7, 2025.

Additionally, on May 15, 2025 the Majority Group learned that the Company's director of finance had resigned, effective May 23, 2025.

iii. Unpaid Source Deductions

45. Through its discussions with the Auditor in February 2025, the Majority Group learned that the Company had not paid its payroll source deduction remittances since 2021.

46. The Majority Group does not have access to the Company's CRA Portal and has been unable to independently review the Company's tax position and arrearage.

47. On May 1, 2025, the Company advised the Majority Group that, as of February 3, 2025, approximately $400,401 was owing to the CRA for source deductions.

iv. Payroll Obligations

48. On May 15, 2025, the Majority Group learned that the Company does not have sufficient liquidity to honour its payroll obligations that are due on May 23, 2025. The Company's Line of Credit is fully extended and it is uncertain whether the Company will be able to collect sufficient accounts receivable prior to May 23rd so that it may complete the payment.

E. Cash Flow Forecast

49. The Proposed Monitor developed a ten-day cash flow forecast (the "**Cash Flow Forecast**") to provide sufficient forecasting until the Comeback Hearing. The Cash Flow Forecast is based off of limited information.

50. At the Comeback Hearing, the Applicant, in consultation with the CRO and the Proposed Monitor, will provide an updated cash flow forecast, covering a longer timeframe.

51. The Cash Flow Forecast indicates that the Company will have sufficient cash through the Initial Stay Period, due to the provision of the DIP Loan.

II. RELIEF SOUGHT IN THE INITIAL ORDER

A. The Company is a Debtor Company

52. The Company is unable to repay its long-term debt owing to the Majority Group under the Majority Group Loans, has fully drawn its Line of Credit, did not have the sufficient funds to pay the Auditor, has failed to pay over $400,000 in payroll source deductions, and does not currently have sufficient cash to meet its payroll obligations on May 23, 2025. In consultation with its legal and financial advisors, the Applicant has determined that the CCAA process is the most beneficial plan of action to maximize value for the Company's stakeholders in the circumstances.

53. Second Cup is a debtor company to which the CCAA applies. The Company was amalgamated under the OBCA and the majority of its employees operate out of the Company's Head Office, located in Toronto, Ontario.

54. The Majority Group Loans total more than US $3,715,198.61 and £2,081,862.98, exclusive of principal and interest. Second Cup is unable to repay the Majority Group Loans and is therefore insolvent.

B. Appointment of Monitor

55. The Applicant proposes that GTL be appointed monitor in these CCAA proceedings. GTL has provided its consent to act as monitor, subject to Court approval, and its written consent is included at **Tab 5** of the Application Record.

56. The Proposed Monitor is a "trustee" within the meaning of section 2 of the BIA, and is not subject to any of the restrictions regarding who may be appointed as a monitor, as set out in section 11.7(2) of the CCAA.

57. The Proposed Monitor has reviewed and assisted in the preparation of the Company's Cash Flow Forecast and has provided guidance and assistance in the commencement of these CCAA proceedings.

58. The draft Initial Order would require the Company to provide weekly budgeted cashflows to the Monitor, and authorize the Proposed Monitor to approve those budgets for the purpose of assisting the CRO with its duties. The Proposed Monitor would also be empowered to review the Company's actual spending each week.

C. Appointment of CRO

59. Arbat seeks the appointment of Maxim Lojevsky as the CRO of the Company.

60. Mr. Lojevsky holds a Bachelor of Science in Finance degree from Boston College and has over 20 years of experience in asset management, private equity, and capital markets. Mr. Lojevsky is also chairman of the Board and has expertise related to the global coffee café landscape. Accordingly, Mr. Lojevsky is well-suited to assist the Company, in consultation with the Proposed Monitor, throughout the proposed CCAA restructuring.

61. The CRO will provide the Company with the stable and independent management necessary to preserve the Company's going concern value.

62. The appointment of a CRO is reasonable and necessary, especially given that the Company does not have a chief financial officer, and the Company's director of finance resigned in May 2025.

63. Although the terms of the engagement have not been finalized, Mr. Lojevsky's compensation as CRO will consist of a 2% success fee, to be paid upon a successful restructuring or sale of the Company in a Court-supervised process.

64. The proposed CRO has consented to act in these proceedings and the Proposed Monitor also supports the appointment of Mr. Lojevsky as CRO.

D. Stay of Proceedings

65. The Applicant seeks a Stay of Proceedings over the Company so that it can maintain the *status quo*, giving Second Cup the breathing space required to provide the Board and the CRO with the financial information necessary to better understand the Company's financial position and to develop either a plan of arrangement or a sale and investment solicitation process.

66. The proposed Initial Order contemplates a Stay of Proceedings in favour of the Company for an Initial Stay Period of 10 days, up to and including June 1, 2025, in accordance with the CCAA.

67. The initial stay would also stay an oppression application commenced by Levelen Corp., Leonid Pekker, and Vera Pekker (the "**Levelen Application**"). The Levelen Application was commenced in the Ontario Superior Court of Justice (Commercial List) and bears court file number CV-24-00727683-00CL. The application relates to a share dispute in respect of shares

held by a former shareholder of the Company that were compulsorily repurchased by the Company following a breach of the then-extant unanimous shareholders' agreement.

68. The Cash Flow Forecast indicates that the Company will have sufficient cash to operate throughout the proposed Initial Stay Period.

69. The Proposed Monitor supports the Applicant's request for an Initial Stay Period.

E. Stay in Respect of the Directors

70. The Applicant seeks a stay of proceedings as against Second Cup's current and former directors and officers for the duration of the Initial Stay Period (the "**D&O Stay**") to ensure that the Board and the Company's officers remain focused on the Company's restructuring.

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

72. The Applicant anticipates that it will seek to extend the D&O Stay at the Comeback Hearing.

F. Administration Charge

73. The Applicant seeks a super-priority charge over the Company's Property in favour of the Applicant's counsel, the Monitor, counsel to the Monitor, and the CRO (collectively, the "**Professionals Group**"), to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order, through to the Comeback Hearing.

74. The proposed Administration Charge being sought under the Initial Order is for a maximum amount of $275,000.

75. It is contemplated that the Professionals Group will have extensive involvement during the CCAA proceedings. The Professionals Group have contributed, and will continue to contribute to, the Applicant's restructuring efforts in respect of the Company, and will ensure that there is no unnecessary duplication of roles among the parties.

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

77. The Proposed Monitor has reviewed the proposed quantum of the Administration Charge and is of the view that it is reasonable and appropriate in the circumstances, given the pre-filing services performed by the Applicant's counsel and the Monitor and its counsel, and the work required to be completed by the Professionals Group during the Initial Stay Period.

78. The Applicant will likely seek to increase the Administration Charge at the Comeback Hearing.

G. Approval of DIP Term Sheet and DIP Lender's Charge

79. The Applicant has limited visibility into the Company's current cash needs or its expected cash in-flows during the Initial Stay Period. The Cash Flow Forecast is based on best estimates, but may materially misstate the Company's cash needs during the Initial Stay Period. The Applicant reserves the right to restate the Cash Flow Forecast at the Comeback Hearing or at a later date as further information becomes available.

80. Due to the lack of financial information about the current state of Second Cup, the Line of Credit being fully drawn, the inability to remit its payroll obligations, and the Company's other

liquidity concerns, the Applicant seeks approval of the DIP Term Sheet, pursuant to which the Applicant is prepared to extend the DIP Loan to the Company.

81. The DIP Loan will only be drawn upon in the event that the CRO, in consultation with the Proposed Monitor, determines that it is reasonable and necessary in the circumstances for the Company to draw on the funds, including but not limited to satisfying payroll expenses.

82. The material terms of the DIP Term Sheet are as follows (all terms capitalized but not defined below are as defined in the DIP Term Sheet):

(a) the DIP Loan is in the Principal Amount of $200,000 through to the Comeback Hearing, whereby the Applicant may seek an increase by an amount to be determined by the Monitor in the event that such funds are needed;

(b) the purpose of the DIP Loan is to fund:

(i) the Company's working capital needs, including payroll; and

(ii) such other costs and expenses of the Company as may be agreed to by the Company and the Monitor, in writing.

(c) the DIP Loan will mature on the earlier of:

(i) six months post Initial Order (November 22, 2025);

(ii) the closing of a Court-approved sale transaction;

(iii) the date on which these CCAA proceedings are terminated for any reason; and

(iv) the occurrence of an Event of Default (as defined in the DIP Term Sheet), subject to a three-day cure period;

(d) the interest rate is 9% per annum, calculated daily on the outstanding balance owing under the DIP Loan, not in advance, and accruing and paid on the Maturity Date;

(e) the Company shall pay all fees and expenses incurred by the Applicant in connection with the preparation, registration and ongoing administration of the DIP Term Sheet, the DIP Loan, the Initial Order, the ARIO, any other orders issued in the CCAA Proceedings, the DIP Lender's Charge, and with the enforcement of the Lender's rights and remedies at law or in equity, including, without limitation all reasonable legal fees and disbursements incurred by the Applicant;

(f) a commitment fee of $4,000, equal to 2% of the aggregate availability under the DIP Loan shall be pledged as security for the high risk and speculative DIP Loan;

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

(h) advances under the DIP Loan will only be available to the Company upon the issuance of the proposed Initial Order.

83. The Applicant seeks this Court's authorization to allow the CRO to execute the DIP Term Sheet on the Company's behalf in accordance with the Initial Order.

84. The Applicant may seek approval of an Amended and Restated DIP Term Sheet at the Comeback Hearing.

H. Directors' Charge

85. The Applicant seeks a charge on the Company's Property in favour of the Company's directors, subordinate to the BMO security interest and the Administration Charge, and above the DIP Lender's Charge, in the amount of $100,000.

86. The Directors' Charge is intended to protect the Board from any personal liability that may attach to them because of the Company's failure to meet certain obligations, including the Company's failure to pay source deductions. To ensure that the Board, including Mr. Ragas, will remain available and willing to guide the Company through these CCAA proceedings and the restructuring process, the Applicant requires the continued participation of the Board and Mr. Ragas.

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

III. RELIEF SOUGHT AT THE COMEBACK HEARING

88. At this stage, the Applicant cannot precisely identify the exact relief it will be seeking at the Comeback Hearing.

89. It is likely that, following investigation of the Company by the Proposed Monitor and CRO, the Company will require an increase under the DIP Loan.

90. The Applicant also anticipates seeking an extension of the Stay of Proceedings, including the D&O Stay.

91. Finally, the Applicant may also seek approval of a claims process at the Comeback Hearing to aid in identifying and crystalizing the anticipated abundance of claims that exist against the Company.

IV. GENERAL

92. The provisions of the CCAA, including sections 2, 3, 11, 11.001, 11.02, 11.03, 11.2, 11.52, and 11.7;

93. The provisions of the BIA, including section 2;

94. Rules 2.03, 3.02, 14.05, 16.04, and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

95. Such further and other grounds as counsel may advise and this Honourable Court may deem just.

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

96. The Affidavit of Alexey Golubovich, affirmed, and the exhibits annexed thereto;

97. The Consent of GTL to act as Monitor;

98. The Pre-Filing Report of GTL, as Proposed Monitor, to be filed; and

99. Such further and other evidence as counsel may advise and this Honourable Court may admit.

May 16, 2025

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Lawyers for the Applicant

ARBAT CAPITAL GROUP LTD.
Applicant

and

THE SECOND CUP COFFEE COMPANY INC.
Respondent

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at Toronto

NOTICE OF APPLICATION

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TAB 2

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

ARBAT CAPITAL GROUP LTD.

Applicant

and

THE SECOND CUP COFFEE COMPANY INC.

Respondent

AFFIDAVIT OF ALEXEY GOLUBOVICH
(Affirmed May 19, 2025)

TABLE OF CONTENTS

AFFIDAVIT OF ALEXEY GOLUBOVICH
(Affirmed May 19, 2025)

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

I. OVERVIEW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

II. OVERVIEW OF THE DEBTOR

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

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

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

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

B. Company's Shareholders, Directors, and Officers

20. The Company's shareholders are as follows:

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

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

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

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

C. Employees

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

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

D. Lease

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

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

28. The Company does not own any real property.

III. FINANCIAL CIRCUMSTANCES AND CASH FLOW

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

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

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

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

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

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

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

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

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

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

A. Assets

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

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

B. Liabilities

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

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

C. Cash Flow Forecast

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

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

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

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

IV. CREDITORS

A. Bank of Montreal Secured Debt

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

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

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

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

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

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

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

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

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

B. Arbat Loans

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

Arbat GBP Loan

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

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

(a) Principal Amount: £400,000

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

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

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

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

(f) Governing Law: Ontario

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

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

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

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

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

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

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

Arbat USD Loan

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

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

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

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

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

(b) Use of funds: general corporate purposes

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

(d) Term:

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

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

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

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

(f) Governing Law: Ontario

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

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

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

Arbat Loan Acknowledgements

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

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

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

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

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

Share Pledge

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

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

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

C. Other Shareholder Debt

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

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

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

(a) Principal Amount: £300,000 (each)

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

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

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

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

(f) Governing Law: Ontario

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

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

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

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

D. BMW Canada

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Auditor Resignation

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

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

C. Unpaid Source Deductions

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

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

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

D. The Company is Unable to Honour its Payroll Obligations

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

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

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

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

VI. FIRST 45 DAYS OF CCAA PROCESS

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

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

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

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

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

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

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

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

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

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

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

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

VII. RELIEF SOUGHT

A. Appointment of Monitor

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

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

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

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

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

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

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

B. Appointment of Chief Restructuring Officer

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

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

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

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

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

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

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

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

C. Stay of Proceedings

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

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

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

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

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

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

D. Stay in Respect of the Directors

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

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

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

E. Administration Charge

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

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

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

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

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

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

F. DIP Loan and Charge

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G. Directors Charge

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

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

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

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

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

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

H. Relief that May Be Sought at the Comeback Hearing

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

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

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

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

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

VIII. FORM OF ORDER AND CONCLUSION

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

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

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

This is Exhibit "A" referred to in the Affidavit of Alexey Golubovich sworn by Alexey Golubovich of the City of London, in the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on May 19, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

DA79353421D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

May 16, 2025

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

Attention: **Maxim Lojevsky, Chief Restructuring Officer**

Re: **Debtor-in-Possession Financing of The Second Cup Coffee Company Inc. (the "Borrower")**

A. Arbat Capital Group Ltd. (the "**Lender**") intends to make an application to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for an initial order (the "**Initial Order**"), among other things: (i) commencing proceedings under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "**CCAA**") in respect of The Second Cup Coffee Company Inc. (the "**Borrower**"); (ii) imposing a stay of proceedings in favour of the Borrower (the "**Initial Stay**"); (iii) approving this Term Sheet and granting the DIP Lender's Charge (as defined herein); (iv) approving the engagement of Maxim Lojevsky as Chief Restructuring Officer of the Borrower (in such capacity, the "**CRO**"); and (v) appointing Grant Thornton Limited as monitor of the Borrower (in such capacity, the "**Monitor**") for the proceedings initiated by the Initial Order (the "**CCAA Proceedings**").

B. In order to satisfy the cash flow requirements of the CCAA Proceedings and other short-term liquidity requirements of the Borrower, the Lender has agreed to establish a debtor-in-possession loan facility in the maximum aggregate principal amount of $200,000, subject to, and in accordance with, the terms and conditions of this term sheet (this "**Term Sheet**").

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements set forth below, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

SUMMARY OF TERMS FOR DIP FACILITY

1. Borrower:	The Second Cup Coffee Company
2. Lender:	Arbat Capital Group Ltd.
3. DIP Facility:	Non-revolving credit facility in the maximum aggregate principal amount of $200,000, plus applicable interest, fees and costs (the "**DIP Facility**").
4. Purpose:	The DIP Facility shall be available to fund: (a) working capital needs of the Borrower; (b) the Recoverable Expenses (as defined herein); and (c) such other costs and expenses of the Borrower as may be agreed to by the Lender and the Monitor, in writing. The amount and purpose of the DIP Facility may be amended by the Borrower and the Lender, with the consent of the Monitor, in writing, and further order of the Court. The Borrower may not use the proceeds of the DIP Facility to pay any pre-filing obligations of the Borrower, except in accordance with the Initial Order or the cash flow forecast approved by the

Monitor and the Lender (the "**Cash Flow Forecast**") or with the prior written consent of the Lender and the Monitor.

5. Advances:	Subject to the funding conditions set out in Section 12 of this Term Sheet, upon the issuance of the Initial Order, $200,000 or such lesser amount as may be approved by the Initial Order and secured in full by the DIP Lender's Charge shall be made available to the Borrower to finance working capital requirements for the 10-day period immediately following the date of the Initial Order, as deemed necessary for the Borrower's immediate cash flow needs by the Monitor (the "**Advances**"). All Advances shall be deposited in a bank account of the Borrower, which shall be controlled by the CRO. Nothing in this Term Sheet creates a legally binding obligation on the Lender to advance any amount under the DIP Facility at any time unless: (a) the Borrower are in compliance with the provisions of this Term Sheet and all orders granted by the Court in the CCAA Proceedings; (b) the funding conditions set forth in Section 12 of this Term Sheet have been satisfied or waived; and (c) the Borrower is operating within the parameters of the Cash Flow Forecast.
6. Interest:	Interest shall accrue on amounts advanced under the DIP Facility at a rate equal to 9**%** per annum (the "**Interest**"). Interest shall be calculated on the daily outstanding principal balance owing under the DIP Facility, not in advance, and shall accrue and be paid or otherwise satisfied on the Maturity Date (as defined herein). Notwithstanding the foregoing, upon the occurrence of an Event of Default (as defined below) and the expiry of the Cure Period (as defined below), Interest shall be increased to 14% per annum; from the date that the Cure Period expires in respect of such Event of Default, until such time as the Obligations (as defined below) are repaid in full.
7. Recoverable Expenses:	The Borrower shall pay all fees and expenses (collectively, the "**Recoverable Expenses**") incurred by the Lender in connection with the preparation, registration and ongoing administration of this Term Sheet, the DIP Facility, the Initial Order, any other orders issued in the CCAA Proceedings, the DIP Lender's Charge and with the enforcement of the Lender's rights and remedies hereunder and thereunder, at law or in equity, including, without limitation all reasonable legal fees and disbursements incurred by the Lender in its capacity as Lender under this Term Sheet. For greater certainty, "Recoverable Expenses" shall include all reasonable fees and expenses incurred by the Lender in connection with the CCAA Proceedings, including, without limitation, all Court attendances in respect thereof. If the Lender has paid any expenses for which the Lender is entitled to reimbursement from the Borrower, such expenses shall be added to the DIP Facility and shall accrue Interest at the rate set out above. All such fees and expenses and Interest thereon shall be secured by the DIP Lender's Charge whether or not any funds under the DIP Facility are advanced.

Notwithstanding the foregoing, "Recoverable Expenses" shall not include fees and expenses contemplated by the Cash Flow Forecast or secured by the Administration Charge, and in no event shall there be any 'double counting' of fees or expenses.

8. Commitment Fee: The Borrower shall pay a commitment fee in the amount of $4,000.00 (the "**Commitment Fee**"), representing 2% of the aggregate availability under the DIP Facility. The Commitment Fee shall be fully earned upon Court approval of this Term Sheet and shall be paid or otherwise satisfied on the Maturity Date. The Commitment Fee shall be secured by the DIP Lender's Charge.

9. Security: All debts, liabilities and obligations of the Borrower to the Lender under or in connection with the DIP Facility (including, without limitation, Interest, Recoverable Expenses and the Commitment Fee), this Term Sheet and any other documents executed in connection therewith (the "**Obligations**") shall be secured by a Court-ordered priority charge (the "**DIP Lender's Charge**") granted to the Lender in and to all present and future properties, assets, and undertakings of the Borrower, real and personal, tangible and intangible, whether now owned or hereafter acquired, and the proceeds thereof (the "**Property**"), subject only to:

(a) first, all charges and security granted by the Borrower in favour of the Bank of Montreal;

(b) second, an administration charge established by the Initial Order in the maximum aggregate amount of $275,000 for the payment of the fees and expenses of the Monitor, the CRO, counsel to the Company, counsel to the Lender in its capacity as applicant in the CCAA Proceedings, and counsel to the Monitor (the "**Administration Charge**"); and

(c) third, a directors' charge established by the Initial Order in the maximum aggregate amount of $100,000 as security for the indemnity provided to the directors and officers of the Borrower against obligations and liabilities they may incur after the commencement of the CCAA Proceedings (the "**Directors' Charge**").

10. Maturity Date: Unless otherwise agreed to by the Lender and the Borrower in writing, the term of the DIP Facility shall expire, and the Borrower shall repay the Obligations to the Lender, on the earliest of the following (the "**Maturity Date**"):

(a) November 22, 2025;

(b) the closing of a sale or investment transaction, including a sale of a material portion of the Property (as determined jointly by the Lender and the Monitor), which transaction has been approved by an order of the Court;

(c) the implementation of a plan of compromise or arrangement within the CCAA Proceedings, which has been approved by the requisite majority of the Borrower's creditors, and by an order of the Court;

(d) the date on which the CCAA Proceedings are terminated for any reason, including if the CCAA Proceedings are converted into a proceeding under the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3 (the "**BIA**"); and

(e) the occurrence of an Event of Default (as defined herein), subject to a cure period of three (3) business days, beginning on the date of the occurrence of such Event of Default (the "**Cure Period**").

11. Repayment: The Obligations shall become immediately due and payable on the Maturity Date. The DIP Facility may be prepaid at any time without penalty (provided all accrued and unpaid Interest, Recoverable Expenses and the Commitment Fee are paid in full). If the Borrower chooses to prepay any amount owing under the DIP Facility, any such payment shall be applied: (i) first, to all accrued and unpaid Interest; (ii) second, to the Commitment Fee and Recoverable Expenses; and (iii) third, to any principal amount outstanding under the DIP Facility.

12. Funding Conditions: The availability of the First Advance under the DIP Facility shall be subject to, and conditional upon, the satisfaction of the following conditions, which may be waived by the Lender in writing:

(a) the Court shall have issued the Initial Order, in a form satisfactory to the Lender, including:

i. approving this Term Sheet and the DIP Facility;

ii. authorizing the CRO to execute this Term Sheet on behalf of the Borrower;

iii. granting the DIP Lender's Charge in favour of the Lender in an amount no less than $200,000 plus interest, fees and costs;

iv. authorizing the Lender to effect registrations, filings and recordings wherever in its discretion it deems appropriate regarding the DIP Lender's Charge;

v. providing that the DIP Lender's Charge shall be valid and effective to secure all of the Obligations, without the necessity of the making of any registrations or filings and whether or not any other documents have been executed by the Borrower;

vi. declaring that the granting of the DIP Lender's Charge and all other documents executed and delivered to the Lender as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Lender's Charge, do not constitute conduct meriting an oppression remedy, settlement, fraudulent preference, fraudulent conveyance or other challengeable or reviewable transaction under any applicable federal or provincial legislation; and

vii. containing provisions restricting the granting of any additional liens or encumbrances on the Property, other than as permitted herein and the DIP Lender's Charge.

(b) the Initial Order shall not have been vacated, stayed, appealed, subject to leave to appeal, or amended, or varied in a manner not acceptable to the Lender, acting reasonably;

(c) the Lender shall have received and approved the Cash Flow Forecast, and such Cash Flow Forecast shall not have been varied or amended without the prior written consent of the Lender, and the Borrower shall be in material compliance with respect to same;

(d) the Lender shall be satisfied that the Borrower has complied with and is continuing to comply in all material respects with all applicable laws, regulations and orders of the Court in the CCAA Proceedings; and

(e) no Event of Default shall have occurred or shall be reasonably expected to occur as a result of the First Advance.

13. Covenants: Until such time as the Obligations have been repaid to the Lender in full, the Borrower covenants and agrees to:

(a) promptly on the receipt by the Borrower of the same, give the Lender a copy of any application or motion to vary, supplement, revoke, terminate or discharge the Initial Order, including (without limitation) any motion to the Court for the granting of new or additional security that will or may have priority over the DIP Lender's Charge, or otherwise for the variation of the priority of the DIP Lender's Charge;

(b) provide the Lender with all materials it intends to file in the CCAA Proceedings and provide the Lender and its counsel a reasonable amount of time to review same prior to filing;

(c) promptly provide the Lender with any additional financial information reasonably requested by the Lender, in its absolute, sole, and unfettered discretion;

(d) use the Advances under the DIP Facility for the purposes for which they are being provided, as set out in Section 4 of this Term

Sheet, or such other purposes as may be agreed to by the Lender and the Monitor, in writing;

(e) provide the Lender and the Monitor with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute an Event of Default, a breach of any covenant, or other term or condition of this Term Sheet, or of any document executed in connection with this Term Sheet;

(f) keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;

(g) provide the Lender and its advisors, on reasonable written notice and during normal business hours, full access to the books, records, and premises of the Borrower;

(h) pay all claims which, under law, may rank prior to or *pari passu* with the DIP Lender's Charge due and payable from and after the commencement of the CCAA Proceedings, as and when such amounts are due;

(i) not declare any dividend, or make any payment to any director, officer, investor or related party of the Borrower (except salary and wages in the normal course) without the prior written consent of the Lender;

(j) keep the Property fully insured against such perils and in such manner as would be customarily insured by companies owning similar assets;

(k) not sell, transfer, assign, convey or lease any Property, unless agreed to by the Lender;

(l) conduct all business, operations and activities in compliance with the Cash Flow Forecast;

(m) other than the Monitor, the CRO, and the legal counsel of the Monitor, engaged as of the date hereof (the "**Professional Advisors**"), or as approved in the Initial Order, not pay, incur any obligation to pay, or establish any retainer with respect to, the fees, expenses or disbursements of a legal, financial or other advisor of any party, unless such fees, expenses or disbursements of such additional advisors, as applicable, are reviewed and approved in advance by the Monitor and the Lender, acting reasonably;

(n) not, without the prior written consent of the Lender, incur any borrowings or other secured indebtedness, obligations or liabilities, other than the DIP Facility, or create or grant any security (other than the Administration Charge, the Directors' Charge and the DIP Lender's Charge) over any of the Property, whether ranking in priority to, or subordinate to, the DIP Lender's Charge; and

(o) comply with all orders of the Court in the CCAA Proceedings and all applicable laws.

14. Events of Default: The DIP Facility shall be subject to the following events of default (each, an "**Event of Default**"):

(a) the Borrower's failure to pay any amount due hereunder when due and payable;

(b) the Borrower's failure to comply with or fulfill, to the reasonable satisfaction of the Lender, any covenant, condition precedent, payment obligation, or other term or condition of this Term Sheet;

(c) the seeking or support by the Borrower of, or the issuance of, any Court order (in the CCAA Proceedings or otherwise) which is adverse to the interests of the Lender or otherwise not affirmatively supported by the Lender, including for certainty but without limitation, any change to the DIP Facility or the DIP Lender's Charge;

(d) the issuance of any court order staying, reversing, vacating or modifying the terms of the Initial Order, the DIP Facility or the DIP Lender's Charge without the Lender's consent;

(e) any failure by the Borrower to comply with the Initial Order, or any other Court order sought by the Lender;

(f) the Borrower becomes bankrupt or subject to a proceeding under the BIA, or a receiver, interim receiver, receiver and manager or trustee in bankruptcy is appointed in respect of the Borrower or any of its Property;

(g) the filing of any plan of reorganization, arrangement or liquidation to which the Lender does not consent;

(h) the commencement of any claim, action, proceeding, application, motion, defense or other contested matter the purpose of which is to seek or the result of which would be to obtain any order, judgment, determination, declaration or similar relief: (i) invalidating, setting aside, avoiding, or subordinating the obligations of the Borrower under the DIP Facility, the DIP Lender's Charge; (ii) for monetary, injunctive or other relief against the Lender; or (iii) preventing, hindering or otherwise delaying the exercise by the Lender of any of its rights and remedies hereunder, pursuant to the Initial Order or under applicable law, or the enforcement or realization by the Lender against any of its collateral;

(i) the occurrence of an event that will, in the reasonable opinion of the Lender, materially impair the Borrower's financial condition, operations or ability to perform under this Term Sheet or any order of the Court;

(j) the occurrence of any material adverse change in: (i) the business, operations, or financial condition of the Borrower; (ii) the Property; (iii) the DIP Lender's Charge, including its relative priority; (iv) the ability of the Borrower to perform its obligations to the Lender or to any person under any material contract; (v) the Lender's ability to enforce any of its rights or remedies against the Property, or for the obligations of the Borrower to be satisfied from the realization thereof; and

(k) the sale, transfer, assignment, conveyance or lease of substantially all of the business or assets of the Borrower, except as approved by the Lender in writing.

15. Remedies and Enforcement:

Following the occurrence of an Event of Default, and the expiration of the Cure Period, upon written notice to the Borrower and the Monitor, the Lender shall have the right, subject to the Lender obtaining an Order from the Court lifting the stay under the CCAA Proceedings, to:

(a) seek the appointment of a receiver, an interim receiver or a receiver and manager over the Property of the Borrower, or to seek the appointment of a trustee in bankruptcy of the Borrower;

(b) enforce the DIP Lender's Charge and realize on the Property and any other collateral securing the Obligations;

(c) exercise the rights and powers of a secured lender and mortgagee pursuant to the *Personal Property Security Act* (Ontario) and any legislation of similar effect; and

(d) exercise all such other rights and remedies available to the Lender under this Term Sheet, the Initial Order, or any other order of the Court or applicable law.

No failure or delay on the part of the Lender in exercising any of its rights and remedies shall be deemed to be a waiver of any kind.

16. Amendments; Waivers:

No amendment or waiver of any provision of this Term Sheet or consent to any departure by the Borrower from any provision hereof is effective unless it is in writing and signed by the Lender. Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

17. Timing:

Time is of the essence in this Term Sheet and the DIP Facility and all transactions contemplated thereby.

18. Severability: Each of the provisions contained in this Term Sheet is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

19. Further Assurances: The Borrower will, at its own expense and promptly on demand by the Lender at any time, do such acts and things and execute and deliver such documents as the Lender may reasonably request to give effect to the provisions set out herein.

20. Assignment: The Borrower shall not assign its rights or obligations under this Term Sheet or any of the provisions set out herein without the prior written consent of the Lender. The Lender may assign or sell its rights or obligations under this Term Sheet to any person without the prior written consent of the Borrower or further order of the Court.

21. Governing Law: This Term Sheet and the provisions set out herein shall be governed and construed in all respects in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

22. Currency: All dollar amounts herein are in Canadian Dollars.

23. Counterparts: This Term Sheet may be executed in any number of counterparts, each of which when taken together shall constitute one and the same instrument. Any counterpart of this Term Sheet can be executed and delivered by any manner of direct electronic transmission each of which shall be deemed to be an original hereof.

Dated as of the date first written above.

ARBAT CAPITAL GROUP LTD.

Подписант:

Per: Alexey Golubovich

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Name: Alexey Golubovich
Title: Authorized Signatory

I have authority to bind the corporation.

ACCEPTANCE

TO THE LENDER:

For good and valuable consideration received, The Second Cup Coffee Company Inc. hereby accepts and agrees to comply with the provisions of the Term Sheet set out above.

Dated this ___ day of May, 2025.

THE SECOND CUP COFFEE COMPANY INC.

Per: ______________________________

Name: Maxim Lojevsky
Title: Chief Restructuring Officer
I have authority to bind the corporation.

This is Exhibit "B" referred to in the Affidavit of Alexey Golubovich sworn by Alexey Golubovich of the City of London, in the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on May 19, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

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Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

Ontario

Ministry of Public and
Business Service Delivery

Profile Report

THE SECOND CUP COFFEE COMPANY INC. as of May 12, 2025

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	THE SECOND CUP COFFEE COMPANY INC.
Ontario Corporation Number (OCN)	1941384
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Amalgamation	September 09, 2015
Registered or Head Office Address	12 Bruce Park Avenue, Suite 1st Floor, Toronto, Ontario, M4P2S3, Canada

Minimum Number of Directors	1
Maximum Number of Directors	10

Active Director(s)

Name	ALEXEY GOLUBOVICH
Address for Service	Flat 20, Vineyard Height 30, Mortlake High Street, London, England, SW14 8HX, United Kingdom
Resident Canadian	No
Date Began	September 09, 2015

Name	LARISSA KHOMUTOVA
Address for Service	Unit 535-308 Bluewater Residences, Dubai, 0, United Arab Emirates
Resident Canadian	No
Date Began	November 28, 2017

Name	MAXIM LOJEVSKY
Address for Service	53 North Moore Street Ph 6j, New York, New York, 10013, United States
Resident Canadian	No
Date Began	June 08, 2020

Name	DEMETRIOS (JIM) RAGAS
Address for Service	96 Fifeshire Road, Ph 601, Toronto, Ontario, M2L 2X9, Canada
Resident Canadian	Yes
Date Began	September 09, 2015

Active Officer(s)

Name	DEMETRIOS (JIM) RAGAS
Position	Chief Executive Officer
Address for Service	96 Fifeshire Road, Ph 601, Toronto, Ontario, M2L 2X9, Canada
Date Began	September 09, 2015

Name	DEMETRIOS (JIM) RAGAS
Position	President
Address for Service	96 Fifeshire Road, Ph 601, Toronto, Ontario, M2L 2X9, Canada
Date Began	September 09, 2015

Corporate Name History

Name	THE SECOND CUP COFFEE COMPANY INC.
Effective Date	September 09, 2015

Amalgamating Corporations

Corporation Name	3108470 ONTARIO INC.
Ontario Corporation Number	3108470
Corporation Name	THE SECOND CUP COFFEE COMPANY INC.
Ontario Corporation Number	1694885

Active Business Names

Name	THE SECOND CUP COFFEE COMPANY
Business Identification Number (BIN)	1000138064
Registration Date	March 08, 2022
Expiry Date	March 07, 2027

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: DEMETRIOS (JIM) RAGAS	August 23, 2024
CIA - Notice of Change PAF: DEMETRIOS (JIM) RAGAS	July 17, 2024
Archive Document Package	November 29, 2023
CIA - Notice of Change PAF: Demetrios (jim) RAGAS	August 15, 2022
CIA - Notice of Change PAF: Demetrios (jim) RAGAS	March 08, 2022
CIA - Notice of Change PAF: DEMETRIOS (JIM) RAGAS - DIRECTOR	November 29, 2019
CIA - Notice of Change PAF: CONSTANTINOS RAGAS - DIRECTOR	December 07, 2017
CIA - Notice of Change PAF: CONSTANTINOS RAGAS - DIRECTOR	December 07, 2017
BCA - Articles of Amendment	November 24, 2017
CIA - Initial Return PAF: CONSTANTINOS RAGAS - DIRECTOR	November 10, 2015
BCA - Articles of Amalgamation	September 09, 2015

All “PAF” (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

This is Exhibit "C" referred to in the Affidavit of Alexey Golubovich sworn by Alexey Golubovich of the City of London, in the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on May 19, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Matthew Cressatti

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Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

Arbat Capital Group Ltd. (the "Company")
Certified true copy Memorandum and Articles of Association dated the 31st day of August 2023

APOSTILLE

(Convention de La Haye du 5 octobre 1961)

1. Country: British Virgin Islands

This public document

2. has been signed by **Deann Sylvester**

3. acting in the capacity of: **Officer of the Financial Services Commission**

4. bears the seal/stamp of **Registrar of Corporate Affairs**

<u>Certified</u>

5. At: Road Town, Tortola

6. the: 5 September 2023

7. By: **Deputy Governor**

8. No: 0088795

9. Seal/Stamp

10. Signature______________________________
Deputy Governor

Business Company No: 547713

BRITISH VIRGIN ISLANDS
BVI BUSINESS COMPANIES ACT, 2004 (AS AMENDED)

Memorandum and Articles of Association

of

Arbat Capital Group Ltd.

Incorporated on 10 June 2003

Disapplication filed under Schedule 2, Part IV of the Business Companies Act, 2004 on 28 February 2022

TMF (B.V.I.) Ltd.
Palm Grove House, P.O. Box 438
Road Town, Tortola, VG 1110
British Virgin Islands

BVI BUSINESS COMPANIES ACT, 2004 (AS AMENDED)

MEMORANDUM OF ASSOCIATION

OF

Arbat Capital Group Ltd.

1 INTERNATIONAL BUSINESS COMPANIES ACT

1.1 The Company was first incorporated in the British Virgin Islands as a company, under the IBC Act on 10 June 2003, prior to its automatic re-registration under the Act on 1 January 2007 (the "**Re-Registration**").

1.2 Immediately prior to the Re-Registration, the Company was governed by the IBC Act.

2 COMPANY NAME

2.1 The name of the Company is Arbat Capital Group Ltd.

2.2 The full name of the Company (and its foreign character name, if applicable) shall be clearly stated in every:

(a) written communication sent by, or on behalf of, the Company; and

(b) document issued or signed by, or on behalf of, the Company that evidences or creates a legal obligation of the Company.

2.3 The Company may from time to time change the Company's name (or foreign character name, if applicable) by Resolution of Directors or Resolution of Members. A change of name (or foreign character name) takes effect from the date that the Registrar issues a change of name certificate.

3 COMPANY STATUS.

3.1 The Company is a company limited by shares.

3.2 The Company is a legal entity in its own right separate from its Members and continues in existence until it is dissolved.

4 LIABILITY OF MEMBERS

4.1 The liability of each Member is limited to:

(a) the amount from time to time unpaid on that Member's Shares;

(b) any liability expressly provided for in this Memorandum or the Articles; and

(c) any liability to repay a Distribution pursuant to section 58(1) of the Act.

5 REGISTERED AGENT

5.1 At the date of filing the notice of election to disapply Part IV of the Act, the Registered Agent was TMF (B.V.I.) Ltd. of Palm Grove House, P.O. Box 438, Road Town, Tortola, VG1110, British Virgin Islands.

5.2 The Company may change its Registered Agent by Resolution of Directors or Resolution of Members.

6 REGISTERED OFFICE

6.1 At the date of filing the notice of election to disapply Part IV of the Act, the Registered Office was situated at Palm Grove House, P.O. Box 438, Road Town, Tortola, VG1110, British Virgin Islands.

6.2 The Company may change its Registered Office by Resolution of Directors or Resolution of Members, provided that the Registered Office is at all times at the office of its Registered Agent in the British Virgin Islands.

7 CAPACITY AND POWERS

7.1 Subject to the Act, any other British Virgin Islands legislation, this Memorandum and/or the Articles, the Company has, irrespective of corporate benefit:

(a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and

(b) for the purposes of Sub-Clause 7.1 (a), full rights, powers and privileges.

7.2 For the purposes of section 9(4) of the Act, there are no limitations on the business that the Company may carry on.

8 NUMBER AND CLASSES OF SHARES

8.1 The shares in the Company shall be issued in the currency of the United States of America.

8.2 The Company is authorised to issue a maximum of 50,000 Shares, with a par value of US$1.00 each, of a single class.

8.3 The Company may issue fractional Shares and a fractional Share shall have the corresponding fractional rights, obligations and liabilities of a whole Share of the same class or series of Shares.

8.4 The Company may issue a class of Shares in one or more series. The division of a class of Shares into one or more series and the designation to be made to each series shall be determined by the Directors from time to time by a Resolution of Directors.

9 RIGHTS CONFERRED BY SHARES

9.1 Each Share confers on the holder thereof the right to:

(a) one vote on any Resolution of Members;

(b) an equal share in any dividend paid by the Company; and

(c) an equal share in the Distribution of the surplus assets of the Company.

9.2 The rights conferred upon the holders of the Shares of any class may only be varied, whether or not the Company is in liquidation, either by a resolution:

(a) approved at a Members Meeting by the affirmative vote of a Majority of the votes of the Shares of the class being varied and entitled to vote, which were present at the Members Meeting (in person or by their duly appointed Proxy) and were voted; or

(b) consented to in writing by a Majority of the votes of the Shares of the class being varied and entitled to vote, without the need for any notice, and may consist of several documents, including written electronic communication, in like form each signed or assented to by one or more Members.

9.3 The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

10 REGISTERED SHARES

10.1 The Company shall issue registered shares only.

10.2 The Company is not authorised to issue bearer shares, convert registered shares to bearer shares or exchange registered shares for bearer shares.

11 AMENDMENTS TO THE MEMORANDUM AND ARTICLES

11.1 Subject to Clause 9.2, the Company may amend this Memorandum and/or the Articles by Resolution of Directors or Resolution of Members, save that no amendment may be made by a Resolution of Directors:

(a) to restrict the rights or powers of the Members to amend this Memorandum and/or the Articles; or

(b) to change the percentage of Members required to pass a Resolution of Members to amend this Memorandum and/or the Articles; or

(c) in circumstances where this Memorandum and/or the Articles may only be amended by the Members; or

(d) to Clause 9 or this Clause 11.

11.2 Any amendment to this Memorandum or the Articles will take effect from the date the notice of amendment, or restated memorandum and articles incorporating the amendment, is registered by the Registrar or from such other date as determined pursuant to the Act.

12 DEFINITIONS AND INTERPRETATION

12.1 In this Memorandum and the Articles, except where the context requires otherwise, the following words and expressions shall have the following meanings:

Acquire	to purchase, redeem or otherwise acquire (and "**Acquisition**" and "**Acquired**" shall be construed accordingly);
Act	the BVI Business Companies Act, 2004 (as amended from time to time) and includes the BVI Business Companies Regulations 2012 and

any other regulations made under the Act from time to time;

Agent an Eligible Person (including a Director) appointed as an agent of the Company;

Alternate Director a Director or an Eligible Person whose name is entered in the Register of Directors as an alternate for a Director;

Appointing Director a Director who has appointed an Alternate Director;

Articles the Company's articles of association, attached to this Memorandum, as amended from time to time;

Business Days a day (other than Saturday or Sunday) on which banks are open for general business in the British Virgin Islands;

Chairperson the chairperson of a Members Meeting who shall be the Chairperson of the Board, however:

(a) if there is no Chairperson of the Board or if they are not present at the Members Meeting, the Members present shall choose one of their number to be the Chairperson; and

(b) if the Members are unable to choose a Chairperson for any reason, then the person representing the greatest number of voting Shares present in person or by Proxy at the Members Meeting shall preside as Chairperson,

failing which the oldest individual Member or representative of a Member present at the Members Meeting shall be the Chairperson;

Chairperson of the Board a Director who has been appointed as the chairperson of a Directors Meeting;

Committee a committee of Directors, each consisting of one or more Directors;

Committee Meeting a duly convened and constituted meeting of the members of a Committee;

Company Records means the:

(a) Registers;

(b) Minute Book; and

(c) Records and Documentation;

Controller an individual that is the sole Member and sole Director;

Director an Eligible Person whose name is entered in the Register of Directors as a director of the Company;

Directors Meeting a duly convened and constituted meeting of Directors;

Distribution in relation to a distribution by the Company means:

(a) the direct or indirect transfer of an asset, other than the Company's own Shares, to or for the benefit of a Member; or

(b) the incurring of a debt to or for the benefit of a Member, in relation to Shares held by that Member, and whether by means of the purchase of an asset, the purchase, redemption or other acquisition of Shares, a transfer of indebtedness or otherwise, and includes a dividend;

Electronic Transactions Act	the Electronic Transactions Act, 2001 (as amended from time to time);
Eligible Person	individuals, corporations, trusts, the estates of deceased individuals, partnerships and unincorporated associations of persons;
IBC Act	the International Business Companies Act, 1984;
Insolvency Act	the Insolvency Act, 2003 (as amended from time to time);
Majority	means in excess of fifty (50) per cent.;
Member	an Eligible Person whose name is entered in the Register of Members as the holder of one or more Shares or fractional Shares;
Members Meeting	a duly convened and constituted meeting of Members;
Memorandum	this, the Company's memorandum of association, as amended from time to time;
Minute Book	means the minutes and/or written resolutions (as applicable) of all: (a) Resolutions of Members and of classes of Members; and (b) Resolutions of Directors and of Committees;
MLAT	the Mutual Legal Assistance (Tax Matters) (Amendment) Act, 2012 (as amended from time to time);
Officer	an Eligible Person appointed as an officer of the Company;
Parent	has the meaning defined in the Act;
Prohibited Powers	any of the following powers to: (a) amend this Memorandum or the Articles; (b) designate a Committee; (c) delegate powers to a Committee; (d) appoint or remove Directors; (e) appoint or remove an Agent; (f) approve a plan or merger, consolidation or arrangement; (g) make a declaration of solvency or to approve a liquidation plan; and/or

(h) make a determination that the Company will, immediately after a proposed Distribution, satisfy the Solvency Test;

Proxy	an Eligible Person who has been duly appointed by a Member (in accordance with the Act and Regulation 12) to be its proxy at a Members Meeting;
Records and Documents	has the meaning ascribed to it in Sub-Regulation 29;
Register of Charges	a register of charges that the Company maintains at its Registered Office, which contains details of each charge it has created over its assets;
Register of Directors	the Company's register of Directors, maintained in accordance with the Act;
Register of Members	the Company's register of Members, maintained in accordance with the Act;
Registered Agent	the Company's registered agent, as appointed from time to time, in accordance with the Act;
Registered Office	the Company's registered office maintained in accordance with the Act;
Registers	the Register of Members and the Register of Directors;
Registrar	the Registrar of Corporate Affairs in the British Virgin Islands;
Reserve Director	an Eligible Person whose name is entered in the Register of Directors as being nominated a reserve director of the Company by a Controller;
Resolution of Directors	either a resolution:

(a) approved at a Directors Meeting or Committee Meeting by the affirmative vote of a Majority of Directors entitled to vote thereon or by a Majority of the members of a Committee, as the case may be, entitled to vote thereon which were present at the Directors Meeting (in person or by their duly appointed Alternate Director) who voted, except that where a Director is given more than one vote, he or she shall be counted by the number of votes he or she casts for the purpose of establishing a Majority; or

(b) consented to in writing by a Majority of Directors (in person or by their duly appointed Alternate Director) or by a Majority of the members of a Committee, as the case may be, without the need for any notice, and may consist of several documents, including written electronic communication, in like form each signed or assented to by one or more Directors (in person or by their duly appointed Alternate Director);

Resolution of Members	either a resolution: (a) approved at a Members Meeting by the affirmative vote of a Majority of the votes of the Shares entitled to vote thereon which were present at the Members Meeting (in person or by their duly appointed Proxy) and were voted; or (b) consented to in writing by a Majority of the votes of the Shares entitled to vote thereon, without the need for any notice, and may consist of several documents, including written electronic communication, in like form each signed or assented to by one or more Members;
Seal	any seal which has been duly adopted as the common seal of the Company, and shall include reference to an electronic seal which satisfies the requirements of the Electronic Transactions Act;
Securities	shares and debt obligations of every kind of the Company, and including without limitation options, warrants and rights to acquire shares or debt obligations;
Share	a share issued or to be issued in the Company;
Solvency Test	the Company satisfies the solvency test if the value of the Company's assets exceeds its liabilities and the Company is able to pay its debts as they fall due;
Subsidiary	has the meaning defined in the Act; and
Treasury Share	a Share that was previously issued but was repurchased, redeemed or otherwise acquired by the Company and not cancelled, in accordance with the Act.

12.2 In this Memorandum and the Articles:

(a) a **Clause** or **Sub-Clause** is a reference to a clause or sub-clause of this Memorandum;

(b) a **Regulation** or **Sub-Regulation** is a reference to a regulation or sub-regulation of the Articles;

(c) voting by Members is a reference to the casting of the votes attached to the Shares held by the Member voting;

(d) words and expressions defined in the Act shall have the same meaning and, unless otherwise required by the context, the singular shall include the plural and vice versa, the masculine shall include the feminine and the neuter and references to persons shall include corporations and all entities capable of having a legal existence;

(e) reference to any provision of law (including but not limited to the Act, the Electronic Transactions Act) is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;

(f) reference to this Memorandum or to the Articles is a reference to those documents as amended from time to time;

(g) the headings are for convenience only and shall not affect the construction of this Memorandum or the Articles;

(h) reference to a thing being **written** or **in writing** includes all forms of writing, including all electronic records which satisfy the requirements of the Electronic Transactions Act, including (but not limited to) information generated, sent, received or stored by electronic, electrical, digital, magnetic, optical, electromagnetic, biometric or photonic means, including electronic data interchange, electronic mail, telegram, telex or telecopy;

(i) reference to a thing being **signed** or to a person's **signature** shall include reference to an electronic signature which satisfies the requirements of the Electronic Transactions Act;

(j) any words or expressions defined in the Act shall have the same meaning in this Memorandum and the Articles and unless otherwise required by the context or unless otherwise defined in this Memorandum or the Articles;

(k) where a period of time is expressed as a number of days, the days on which the period begins and ends are not included in the computation of the number of days; and

(l) headings are inserted for convenience only and shall be disregarded in the construction of or the interpretation of this Memorandum and the Articles.

We, TMF (B.V.I.) Ltd., of Palm Grove House, P.O. Box 438, Road Town, Tortola, VG1110, British Virgin Islands in our capacity as Registered Agent, for the purpose of disapplying Part IV of Schedule II of the Act, hereby sign this Memorandum on behalf of the Company this 28th day of February 2022.

Registered Agent

Jacinth Ward
Authorised Signatory
TMF (B.V.I.) Ltd.

BVI BUSINESS COMPANIES ACT, 2004 (AS AMENDED)

ARTICLES OF ASSOCIATION

OF

Arbat Capital Group Ltd.

1 DISAPPLICATION OF THE ACT

1.1 The following sections of the Act shall not apply to the Company:

(a) section 46 (*Pre-emptive rights*);

(b) section 60 (*Process for acquisition of own shares*);

(c) section 61 (*Offer to one or more shareholders*);

(d) section 62 (*Shares redeemed otherwise than at the option of company*); and

(e) section 175 (*Disposition of assets*).

2 SHARES

2.1 Shares and other securities may be issued, and options to acquire Shares may be granted, at such times, to such Eligible Persons, for such consideration and on such terms as the Directors may determine by a Resolution of Directors.

2.2 A Share may be issued for consideration in any form, or combination of forms, including money, a promissory note, or other written obligation to contribute money or property, real property, personal property (including goodwill and know-how), services rendered or a contract for future services.

2.3 The consideration for a Share with par value shall not be less than the par value (if any) of the Share. If a Share is issued for less than its par value, the Eligible Person to whom the Share is issued is liable to pay the Company an amount equal to the difference between the issued price and the par value.

2.4 No Shares may be issued for a consideration which is in whole or in part other than money, unless a Resolution of Directors has been passed stating:

(a) the amount to be credited for the issue of the Shares; and

(b) that, in their opinion, the present cash value of the non-money consideration and the money consideration for the issue is not less than the amount to be credited for the issue of the Shares.

2.5 The Company may issue bonus Shares.

2.6 A Share is deemed to be issued when the name of the Eligible Person is entered in the Register of Members.

3 SHARE CERTIFICATES

3.1 Each Member is entitled to a certificate:

(a) signed by a Director or Officer, or any other person authorised by Resolution of Directors; or

(b) under the Seal,

specifying the number of Shares held by him or her, and the signature of the Director, Officer or authorised person and the Seal may be facsimiles.

3.2 Each Member who receives a share certificate shall indemnify and hold the Company, its Directors and Officers harmless from any loss or liability which it or they may incur by reason of any wrongful or fraudulent use or representation made by any Eligible Person by virtue of the possession thereof.

3.3 If a share certificate is worn out or lost, it may (subject to the prior written consent of any mortgagee or chargee whose interest has been noted on the Register of Members) be renewed on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as the Directors may reasonably require.

3.4 If several Eligible Persons are registered as joint holders of any Shares, the Company is not bound to issue more than one certificate in relation to those Shares and delivery of a share certificate to one of several joint holders of Shares shall be sufficient delivery to all.

4 REGISTER OF MEMBERS

4.1 Subject to section 41(1A) of the Act, the Company shall keep a Register of Members containing:

(a) the name and address of each Eligible Person who holds Shares;

(b) the number of each class and series of Shares held by each Member;

(c) the date on which the name of each Member was entered in the Register of Members; and

(d) the date on which any Eligible Person ceased to be a Member.

4.2 The entry of an Eligible Person on the Register of Members as a holder of a Share is *prima facie* evidence that legal title in the Share vests in that Eligible Person.

4.3 The Company may treat the holder of a Share issued by the Company as the only Eligible Person entitled to:

(a) exercise any voting rights attached to the Share;

(b) receive notices;

(c) receive a Distribution in respect of the Share; and

(d) exercise other rights and powers attached to the Share.

4.4 The Register of Members may be in any such form as the Directors may approve, but if it is in magnetic, electronic or other data storage form, the Company must be able to produce legible evidence of its contents. Until the Directors otherwise determine, the magnetic, electronic or other data storage form shall be the original Register of Members.

4.5 The Company may elect to file a copy of its Register of Members with the Registrar, to make it available for public inspection, in accordance with the Act (a "**Public Register of Members**").

4.6 Once the Public Register of Members has been filed with the Registrar, the Company is bound by its contents. Each time the Register of Members is updated, amended or altered in any way, the Company must file a copy of the same with the Registrar, to update the Public Register of Members. The Company may elect to cease registering such changes by filing a notice with the Registrar, in accordance with the Act.

5 TRANSFER OF SHARES

5.1 Subject to section 54A of the Act, Shares may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, which shall be sent to the Company so that the Register of Members can be updated to reflect and effect the share transfer. If the transfer imposes a liability to the Company on the transferee, the transferee must also sign the written instrument of transfer.

5.2 Subject to Sub-Regulation 5.3, the Company shall, on receipt of an instrument of transfer, enter the name of the transferee in the Register of Members.

5.3 Subject to Sub-Regulation 7.4, the Directors may resolve to refuse or delay the registration of the transfer of Shares. Where the Directors do so, they must specify the reason(s) for this refusal or delay in a Resolution of Directors. The Directors may refuse or delay the registration of a transfer of Shares if the transferor has failed to pay an amount due in respect of those Shares.

5.4 Where the Directors pass a Resolution of Directors pursuant to Sub-Regulation 5.3, the Company shall, as soon as reasonably practicable, send the transferor and the transferee a notice of the refusal or delay in the approved form.

5.5 Subject to section 41(1A) of the Act, the transfer of a Share is effective when the name of the transferee is entered on the Register of Members.

5.6 If the Directors are satisfied that an instrument of transfer relating to Shares has been signed but that the instrument has been lost or destroyed, they may resolve by a Resolution of Directors:

(a) to accept such evidence of the transfer of Shares as they consider appropriate; and

(b) that the transferee's name should be entered in the Register of Members, notwithstanding the absence of the instrument of transfer.

6 REDEMPTION OF SHARES, SURRENDER OF SHARES AND TREASURY SHARES

6.1 The Company may Acquire and hold its own Shares save that the Company may not Acquire its own Shares without the consent of Members whose Shares are to be Acquired unless the Company is permitted by the Act or any other provision in the Memorandum or these Articles to Acquire the Shares without their consent.

6.2 The Company may only offer to Acquire Shares if the Resolution of Directors authorising the Acquisition contains a statement that the Directors are satisfied (on reasonable grounds) that immediately after the Acquisition the Company will be able to satisfy the Solvency Test.

6.3 Shares that the Company Acquires may be cancelled or held as Treasury Shares. Unless the Shares Acquired are held as Treasury Shares, any Shares Acquired by the Company shall be deemed to be cancelled immediately on completion of the Acquisition of the Shares.

6.4 The Company may Acquire its own fully paid Share(s) for no consideration by way of surrender of such Share(s) to the Company by the Member whose Share(s) are being surrendered. Any such surrender shall be in writing and signed by the Member whose Share(s) are being surrendered.

6.5 The number of Shares held as Treasury Shares (when aggregated with Shares of the same class already held as Treasury Shares) can not exceed 50 per cent. of the Shares of that class previously issued by the Company (excluding Shares that have been cancelled).

6.6 Shares which have been cancelled shall be available for reissue.

6.7 All rights and obligations attaching to a Treasury Share are suspended and shall not be exercised by the Company while it holds the Share as a Treasury Share.

6.8 Treasury Shares may be transferred or disposed of by the Company on such terms and conditions (not otherwise inconsistent with the Memorandum and these Articles) as the Company may by a Resolution of Directors determine.

7 MORTGAGES OF SHARES AND CHARGES OVER SHARES

7.1 Members may mortgage or create a charge or other form of security over their Shares.

7.2 At the written request of a Member who has mortgaged or created a charge over its Shares, the following shall be entered in the Register of Members:

(a) a statement that such Shares are mortgaged or charged;

(b) the name of the mortgagee or chargee; and

(c) the date on which the particulars specified in Sub-Regulations 7.2(a) and 7.2 (b) are entered in the Register of Members.

7.3 Whilst particulars of a mortgage or charge over Shares are entered in the Register of Members the Company shall not, without the prior written consent of the named mortgagee or chargee:

(a) effect the transfer of any such Share; or

(b) Acquire any such Share; or

(c) replace a share certificate in respect of any such Share.

7.4 Notwithstanding anything contained in the Memorandum or these Articles, the Directors shall not decline to register any transfer of Shares, nor may they suspend registration thereof, where such transfer is:

(a) to any mortgagee or chargee, whose interest has been noted on the Register of Members; or

(b) by any such mortgagee or chargee, pursuant to the power of sale under its security; or

(c) by any such mortgagee or chargee, in accordance with the terms of the relevant security document.

7.5 Where particulars of a mortgage or charge are entered in the Register of Members, such particulars may be cancelled:

(a) with the written consent of the named mortgagee or chargee or anyone authorised to act on its behalf; or

(b) upon evidence satisfactory to the Directors of the discharge of the liability secured by the mortgage or charge and the issue of such indemnities as the Directors shall consider necessary or desirable.

8 FORFEITURE

8.1 Shares that are not fully paid on issue are subject to the forfeiture provisions set forth in this Regulation and for this purpose, Shares issued for a promissory note or other written obligation to contribute money or property, or a contract for future services are deemed to be not fully paid.

8.2 A written notice of call (a "**Forfeiture Notice**") shall be served on a Member who defaults in making payment in respect of any Shares held by him or her (the "**Forfeiture Shares**").

8.3 A Forfeiture Notice must:

(a) specify a date that the Member should make payment for the Forfeiture Shares;

(b) provide a further date (no earlier than 14 days from the date that the Forfeiture Notice was served) on, or before which, payment for the Forfeiture Shares is required (a "**Payment Date**"); and

(c) contain a statement that in the event of non-payment at or before the Payment Date, the Forfeiture Shares (or any of them) will be liable to be forfeited.

8.4 Where a Forfeiture Notice has been served pursuant to Sub-Regulation 8.3(a) and the requirements of the Forfeiture Notice have not been complied with, the Directors may, at any time before tender of payment, forfeit and cancel the Forfeiture Shares.

8.5 The Company is under no obligation to refund any moneys to a Member whose Shares have been cancelled pursuant to Sub-Regulation 8.4 and that Member shall be discharged from any further obligation to the Company.

9 DISTRIBUTIONS

9.1 Subjection to Sub-Regulation 9.2, the Directors may, by Resolution of Directors, authorise a Distribution by the Company to the Members at such time and of such amount as they think fit, if they are satisfied (on reasonable grounds) that the Company will, immediately after the Distribution, satisfy the Solvency Test.

9.2 If, after a Distribution is authorised (but before it is made) the Directors cease to be satisfied (on reasonable grounds) that the Company will be able to satisfy the Solvency Test after the Distribution is made, then such Distribution is deemed not to have been authorised.

9.3 Distributions may be paid in money, shares or other property.

9.4 The Directors may, before recommending any Distribution, set aside out of the profits of the Company such sums as they think proper as a reserve which shall, at their discretion, either be employed in the business of the Company or be invested in such investments as the Directors may from time to time think fit.

9.5 If several Eligible Persons are registered as joint holders of any Share, any of them may give effectual receipt for any Distribution or other monies payable on or in respect of the jointly held Share.

9.6 Notice of any Distribution that may have been declared shall be given to each Member pursuant to Regulation 30.

9.7 All Distributions that are unclaimed for three years after having been declared may be forfeited by a Resolution of Directors, for the benefit of the Company.

9.8 No Distribution shall bear interest against the Company or be paid on those shares which are held by the Company as Treasury Shares at the date of the Distribution is declared.

10 MEETINGS OF MEMBERS

10.1 A Members Meeting may be convened by:

(a) a Director at such times and in such manner and places, within or outside the British Virgin Islands, as the Director considers necessary or desirable; or

(b) the Directors, upon the written request of Members entitled to exercise 30 per cent. (or more) of the voting rights in respect of the matter for which the Members Meeting is requested.

10.2 The Director convening a Members Meeting shall give not less than seven days' notice of a Members Meeting to:

(a) those Members whose names appear on the Register of Members on the date the notice is given and who are entitled to vote at the Members Meeting; and

(b) the other Directors.

10.3 The Director convening a Members Meeting may fix as the record date for determining those Members that are entitled to vote at the Members Meeting the date notice is given of the Members Meeting, or such other date as may be specified in the notice, being a date not earlier than the date of the notice.

10.4 A Members Meeting held in contravention of the requirement to give notice is valid if Members holding at least 90 per cent. of the total voting rights on all the matters to be considered at the Members Meeting have waived notice of the Members Meeting and, for this purpose, the presence of a Members at the Members Meeting shall constitute waiver in relation to all the Shares which that Member holds.

10.5 The inadvertent failure of a Director who convenes a Members Meeting to give notice of a Members Meeting to a Member or another Director, or the fact that a Member or another Director has not received notice, does not invalidate the Members Meeting.

11 PROCEEDINGS AT MEETINGS OF MEMBERS

11.1 No business shall be transacted at any Members Meeting unless a quorum of Members is present at the time when the Members Meeting proceeds to business. A Members Meeting is duly constituted if, at the commencement of the Members Meeting, there are present in person (or by Proxy) holders of a Majority of the voting rights of the Shares or class or series of Shares entitled to vote on the resolutions to be considered at the Members Meeting. A quorum may comprise a single Member (or Proxy) and then such person may pass a Resolution of Members and a certificate signed by such Member (accompanied by a copy of the proxy instrument if such person is a Proxy) shall constitute a valid Resolution of Members.

11.2 A Member shall be deemed to be present at a Members Meeting if:

(a) the Member (or its Proxy) participates by telephone or other electronic means; and

(b) all Members and Proxies participating in the Members Meeting are able to hear each other.

11.3 Subject to Sub-Regulation 11.4, if a Members Meeting is convened upon the requisition of a Director or in any other case and a quorum is not present within two hours from the time appointed for the Members Meeting, the Members Meeting shall stand adjourned to the next business day in the jurisdiction in which the Members Meeting was to have been held at the same time and place or to such other time and place as the Directors may determine by a Resolution of Directors. If, at the adjourned Members Meeting, there are present within one hour from the time appointed for the adjourned Members Meeting in person or by Proxy not less than one third voting rights of the Shares or class or series of Shares entitled to vote on the matters to be considered by the Members Meeting, those present shall constitute a quorum but otherwise the Members Meeting shall be dissolved.

11.4 If a Members Meeting is convened upon the requisition of the Members, and a quorum is not present within two hours from the time appointed for the Members Meeting, the Members meeting shall be dissolved.

11.5 The Chairperson may, with the consent of the Members at the Members Meeting, adjourn any Members Meeting from time to time, and from place to place, but no business shall be transacted at any adjourned Members Meeting other than the business left unfinished at the Members Meeting from which the adjournment took place.

11.6 A resolution put to the vote in a Members Meeting shall be decided on a show of hands by the Members holding a Majority of the voting rights of the Shares or class or series of Shares entitled to vote on Resolutions of Members to be considered at the Members Meeting.

11.7 A declaration by the Chairperson that a Resolution of Members has, on a show of hands been approved, and an entry is made to that effect in the Minute Book, shall be sufficient evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such Resolution of Members.

11.8 At any Members Meeting, the Chairperson is responsible for deciding in such manner as he or she considers appropriate, whether any resolution proposed has been carried or not and the result of his or her decision shall be announced to the Members Meeting and recorded in the minutes of the Members Meeting. If the Chairperson has any doubt as to the outcome of the vote on a proposed resolution, he or she shall cause a poll to be taken of all votes cast upon such resolution. If the Chairperson fails to take a poll then any Member present in person or by Proxy who disputes the announcement by the Chairperson of the result of any vote may immediately following such announcement demand that a poll be taken and the Chairperson shall cause a poll to be taken. If a poll is taken at any Members Meeting, the result shall be announced to the Members Meeting and recorded in the minutes of the Members Meeting.

11.9 The right of any individual to speak for or represent a Member who is not an individual shall be determined by the law of the jurisdiction where, and by the documents by which, such Member is constituted or derives its existence. In case of doubt, the Directors may in good faith seek legal advice from any qualified person and unless and until a court of competent jurisdiction shall otherwise rule, the Directors may rely and act upon such advice without incurring any liability to any Member or the Company.

11.10 Any Member who is not an individual may, by resolution of its directors or other governing body, authorise such individual as it thinks fit to act as its representative at any Members Meeting or of any meeting of a class of Members, and such individual shall be entitled to exercise the same rights on behalf of the Member which he or she represents as that Member could exercise if it were an individual Member.

11.11 The Chairperson of any Members Meeting at which a vote is cast by Proxy or on behalf of any Eligible Person other than an individual may call for a notarially certified copy of such Proxy or authority which shall be produced within seven (7) days of being so requested or the votes cast by such Proxy or on behalf of such Eligible Person shall be disregarded.

11.12 The Directors may attend and speak at any Members Meeting and at any separate Members Meeting of the holders of any class or series of Shares.

11.13 An action that may be taken by the Members at a Members Meeting may also be taken by a Resolution of Members consented to in writing by a Majority of the votes of Shares entitled to vote and voting thereon, without the need for any notice. If any Resolution of Members is adopted otherwise than by the unanimous written consent of all Members, a copy of such resolution shall forthwith be sent to all Members not consenting to such resolution. The consent may be in the form of counterparts, each counterpart being signed by one or more Members. If the consent is in one or more counterparts, and the counterparts bear different dates, then the resolution shall take effect on the earliest date upon which Eligible Persons holding a sufficient number of votes of Shares to constitute a Resolution of Members have consented to the resolution by signed counterparts.

11.14 If the Company has only one Member the provisions herein contained for a Members Meeting do not apply and such sole Member has full power to represent and act for the Company in all matters as are by the Act, the Memorandum or these Articles required to be exercised by the Members. In lieu of minutes of a Members Meeting, the sole Member shall record in writing and sign a note or memorandum of all matters requiring a Resolution of Members. Such a note or memorandum constitutes sufficient evidence of such Resolutions of Members for all purposes.

11.15 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairperson at which the show of hands takes place, or at which the poll is demanded, shall not be entitled to a second or casting vote.

12 MEMBER'S REPRESENTATION AT A MEETING BY PROXY

12.1 A Member may be represented at a Members Meeting by a Proxy who may speak and vote on behalf of that Member.

12.2 The instrument appointing the Proxy must be produced:

(a) at the place designated for the Members Meeting to take place at which the Proxy proposes to vote; and

(b) before the time the Members Meeting at which the Proxy proposes to vote is scheduled to take place,

unless the notice of the Members Meeting at which the Proxy proposes to vote has specified an alternative or additional place or time at which the Proxy shall be presented.

12.3 The instrument appointing a Proxy shall be in writing and substantially the following form, or such other form as the Chairperson shall accept as properly evidencing the wishes of the Member appointing the Proxy.

Company Name: ____________________ **(the "Company")**

Company Number: ____________________

In this appointment of a proxy, except where the context otherwise requires (or except where terms are defined herein) words and expressions shall have the same meanings assigned to them in the Company's memorandum and articles of association.

I am/We are a Member of the Company **HEREBY APPOINT:**
____________________________ of ____
or failing him/her
____________________________ of ____
to be my/our proxy to vote for me/us at the Members Meeting to be held on ______________________
at ____ and at any adjournment thereof.

(Any restrictions on voting to be inserted here.)

____

Signed by: (Name of Member)
Date:

12.4 Where Shares are held jointly, by two or more Eligible Persons:

(a) each of the Eligible Person that holds Shares jointly may be present in person (or by Proxy) at a Members Meeting and may speak as a Member;

(b) if only one of the joint owners is present at a Members Meeting, in person or by Proxy, he or she may vote on behalf of all joint owners of the Share(s);

(c) if two or more of the joint owners are present at a Members Meeting, in person or by Proxy, they must vote as one; and

(d) if two or more of the joint owners are present at a Members Meeting, in person or by Proxy, and vote, it is the vote of the joint owner whose name appears first among such voting joint holders in the Register of Members alone that shall be counted.

13 APPOINTMENT AND REMOVAL OF DIRECTORS

13.1 The first Director(s) shall be appointed by the Registered Agent within six (6) months of the date of incorporation of the Company. Thereafter, the Directors shall be elected by Resolution of Members or by Resolution of Directors for such terms as the Members or Directors may so determine.

13.2 If, before the Company has any Members, the sole Director or all of the Directors appointed by the Registered Agent resign, die or otherwise cease to exist, the Registered Agent may appoint one or more further Eligible Persons as a Director.

13.3 Subject to Sub-Regulation 13.2, the minimum number of Directors shall be one (1) and there shall be no maximum number of Directors.

13.4 No Eligible Person shall be:

(a) appointed as a Director or as an Alternate Director; or

(b) nominated as a Reserve Director,

unless he or she has consented in writing to be a Director, an Alternate Director, or to be nominated as a Reserve Director (as applicable).

13.5 Each Director holds office for the term, if any, fixed by the Resolution of Members or Resolution of Directors appointing him or her. If there is no fixed term, the Director serves indefinitely until the earlier of:

(a) his or her disqualification to act as a Director under the Act (on which his or her office as Director shall be automatically terminated if he or she has not resigned in accordance with the Act); or

(b) his or her death; or

(c) his or her resignation; or

(d) the effective date of his or her removal by Resolution of Directors or Resolution of Members.

13.6 A Director may resign his or her office by giving written notice of his or her resignation to the Company. Such resignation has effect from the date the notice is received by the Company at the Registered Office or from such later date as may be specified in the resignation notice. A Director shall resign forthwith as a Director if he or she is, or becomes, disqualified from acting as a Director under the Act.

13.7 The following are disqualified for appointment as a Director:

(a) an individual who is under 18 years of age;

(b) a person who is a disqualified person within the meaning of section 260(4) of the Insolvency Act;

(c) a person who is a restricted person within the meaning of section 409 of the Insolvency Act; and/or

(d) an undischarged bankrupt.

13.8 Sections 114(2) and 114(3) of the Act shall not apply to the Company. A Director may be removed from office, with or without cause, by a Resolution of Members.

13.9 Sections 114(5) of the Act shall not apply to the Company. A Director may be removed from office, with or without cause, by a Resolution of Directors.

13.10 The Directors may at any time appoint any Eligible Person to be a Director either to fill a vacancy or as an addition to the existing Directors. Where the Directors appoint an Eligible Person as Director to fill a vacancy, the term shall not exceed the term that remained when the Eligible Person who has ceased to be a Director ceased to hold office.

13.11 A vacancy in relation to Directors occurs if a Director dies or otherwise ceases to hold office prior to the expiration of his or her term of office.

13.12 A Director does not have to hold any Shares, but nevertheless shall be entitled to attend and speak at any Director Meeting and at any Members Meeting and at any separate meeting of the holders of any class of Shares.

13.13 The Directors may, by Resolution of Directors, fix the emoluments of Directors with respect to services to be rendered in any capacity to the Company.

14 ALTERNATE DIRECTORS

14.1 Subject to Sub-Regulation 13.4, a Director may appoint an Eligible Person (who is not disqualified from being a director) to be his or her Alternate Director to:

(a) exercise the powers of the Appointing Director; and

(b) carry out the Appointing Director's responsibilities,

in relation to taking decisions by the Directors in the absence of the Appointing Director.

14.2 An Alternate Director has the same rights as the Appointing Director in relation to any Resolution of Directors.

14.3 Any exercise by an Alternate Director of the Appointing Director's powers in relation to the taking of decisions by the Directors, is as effective as if the powers were exercised by the Appointing Director.

14.4 The Appointing Director may, at any time, terminate the Alternate Director's appointment.

14.5 The appointment of an Alternate Director and the termination of an Alternate Director's appointment must be made in writing and written notice shall be given by the Appointing Director to the Company as soon as reasonably practicable so the appointment/termination can be noted on the Register of Directors.

14.6 An Alternate Director has no power to appoint an alternate, whether of the Appointing Director or of the Alternate Director.

14.7 An Alternate Director does not act as an agent of or for the Appointing Director.

15 RESERVE DIRECTORS

15.1 Subject to Sub-Regulation 13.4, a Controller may, by instrument in writing, nominate an Eligible Person (who is not disqualified from being a director) as a Reserve Director to act in his or her place in the event of his or her death.

15.2 The nomination of a Reserve Director ceases to have effect if before the death of the Controller:

(a) he or she resigns as Reserve Director; or

(b) the Controller revokes the nomination (in writing); or

(c) the Controller ceases to be the sole Director and sole Member for any reason other than his or her death.

15.3 The nomination of a Reserve Director and the written cessation of a Reserve Director's nomination must be made in writing and written notice shall be given by the Controller to the Company as soon as reasonably practicable, so the nomination/cessation can be noted on the Register of Directors.

16 REGISTER OF DIRECTORS

16.1 The Company shall maintain a Register of Directors that shall contain such information as is prescribed in the Act, a copy of which must be filed with the Registrar within:

(a) 14 days of the appointment of the first Director(s); and

(b) 21 days of any changes occurring to the Register of Directors.

16.2 The Register of Directors may be kept in any such form as the Directors may approve, but if it is in magnetic, electronic or other data storage form, the Company must be able to produce legible evidence of its contents. Until a Resolution of Directors determining otherwise is passed, the magnetic, electronic or other data storage shall be the original Register of Directors.

16.3 The Register of Directors is *prima facie* evidence of any matters directed or authorised by the Act to be contained therein.

17 DUTIES OF DIRECTORS

17.1 When exercising his or her powers or performing his or her duties, a Director shall act honestly and in good faith and in a manner which he or she believes to be in the best interests of the Company.

17.2 Notwithstanding Sub-Regulation 17.1 (even though it may not be in the best interests of the Company) a Director may act in a manner which he or she believes is in the best interests of:

(a) the Parent, if the Company is a wholly-owned Subsidiary;

(b) the Parent, if the Company is a Subsidiary (but not a wholly-owned Subsidiary) and the Members (other than the Parent) have provided their prior agreement to the Director acting in this manner; and

(c) the Member(s), if the Company is carrying out a joint venture between the Members and those actions are limited to actions connected to or with the joint venture.

17.3 Each Director shall exercise his or her powers as a Director for a proper purpose and shall not act, or agree to the Company acting, in a manner that contravenes the Act, the Memorandum or these Articles.

17.4 When exercising his or her powers and/or carrying out his or her duties, each Director must act in good faith, make proper inquiry where the need for the inquiry is indicated by the circumstances and have no knowledge that his or her reliance on the Company Records and/or such other information prepared for or supplied to him or her is not warranted.

17.5 When exercising his or her powers and/or carrying out his or her duties, each Director:

(a) shall exercise the care, diligence, and skill that a reasonable director would exercise in the same circumstances taking into account, but without limitation the nature of the Company, the nature of the decision, the position of the Director and the nature of the responsibilities undertaken by him or her; and

(b) is, subject to Sub-Regulation 17.5(a), entitled to rely upon:

(i) the Company Records and/or such other information prepared for or supplied to the Director;

(ii) professional or expert advice given, by: (A) an employee of the Company whom the Director believes on reasonable grounds to be reliable and competent in relation to the matters concerned; (B) a professional adviser or expert in relation to matters which the Director believes on reasonable grounds to be within the person's professional or expert competence; and/or (C) any other Director, or Committee upon which the Director did not serve, in relation to matters within the Director's or Committee's designated authority.

18 DISCLOSURE OF INTERESTS

18.1 A Director shall, forthwith after becoming aware of the fact that he or she is interested in a transaction entered into or to be entered into by the Company, disclose such interest to the other Directors, unless the transaction or proposed transaction:

(a) is between the Director and the Company; and

(b) is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.

For the avoidance of doubt, a disclosure is only made when it is brought to the attention of every Director.

18.2 For the purposes of Sub-Regulation 18.1, the disclosure by a Director that he or she is a member, director, officer or trustee of another named entity or other Eligible Person, or has a fiduciary relationship with respect to the entity or other Eligible Person, and is to be regarded as interested in any transaction which may, after the date of the entry or disclosure of interest, be entered into with the Company or that Director, is a sufficient disclosure of interest in relation to that transaction.

18.3 A transaction entered into by the Company in respect of which a Director is interested is voidable by the Company unless the Director's interest was disclosed in accordance with Sub-Regulation 18.1 prior to the Company entering into the transaction.

18.4 Notwithstanding Sub-Regulation 18.3, a transaction entered into by the Company in respect of which a Director is interested is not voidable by the Company if:

(a) the material facts of the interest of the Director in the transaction are known by the Members entitled to vote at a Members Meeting and the transaction is approved or ratified by a Resolution of Members; or

(b) the Company received fair value for the transaction.

A determination as to whether or not the Company receives fair value for a transaction shall be made on the basis of the information known to the Company and the interested Director at the time that the transaction was entered into.

18.5 A Director who is interested in a transaction entered into or to be entered into by the Company may:

(a) vote on a matter relating to the transaction;

(b) attend a Director Meeting at which a matter relating to the transaction arises and be included among the Directors present at the Director Meeting for the purposes of a quorum; and

(c) sign a document on behalf of the Company, or do any other thing in his or her capacity as a Director, that relates to the transaction,

and, subject to compliance with the Act shall not, by reason of his office be accountable to the Company for any benefit which he derives from such transaction and no such transaction shall be liable to be avoided on the grounds of any such interest or benefit.

19 POWERS OF DIRECTORS

19.1 The business and affairs of the Company shall be managed by, or under the direction or supervision of, the Directors. The Directors have all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company. The Directors may pay all expenses incurred preliminary to and in connection with the incorporation of the Company and may exercise all such powers of the Company as are not by the Act, by the Memorandum or by these Articles required to be exercised by the Members.

19.2 Any Director which is a body corporate may appoint any individual as its duly authorised representative for the purpose of representing it at Director Meeting, with respect to the signing of consents or otherwise.

19.3 The Directors may by Resolution of Directors exercise all the powers of the Company to incur indebtedness, liabilities or obligations and to secure indebtedness, liabilities or obligations whether of the Company or of any third party.

19.4 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by Resolution of Directors.

19.5 Section 175 of the Act shall not apply. The Directors may, by Resolution of Directors, determine that any sale, transfer, lease, exchange or other disposition is in the usual or regular course of the business carried on by the Company and such determination is, in the absence of fraud, conclusive.

19.6 The continuing Directors may act notwithstanding any vacancy in their body.

20 PROCEEDINGS OF DIRECTORS

20.1 The Directors or any Committee may meet at such times and in such manner and places within or outside the British Virgin Islands as the Directors may determine to be necessary or desirable.

20.2 Any Director may call a Director Meeting by sending a written notice to each other Director. Subject to Sub-Regulation 20.3, a Director shall be given not less than three (3) Business Days' notice of a Director Meeting.

20.3 A Director Meeting held without (or on less than) three (3) Business Days' notice being given to all of the Directors is valid if all of the Directors entitled to vote at the Director Meeting who do not attend have waived the notice of the Director Meeting. For the avoidance of doubt, the presence of a Director at the Director Meeting shall constitute a waiver by that Director (unless he or she objects in writing before or at the Director Meeting).

20.4 The inadvertent failure to give notice of a Director Meeting, or the fact that a Director has not received the notice, shall not invalidate the Director Meeting.

20.5 A Director Meeting is duly constituted for all purposes if at the commencement of the Director Meeting there are present in person (or by its Alternate Director) a Majority of the total number of Directors, unless there are only two (2) Directors in which case the quorum will be two (2).

20.6 A Director shall be deemed to be present at a Director Meeting if:

(a) the Director (or by its Alternate Director) participates by telephone or other electronic means; and

(b) all Directors (or by its Alternate Director) participating in the Director Meeting are able to hear each other.

20.7 If within half an hour from the time appointed for the Director Meeting a quorum is not present, the Director Meeting shall be dissolved.

20.8 At a Directors Meeting, the Directors may elect a Chairperson of the Board and determine the period for which he or she is to hold office. If no such Chairperson of the Board is elected, or if at any Director Meeting the Chairperson of the Board is not present at the time appointed for holding the Director Meeting, the Directors present may choose one of their number to be Chairperson of the Board for the Director Meeting. If the Directors are unable to choose a Chairperson of the Board, for any reason, then the longest serving Director present at the Director Meeting shall preside as the Chairperson of the Board.

20.9 Questions arising at any Director Meeting shall be decided by a Majority of votes. In case of an equality in votes the Chairperson of the Board shall have a second or casting vote.

20.10 Any action that may be taken by the Directors at a Directors Meeting or by a Committee at a Committee Meeting may also be taken by a Resolution of Directors or a resolution of a Committee consented to in writing by a Majority of Directors or by a Majority of the members of the Committee, as the case may be, without the need for any notice. The consent may be in the form of counterparts each counterpart being signed by one or more Directors. If the consent is in one or more counterparts, and the counterparts bear different dates, then the resolution shall take effect on the date upon which the last Director has consented to the resolution by signed counterparts.

20.11 If the Company has only one Director the provisions herein contained for Director Meetings do not apply and such sole Director has full power to represent and act for the Company in all matters as are not by the Act, the Memorandum or these Articles required to be exercised by the Members. In lieu of minutes of a Director Meeting the sole Director shall record in writing and sign a note or memorandum of all matters requiring a Resolution of Directors. Such a note or memorandum constitutes sufficient evidence of such Resolution of Directors for all purposes.

21 COMMITTEES

21.1 Subject to Sub-Regulation 21.2, the Directors may designate one or more Committees and delegate any one or more of their powers, including the power to affix the Seal, to the Committee.

21.2 The Directors have no power to delegate any of the Prohibited Powers to a Committee.

21.3 Where the Directors delegate their powers to a Committee, they remain responsible for the exercise of that power by the Committee, unless they believed on reasonable grounds that at all times before the exercise of the power that the Committee would exercise the power in conformity with the duties imposed on directors by the Act.

21.4 A Committee, where authorised by the Resolution of Directors appointing such Committee or by a subsequent Resolution of Directors, may appoint a sub-committee and delegate powers exercisable by the Committee to the sub-committee.

21.5 The Committee Meeting, consisting of 2 or more Directors, shall be governed *mutatis mutandis* by the provisions of these Articles regulating the proceedings of Directors so far as the same are not superseded by any provisions in the Resolution of Directors establishing the Committee.

22 OFFICERS

22.1 The Directors may, by a Resolution of Directors, appoint an Eligible Person to be an Officer at such times as shall be considered necessary or expedient.

22.2 The emoluments of all Officers shall be fixed by Resolution of Directors.

22.3 An Officer:

(a) does not need be a Director or Member; and

(b) may hold more than one office in the Company (e.g. it may be the secretary and the vice-president of the Company.

22.4 Each Officer shall:

(a) consent (in writing) to their appointment as an Officer;

(b) hold office until its successor is duly appointed or it is removed, with or without cause, by Resolution of Directors; and

(c) perform such duties as shall be prescribed at the time of their appointment, subject to any modifications in such duties as may be prescribed by the Directors thereafter.

22.5 Any vacancy occurring in any office of the Company may be filled by Resolution of Directors.

22.6 An Officer that is a body corporate may appoint any person as its duly authorised representative for the purpose of representing it and of transacting any of the business of an Officer.

23 AGENTS

23.1 The Directors may, by Resolution of Directors, appoint an Eligible Person to be an Agent.

23.2 An Agent has no right to carry out any of the Prohibited Powers.

23.3 Subject to Sub-Regulation 23.2, an Agent shall have such powers and authority of the Directors, including the power and authority to affix the Seal and to exercise the power an authority granted in the Memorandum, these Articles or in the Resolution of Directors appointing the Agent, except that no Agent has any power or authority to:

(a) change the Registered Agent of the Registered Office; or

(b) fix emoluments of Directors; or

(c) authorise the Company to continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands.

23.4 The Resolution of Directors appointing an Agent may authorise the Agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the Agent by the Company.

23.5 The Directors may remove an Agent and may revoke or vary a power conferred on him or her by a Resolution of Directors.

24 INDEMNIFICATION AND INSURANCE

24.1 Subject to the limitations provided in this Regulation 24, the Company may indemnify against all expenses, including legal fees, and against all judgements, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any Eligible Person who is or was:

(a) a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the Eligible Person is or was a Director; or

(b) at the request of the Company, serving as a director of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise.

24.2 Sub-Regulation 24.1 does not apply unless the Eligible Person acted honestly and in good faith and in what he or she believed to be in the best interests of the Company and, in the case of criminal proceedings, the Eligible Person had no reasonable cause to believe that his or her conduct was unlawful.

24.3 For the purposes of Sub-Regulation 24.2, a Director acts in the best interests of the Company if he or she acts in the best interests of the Parent or Member (or Members), in either case, in the circumstances specified in the Act, as the case may be.

24.4 The decision of the Directors as to whether the person acted honestly and in good faith and with a view to the best interests of the Company and as to whether the person had no reasonable cause to believe that his conduct was unlawful is, in the absence of fraud, sufficient for the purposes of these Articles, unless a question of law is involved.

24.5 The termination of any proceedings by any judgement, order, settlement, conviction or the entering of a *nolle prosequi* does not, by itself, create a presumption that the Eligible Person did not act honestly and in good faith and with a view to the best interests of the Company or that the Eligible Person had reasonable cause to believe that his or her conduct was unlawful.

24.6 Expenses, including legal fees, incurred by a Director (or a former director) in defending any legal, administrative or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the Director (or a former director) to repay the amount if it shall ultimately be determined that the Director (or a former director) is not entitled to be indemnified by the Company in accordance with Sub-Regulation 24.1 and upon such other terms and conditions, if any, as the Company deems appropriate.

24.7 The indemnification and advancement of expenses provided by, or granted pursuant to, this Regulation 24 is not exclusive of any other rights to which the Eligible Person seeking indemnification or advancement of expenses may be entitled under any agreement, Resolution of Members, resolution of disinterested directors or otherwise, both as to acting in the Eligible Person's official capacity and as to acting in another capacity while serving as a Director.

24.8 If an Eligible Person referred to in Sub-Regulation 24.1 has been successful in defence of any proceedings referred to Sub-Regulation 24.1, the Eligible Person is entitled to be indemnified against all expenses, including legal fees, and against all judgements, fines and amounts paid in settlement and reasonably incurred by the Eligible Person in connection with the proceedings.

24.9 The Company shall not indemnify an Eligible Person in breach of Sub-Regulation 24.2, and any indemnity given in breach of Sub-Regulation 24.2 is void and of no effect.

24.10 The Company may purchase and maintain insurance in relation to any Eligible Person who is or was a Director, Officer or liquidator of the Company, or who at the request of the Company is or was serving as a Director, Officer or liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise, against any liability asserted against the Eligible Person and incurred by the Eligible Person in that capacity, whether or not the Company has or would have had the power to indemnify the Eligible Person against the liability as provided in these Articles.

25 SEAL

25.1 The Company shall have a Seal and an imprint of the Seal shall be kept at the Registered Office.

25.2 The Company may have more than one Seal and references herein to the Seal shall be references to every Seal which shall have been duly adopted by Resolution of Directors.

25.3 Except as otherwise expressly provided herein the Seal when affixed to any written instrument shall be witnessed and attested to by the signature of any one Director or other Eligible Person so authorised from time to time by Resolution of Directors. Such authorisation may be before or after the Seal is affixed, may be general or specific and may refer to any number of sealings.

25.4 The Directors may provide for a facsimile of the Seal and of the signature of any Director or authorised Eligible Person which may be reproduced by printing or other means on any instrument and it shall have the same force and validity as if the Seal had been affixed to such instrument and the same had been attested to as hereinbefore described.

25.5 A document requiring authentication or attestation by the Company may be signed by a Director, a secretary or by an authorised Agent, and need not be under its Seal.

26 ENTRY INTO CONTRACTS AND DEEDS

26.1 A contract may be entered into by the Company as follows:

(a) a contract that, if entered into by an individual, would be required by law to be in writing and under seal, may be entered into by or on behalf of the Company in writing under the Seal, and may be varied or discharged in the same manner;

(b) a contract that, if entered into by an individual, would be required by law to be in writing and signed, may be entered into by or on behalf of the Company in writing and signed by an Eligible Person acting under the express or implied authority of the Company, and may be varied or discharged in the same manner; and

(c) a contract that, if entered into by an individual, would be valid although entered into orally, and not reduced to writing, may be entered into orally by or on behalf of the Company by an Eligible

Person acting under the express or implied authority of the Company, and may be varied or discharged in the same manner.

26.2 A contract entered into in accordance with this Regulation 26 is valid and is binding on the Company and its successors and all other parties to the contract.

26.3 Notwithstanding Sub-Regulation 26.1, an instrument or deed executed by or on behalf of the Company by a Director or an authorised Agent is not invalid by reason only of the fact that the Seal is not affixed to the instrument or deed.

26.4 Notwithstanding Sub-Regulation 26.1, an instrument is validly executed by the Company as a deed or an instrument under seal if it is either:

(a) sealed with the Seal and witnessed by a Director; or

(b) is expressed to be, or is expressed to be executed as, or otherwise makes clear on its face that it is intended to be, a deed and it is signed by a Director or by an Eligible Person acting under the express or implied authority of the Company.

27 REGISTER OF CHARGES

27.1 The Company must maintain a Register of Charges at the Registered Office, which must confirm:

(a) the name and address of each secured party;

(b) details of each security document it has entered into that creates a charge over the Company's assets;

(c) a short description of the liabilities secured and property charged by each security document; and

(d) details of any prohibition or restrictions on the Company's power to create any future charges.

27.2 If a charge entered on the Register of Charges is amended, the Company must notify its Registered Agent within 14 days of such change, so the Register of Charges can be updated.

27.3 The Company may elect to file a copy of its Register of Charges with the Registrar, to make it available for public inspection and to obtain priority ranking for the secured party.

28 COMPANY RECORDS

28.1 The Company shall keep the following at the Registered Office:

(a) the Memorandum and these Articles;

(b) the Company Records;

(c) copies of all notices and other documents filed by the Company in the previous ten years;

(d) the Register of Charges; and

(e) an imprint of the Seal.

28.2 The Company shall keep the Company Records at the Registered Office or at such other place(s) or places, within or outside the British Virgin Islands, as the Directors may determine. Until the Directors determine otherwise by Resolution of Directors, the Company shall keep the original Registers at the Registered Office.

28.3 If a copy of the Registers (rather than the original) is not maintained at the Registered Office, the Company must inform the Registered Agent (in writing) of any change to the Register and provide the Registered Agent with a copy of the updated Register, within 15 days of such change.

28.4 If any of the Company Records are kept in a location other than the Registered Office, the Company shall provide the Registered Agent with a written record of:

(a) the physical address of the place at which each of the Company Records are kept; and

(b) the name of the person who maintains and controls each of the Company Records.

28.5 If the location at which any of the Company Records are kept, or the name of the person who maintains and controls any of the Company Records changes, the Company shall, within 14 days of the change provide its Registered Agent with:

(a) the physical address of the place at which each of the Company Records are kept; and

(b) the name of the person who maintains and controls each of the Company Records.

28.6 The Company Records shall be open to the inspection of the Directors at all times.

28.7 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions the Company Records or any of them shall be open to the inspection of Members (not being Directors), and no Member (not being a Director) shall have any right to inspect any Company Records except as conferred by the Act or authorised by a Resolution of Directors.

28.8 The Company Records shall be in written form or either wholly or partly as electronic records complying with the requirements of the Electronic Transactions Act.

29 ACCOUNTS AND AUDITORS

29.1 The Company shall maintain records and documents (and underlying documentation), which are sufficient to show and explain the Company's transactions and enable the Company (at any time) to determine the financial position of the Company with reasonable accuracy (the "**Records and Documents**"), which for the avoidance of doubt includes accounts in relation to:

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the Company; and

(c) the assets and liabilities of the Company;

29.2 The Company may by Resolution of Shareholders call for the Directors to prepare periodically and make available a profit and loss account and a balance sheet (the "**Balance Sheet**"). The Balance Sheet shall be drawn up so as to give respectively a true and fair view of the profit and loss of the Company for a financial period and a true and fair view of the assets and liabilities of the Company as at the end of a financial period.

29.3 The Company may by Resolution of Shareholders call for the accounts to be examined by auditors.

29.4 The Company may appoint an auditor (the "**Auditor**"). The Auditors shall be appointed by Resolution of Shareholders or by Resolution of Directors.

29.5 A Member may be an Auditor. However, no Director or Officer can be an Auditor during their continuance in office.

29.6 The remuneration of the Auditors may be fixed by Resolution of Directors.

29.7 The Auditors shall examine each Balance Sheet required to be laid before a Members Meeting or otherwise given to Members and shall state in a written report whether or not:

(a) in their opinion the Balance Sheet give a true and fair view respectively of the profit and loss for the period covered by the accounts, and of the assets and liabilities of the Company at the end of that period; and

(b) all the information and explanations required by the Auditors have been obtained.

29.8 The report of the Auditors shall be annexed to the accounts and shall be read at the Members Meeting at which the accounts are laid before the Company or shall be otherwise given to the Members.

29.9 The Auditor(s) shall be entitled to receive notice of, and to attend any Members Meeting at which the Balance Sheet is to be presented.

29.10 Each Auditor shall, at all times, have the right to access the Company Records, and shall be entitled to such information and explanations as he or she thinks necessary for the performance of his or her duties.

30 NOTICES

30.1 Any communication to be made under or in connection with the Memorandum or these Articles shall be made in writing and, unless otherwise stated, in accordance with this Regulation 30.

30.2 The address for any communication or document to be made or delivered under or in connection with the Memorandum or these Articles is:

(a) for each Member, the address shown in the Register of Members (where Shares are held jointly, to whichever Member is named first in the Register of Members and such notice shall be sufficient notice to all the holders of such Shares) or to such Member's email address or fax number as notified by the Member in writing from time to time;

(b) for each Director, the address shown in the Register of Directors or to such Director's email address or fax number as notified by the Director in writing from time to time; and

(c) for the Company, at its Registered Office.

30.3 Any summons, notice, order, document, process, information or written statement to be served on the Company may be served by leaving it, or by sending it by internationally recognised courier, addressed to the Company at its Registered Office, or by leaving it with or by sending it by internationally recognised courier to the Company at the offices of the Registered Agent.

30.4 Subject to Sub-Regulation 30.5, where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing notice, and shall be deemed to be received on the fifth Business Day following the day on which the notice was posted. Where a notice is sent by fax or email, notice shall be deemed to be effected by transmitting the email or fax to the address or number provided by the intended recipient and service of the notice shall be deemed to have been received on the same day that it was transmitted.

30.5 Any communication made or delivered to or from the Company or an Eligible Person in the British Virgin Islands under or in connection with the Memorandum or these Articles will only be effective when delivered by internationally recognised courier.

31 CONTINUATION

The Company may, by a Resolution of Directors or by a Resolution of Members, continue as a company incorporated under the laws of a jurisdiction outside the British Virgin Islands in the manner provided under those laws and in accordance with the Act.

32 VOLUNTARY LIQUIDATION

32.1 The Company may be voluntarily liquidated under Part XII of the Act if it can satisfy the Solvency Test.

32.2 Subject to the Act, the Company may by Resolution of Shareholders or by Resolution of Directors appoint an eligible individual as voluntary liquidator (alone or jointly with one or more other voluntary liquidators).

33 ARBITRATION

33.1 Whenever any difference arises between the Company on the one hand and any of the members, their executors, administrators or assigns on the other hand touching the true intent and construction or the incidence or consequences of these presents or of the Ordinance, touching anything done or executed, omitted or suffered in pursuance of the Ordinance, or touching any breach or alleged breach or otherwise relating to the premises or to these presents or to any Ordinance affecting the Company or to any of the affairs of the Company, such difference shall, unless the parties agree to refer the same to a single arbitrator, be referred to two arbitrators, one to be chosen by each of the parties to the difference and the arbitrators shall before entering on the reference appoint an umpire.

33.2 If either party to the reference makes default in appointing an arbitrator either originally or by way of substitution (in the event that an appointed arbitrator shall die, be incapable of acting or refuse to act) for ten days after the other party has given him notice to appoint the same, such other party may appoint an arbitrator to act in the place of the arbitrator of the defaulting party.

We, TMF (B.V.I.) Ltd., of Palm Grove House, P.O. Box 438, Road Town, Tortola, VG1110, British Virgin Islands in our capacity as Registered Agent, for the purpose of disapplying Part IV of Schedule II of the Act, hereby sign these Articles on behalf of the Company this 28th day of February 2022.

Registered Agent

Jacinth Ward
Authorised Signatory
TMF (B.V.I.) Ltd.

This is Exhibit "D" referred to in the Affidavit of Alexey Golubovich sworn by Alexey Golubovich of the City of London, in the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on May 19, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:
Matthew Cressatti
DA79353421D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

THE SECOND CUP COFFEE COMPANY INC.

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023
(Unaudited)

THE SECOND CUP COFFEE COMPANY INC.

Consolidated Balance Sheet
(Unaudited)

		December 31 2023	December 31 2022
Assets			
Cash	$	(663,532)	(708,943)
Accounts receivable		4,946,635	4,898,006
Inventory		558,257	289,302
Prepaid and sundry assets		279,652	
		5,121,013	4,478,365
Equity Investment in common shares of LLC (Cdn$ vs US$)			
Due from Subsidiary - LLC			
Franchise Interco Accruals		136,405	
Property and equipment, net of accumulated amortization		74,933	70,625
Intellectual Property		63,700,062	63,700,062
	$	69,032,413	68,249,052
Liabilities			
Accounts payable and accrued liabilities	$	209,224	308,273
Income taxes payable			
Deferred revenue			
Credit cards payable		48,489	55,289
Other Current Liabilities		436,748	349,723
Due to subsidiary companies			
Current Liabilities		694,461	713,285
Non Current Liabilities		2,421,298	2,348,710
		3,115,759	3,061,995
Shareholder's equity			
Capital stock		62,180,114	62,180,114
Contributed surplus		786,309	236,991
Changes in foreign currency translation on foreign subsidiary			
Retained earnings		3,498,202	2,713,240
		66,464,624	65,130,345
	$	69,580,384	68,192,340

THE SECOND CUP COFFEE COMPANY INC.

THE SECOND CUP COFFEE COMPANY INC.

Consolidated Statement of Income and Retained earnings
(Unaudited)

		December 31 2023	December 31 2022
Revenues:			
Second Cup International - franchise fees, royalties & other revenue	$	2,088,370	1,716,615
Second Cup International - sale of merchandise		802,427	1,125,101
Management & other fees		12,497	-
Supply chain revenue		-	-
Interest and sundry income			
		2,903,294	2,841,716
Expenses:			
Second Cup International - cost of sales		624,273	905,670
Second Cup International operating expenses		1,214,817	1,216,225
General and administrative expenses		277,895	481,483
Write Off Provisions			
		2,116,985	2,603,378
Income before the following		786,309	238,338
Amortization of fixed assets		1,347	1,347
Income before income taxes		784,962	236,991
Provision for income taxes		-	-
Net income for the year		784,962	236,991
Retained earnings, beginning of year		2,713,240	2,476,248
Dividends paid			
Loan Paid			
Retained earnings, end of year	$	3,498,201	2,713,240

THE SECOND CUP COFFEE COMPANY INC.

THE SECOND CUP COFFEE COMPANY INC.

Consolidated Statement of Cash Flows
(Unaudited)

		December 2023	December 2022
Operations			
Net Income	$	784,962	236,991
Items not involving cash - Amortization		1,716	1,716
		786,678	**238,707**
Decrease (increase) in Accounts receivable		(684,522)	(453,600)
Decrease (increase) in Non-Trade receivables		185,190	(36,039)
Decrease (increase) in Inventories		35,677	37,812
Increase (decrease) in Deposits on country fees		0	0
Increase (decrease) in Accounts payable		(156,476)	(45,229)
Increase (decrease) in Non Trade payable			
Increase (decrease) in income taxes		0	0
Decrease (increase) in Prepaid expenses		(46,034)	1,734
Increase (decrease) in Deferred revenue			
Net Cash from Operations		**120,513**	**(256,615)**
Cash Flows from Financing Activities			
Dividends paid		0	0
Loan paid			
Decrease (increase) in Due from shareholders			(333)
		0	**(333)**
Cash Flows from Investing Activities			
Purchase of Property & equipment		(4,308)	(1,246)
Goodwill			
		(4,308)	**(1,246)**
Increase (decrease) in cash & cash equivalents		116,205	(258,194)
Cash & cash equivalents, beginning of year		(708,943)	(450,749)
Cash & cash equivalents, end of year		(663,532)	(708,943)

This is Exhibit "E" referred to in the Affidavit of Alexey Golubovich sworn by Alexey Golubovich of the City of London, in the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on May 19, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:
Matthew Cressatti
DA79353421D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

The Second Cup Coffee Company Inc.

A/P Aging Summary

As of February 26, 2025

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
A&F Gift and Souvenir Co Limited					62.66	$62.66
Alfa Cappuccino Imports					-508.45	$ -508.45
Blue Riband Uniforms Inc.				4,265.07		$4,265.07
Brazilian Canadian Coffee Co Ltd	94,956.95	15,381.79	-15,000.00		1,238.33	$96,577.07
Canadian Cleaning Company		406.80	508.50			$915.30
Comwave Business Services					101.58	$101.58
Dart Canada					0.00	$0.00
Drudi Alexiou Kuchar LLP		5,133.03	9,422.72			$14,555.75
Europence					933.28	$933.28
Evoca S.p.A ad unico socio					-322.84	$ -322.84
EXEM Legal Solutions-USD					3,248.70	$3,248.70
Fiorenzato					-108.64	$ -108.64
FLEXITI Financial(Staple)Card no 6374980114580036	554.50					$554.50
Fun Foods Canada		4,572.00				$4,572.00
G.W.R. Consulting Egypt					-99.58	$ -99.58
Grosche International Inc.			1,980.00			$1,980.00
GWR Consulting FZ LLC					4,374.58	$4,374.58
Haiwen & Partners					2,620.81	$2,620.81
Helen Dedes CAD		2,014.79				$2,014.79
Hussein Daaboul					-4,065.26	$ -4,065.26
Infinity Business Growth Network					4,294.72	$4,294.72
Jas Forwarding Worldwide Inc. USD					0.12	$0.12
Jim Ragas	11,509.38	19,737.69	11,095.77	-879.52	-13,174.92	$28,288.40
Kaleem Haider-Supplier		2,538.54			0.00	$2,538.54
Khushboo Kaur					3,000.00	$3,000.00
Kingsmill Foods Company Limited	531.39					$531.39
LILI WANG-SUPPLIER					32.01	$32.01
M.A. Reuter Benefits Inc.					-1,695.00	$ -1,695.00
Peyhum	651.50					$651.50
Rami Haider	427.08	213.62		5.84	-6.87	$639.67
Raymond Chabot Grant Thornton					28,476.01	$28,476.01
REUNION ISLAND COFFEE ROASTERS					-2,576.15	$ -2,576.15
RGX Group	751.63					$751.63
Rogers	198.55	171.56	205.04	-1,064.36		$ -489.21
Rogers Communications Canada Inc.		112.99	112.99			$225.98
Russell Hendrix Foodservice Equipment					0.02	$0.02
Saba & Co.					15,027.08	$15,027.08
Seaside Paper Products Ltd.					-500.00	$ -500.00
SERVE CANADA FOOD EQUIPMENT LIMITED	1,843.12					$1,843.12
Shasky & Associates Ltd		644.10				$644.10
St Regis Group					-0.69	$ -0.69
Stitchy Lizard			-385.50		770.07	$384.57
Suraj Rapatwar - Supplier	254.25					$254.25
The Metropolitan Tea Company		1,574.68	23,405.18			$24,979.86
Trans Global Logistique Inc.				257.36		$257.36
ULINE CANADA CORPORATION	1,110.72					$1,110.72

The Second Cup Coffee Company Inc.

A/P Aging Summary

As of February 26, 2025

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
United Restaurant Supplies					352.27	$352.27
UPS Canada	410.81	116.72	21.39			$548.92
V&V Consultancy Services Ltd					-2,100.43	$ -2,100.43
Zoulfikar Idriss		192.15				$192.15
TOTAL	**$113,199.88**	**$52,810.46**	**$31,366.09**	**$2,584.39**	**$39,373.41**	**$239,334.23**

The Second Cup Coffee Company Inc.

A/R Aging Summary

As of February 26, 2025

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
Al Alama Real Estate Company Ltd.		3,750.29	4,248.77			$7,999.06
AL KHAN GROUP INTERNATIONAL		2,112.30	4,878.53		57,760.54	$64,751.37
BIN HENDI ENTERPRISES	203.63	322.78	170.54	621.60	9,650.39	$10,968.94
Bin Mirza International(BMI)			7,647.56		69,219.90	$76,867.46
Cafe Action M.F. Ltd		2,752.69	6,459.31		13,533.27	$22,745.27
D & H INTERNATIONAL COMPANY LLC						$0.00
D & H INTERNATIONAL COMPANY LLC-ORDERS			1.57			$1.57
D & H INTERNATIONAL COMPANY LLC-Royalty		10,033.55	9,924.96			$19,958.51
Total D & H INTERNATIONAL COMPANY LLC		**10,033.55**	**9,926.53**			**$19,960.08**
Earth Time Solutions Private Limited					7,542.19	$7,542.19
First Fresh Holding Ghana Limited					-6,876.99	$ -6,876.99
First Fresh Holding Ghana-Royalty		2,280.20	6,435.76		6,453.00	$15,168.96
Total First Fresh Holding Ghana Limited		**2,280.20**	**6,435.76**		**-423.99**	**$8,291.97**
GHAMDAN GROUP					69,390.95	$69,390.95
Maximum Stores Egypt					26,971.98	$26,971.98
Go Trade Co.					-65,614.47	$ -65,614.47
Maximum store- Royalty		27,103.85	56,750.70		82,156.45	$166,011.00
Total Maximum Stores Egypt		**27,103.85**	**56,750.70**		**43,513.96**	**$127,368.51**
Mercury F&B s.a.l.		2,039.50	5,078.67		73,097.54	$80,215.71
Osama Elgohary Investment In Commercial Enterprises & Managment Co. L.L.C.	71,965.25				66,249.70	$138,214.95
SD Second Cup Ltd					22,322.86	$22,322.86
Second Cup Mauritania					1,992.25	$1,992.25
Simurg MMC		7,383.21	33,904.10		38,987.72	$80,275.03
Thunderbird Cafes LLC			3,780.85	-8,337.91		$ -4,557.06
Unicore Retails International (Pvt) Ltd.		32,627.20	71,609.08		157,958.99	$262,195.27
TOTAL	**$72,168.88**	**$90,405.57**	**$210,890.40**	**$ -7,716.31**	**$630,796.27**	**$996,544.81**

This is Exhibit "F" referred to in the Affidavit of Alexey Golubovich sworn by Alexey Golubovich of the City of London, in the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on May 19, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:
Matthew Cressatti
DA79353421D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

BMO Bank of Montreal

4881 Yonge St. 9th Floor - Business Banking

Toronto, Ontario, M2N 5X3

December 11th, 2019

The Second Cup Coffee Company Inc.

7250 Keeles Unit 404

Concord, Ontario, L4K 1Z8

Dear Mr. Jim Ragas,

Re: Operating Demand Loan application

Discussion Paper

The terms and conditions contained in this Discussion Paper are for discussion purposes only and do not represent an offer or commitment on the part of Bank of Montreal ("**BMO**") to provide financing, implied or otherwise. These terms and conditions are not intended to be an exhaustive or final description of the terms and conditions of any possible facility which may be offered by BMO. Any facility which may be offered by BMO will be governed solely by future loan documentation clearly intended by the parties to be legally binding.

This Discussion Paper has been issued on a confidential basis. Without the prior written consent of BMO, you shall not provide this Discussion Paper to, nor discuss the indicative terms and conditions of this offering with, any party other than your employees, lawyers and financial advisors (but not commercial lenders).

Borrower: The Second Cup Coffee Company Inc.
(the "Borrower")

Total Facility Limit: The total amount of all facilities shall not exceed $750,000 at any time.

Credit Facility Summary				
Facility #	**New or Existing**	**Facility Type**	**Amount**	**Purpose**
1	New	Operating Demand Loan	$750,000.00	Operating Financing

Credit Facility Details	
	Facility #1
Type of Facility:	Operating Demand Loan
Amount:	$750,000
Currency:	CAD
Purpose:	To assist with Working Capital Needs
Interest Rate:	Prime Rate plus 1.75%. Interest calculated monthly in arrears, and payable monthly. The Prime Rate in effect as of Wednesday, December 11th of 2019 is 3.95%.
Repayment:	Repayable on demand
Facility Fee:	$125 per month. This is the fee for the loan and does not include other account fees. Refer to our Better Banking Guide for other applicable fees.
Other Costs:	BMO is not obliged to permit the Advances under this Facility to exceed the Facility Authorization. In the event the Advances under this Facility exceeds the Facility Authorization, the excess will bear interest at the Overdraft Rate, which is currently 21% per annum. BMO shall also be entitled to charge the Borrower a fee of 1% cacaulated on the amount of excess over the Facility Authorization or $100, whichever is greater and $5 overdraft handling charge per item that creates or increases the excess.

Security:

1. Registered General Security Agreement ("GSA")/Moveable Hypothec ("Hypothec") providing BMO with a security interest/hypothec over all present and after-acquired personal/movable property of the Borrower with a First ranking for Inventory/Warehouse Receipts, Machinery and Equipment, CDN Accounts

Receivable.

2. EDC Export Guarantee Program approval and associated documentation for amendment

Covenants:
As long as any Advance remains outstanding under or in connection with this Letter of Agreement, or so long as this Letter of Agreement remains in effect, the Borrower and any Guarantor will perform and comply with the covenants set out in Schedule A.

Reporting Requirements:

Annual	1.Annual Notice to Reader financial statements of the Borrower to be provided within 120 days of the end of each fiscal year; 2.Annual Corporate Notice of Assessment of the Borrower to be provided within 120 days of the end of each fiscal year. 3.Any other information which the Bank may reasonably request from time to time.

A $100 per monthly fee will be applied for non compliance with reporting requirements. The application of this fee does not waive the default condition.
Prompt notification of management letters, default notices, litigation, and any other material events
Satisfactory evidence that all taxes (including, without limitation, GST, HST, sales tax, withholdings, etc.) have been paid to date.

Commerial Loan Insurance:

The BMO Bank of Montreal Commercial Loan Insurance Plan (CLIP) is available for eligible borrowers. CLIP is provided by The Canada Life Assurance Company (Canada Life). This creditor insurance is optional and designed to protect your business

Banking Services:
The Borrower shall maintain bank accounts, solely with BMO.

Annual Review Fee: $900
Commercial borrowing accounts are subject to BMO's periodic review, not less frequently than annually and are made available to the Borrower at the Sole discretion of BMO. If the loan is approved, the next scheduled annual review would be scheduled for four months after the fiscal year end.

Application Fee: $2,000

If the facilities outlined in the indicative terms and conditions above meet your requirements, please sign where indicated below and return this letter to us. The application fee may only be refunded if Bank of Montreal is unable to approve the loan on terms and conditions substantially similar to those outlined above or on other terms and conditions mutually agreed by you and Bank of Montreal. We will commence the process for formal credit approval on receipt of the signed letter.

Yours truly,

BANK OF MONTREAL

By:
Name: Xiaoying (Joey) HU
Title: Relationship Manager

CUSTOMER ACCEPTANCE

Accepted and agreed to this day of , 2019.

BORROWER

The Second Cup Coffee Company Inc.

Signature: ____________________

Name: J.M RAGAS

Title: PRESIDENT & CEO

This is Exhibit "G" referred to in the Affidavit of Alexey Golubovich sworn by Alexey Golubovich of the City of London, in the United Kingdom, before me at the City of Toronto, in the Province of Ontario, on May 19, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:
Matthew Cressatti
DA79353421D842D...

Commissioner for Taking Affidavits (or as may be)

MATTHEW CRESSATTI

Enquiry Result

File Currency: **15MAY 2025**

Show All Pages

All Pages

Note: All pages have been returned.

Type of Search	Business Debtor							
Search Conducted On	THE SECOND CUP COFFEE COMPANY INC.							
File Currency	15MAY 2025							
	File Number	**Family**	**of Families**	**Page**	**of Pages**	**Expiry Date**	**Status**	
	759543957	1	2	1	3	23JAN 2030		

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN							
File Number	**Caution Filing**	**Page of**	**Total Pages**	**Motor Vehicle Schedule**	**Registration Number**	**Registered Under**	**Registration Period**
759543957		001	1		20200123 1727 1532 5546	P PPSA	5

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**
	THE SECOND CUP COFFEE COMPANY INC.			
	Address	**City**	**Province**	**Postal Code**
	7250 KEELE ST, UNIT 404	CONCORD	ON	L4K 1Z8
Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**
	Address	**City**	**Province**	**Postal Code**
Secured Party	**Secured Party / Lien Claimant**			
	BANK OF MONTREAL/BANQUE DE MONTREAL			
	Address	**City**	**Province**	**Postal Code**
	250 YONGE STREET, 9TH FLOOR	TORONTO	ON	M5B 2L7

Collateral Classification	**Consumer Goods**	**Inventory**	**Equipment**	**Accounts**	**Other**	**Motor Vehicle Included**	**Amount**	**Date of Maturity or**	**No Fixed Maturity Date**
		X	X	X	X	X			

Motor Vehicle Description	**Year**	**Make**	**Model**	**V.I.N.**

General Collateral Description	**General Collateral Description**
	LF130 ONTARIO PERSONAL PROPERTY SECURITY ACT SECURITY AGREEMENT

Registering Agent	Registering Agent			
	CSRS			
	Address	**City**	**Province**	**Postal Code**
	4126 NORLAND AVE	BURNABY	BC	V5G 3S8

CONTINUED

Type of Search	Business Debtor					
Search Conducted On	THE SECOND CUP COFFEE COMPANY INC.					
File Currency	15MAY 2025					
	File Number	Family	of Families	Page	of Pages	
	759543957	1	2	2	3	

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number	Registered Under
		001	1		20241115 1649 1532 1180	

Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period
	759543957			B RENEWAL	5	

Reference Debtor/ Transferor	First Given Name	Initial	Surname
	Business Debtor Name		
	THE SECOND CUP COFFEE COMPANY INC.		

Other Change	Other Change

Reason / Description	Reason / Description

Debtor/ Transferee	Date of Birth	First Given Name	Initial	Surname
	Business Debtor Name			Ontario Corporation Number
	Address	City	Province	Postal Code

Assignor Name	Assignor Name

Secured Party	Secured party, lien claimant, assignee			
	Address	City	Province	Postal Code

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description

Registering Agent	Registering Agent or Secured Party/ Lien Claimant
	D + H LIMITED PARTNERSHIP

	Address	City	Province	Postal Code
	2 ROBERT SPECK PARKWAY, 15TH FLOOR	MISSISSAUGA	ON	L4Z 1H8

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	THE SECOND CUP COFFEE COMPANY INC.								
File Currency	15MAY 2025								
	File Number	**Family**	**of Families**	**Page**	**of Pages**	**Expiry Date**	**Status**		
	791153397	2	2	3	3	02MAR 2028			

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

File Number	**Caution Filing**	**Page of**	**Total Pages**	**Motor Vehicle Schedule**	**Registration Number**	**Registered Under**	**Registration Period**
791153397		001	1		20230302 0817 1532 3001	P PPSA	05

Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**	
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**	
	THE SECOND CUP COFFEE COMPANY INC				
	Address		**City**	**Province**	**Postal Code**
	910 405 THE WEST MALL		ETOBICOKE	ON	M9C 5J1
Individual Debtor	**Date of Birth**	**First Given Name**	**Initial**	**Surname**	
Business Debtor	**Business Debtor Name**			**Ontario Corporation Number**	
	Address		**City**	**Province**	**Postal Code**
Secured Party	**Secured Party / Lien Claimant**				
	BMW CANADA INC.				
	Address		**City**	**Province**	**Postal Code**
	50 ULTIMATE DRIVE		RICHMOND HILL	ON	L4S 0C8

Collateral Classification	**Consumer Goods**	**Inventory**	**Equipment**	**Accounts**	**Other**	**Motor Vehicle Included**	**Amount**	**Date of Maturity or**	**No Fixed Maturity Date**
	X		X		X	X	181189.98		X

Motor Vehicle Description	**Year**	**Make**	**Model**	**V.I.N.**
	2023	BMW	760I XDRIVE SEDAN	WBA33EJ04PCM58856

General Collateral Description	**General Collateral Description**

Registering Agent	**Registering Agent**			
	D + H LIMITED PARTNERSHIP			
	Address	**City**	**Province**	**Postal Code**
	2 ROBERT SPECK PARKWAY, 15TH FLOOR	MISSISSAUGA	ON	L4Z 1H8

LAST PAGE

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BACK TO TOP

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