

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HAKIM
OPTICAL LABORATORY LIMITED, LAWRENCE OPHTHALMIC LAB INC. AND HAKIM
OPTICAL WORLDWIDE LENSES INC.**

**MOTION RECORD
(Returnable July 14, 2025)**

July 8, 2025

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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF HAKIM OPTICAL LABORATORY LIMITED,
LAWRENCE OPHTHALMIC LAB INC. AND HAKIM OPTICAL
WORLDWIDE LENSES INC.**

Applicants

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2	Affidavit of Douglas Robertson sworn July 8, 2025
A	Exhibit "A" – Affidavit of Douglas Robertson sworn May 8, 2025 (without exhibits)
B	Exhibit "B" – Initial Order dated May 15, 2025
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D	Exhibit "D" – Affidavit of Douglas Robertson sworn June 23, 2025 (without exhibits)
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3	Draft Stay Extension Order

TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF HAKIM OPTICAL LABORATORY LIMITED,
LAWRENCE OPHTHALMIC LAB INC. AND HAKIM OPTICAL
WORLDWIDE LENSES INC.**

Applicants

**NOTICE OF MOTION
(Returnable July 14, 2025)
(Stay Extension Order)**

Hakim Optical Laboratory Limited ("**HOLL**"), Lawrence Ophthalmic Lab Inc. ("**Lawrence Lab**") and Hakim Optical Worldwide Lenses Inc. (also known as Hakim Optical Lenses Worldwide Inc. and Hakim Optical Worldwide Lenese Inc. [sic]) (collectively, the "**Applicants**" or the "**Company**") will make a motion before the Honourable Justice W.D. Black of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on **July 14, 2025 at 10:00 a.m. (Toronto Time)** or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard:

- ☐ In writing under subrule 37.12.1(1).
- ☐ In writing as an opposed motion under subrule 37.12.1(4).
- ☐ In person.
- ☐ By telephone conference.
- ☒ By video conference.

At a Zoom link to be provided by the Court in advance of the motion.

THIS MOTION IS FOR:

1. An order (the "**Stay Extension Order**") substantially in the form of the draft order attached at Tab 3 of the Applicants' Motion Record pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), among other things, granting an extension of the Stay of Proceedings (as defined below) to and including August 8, 2025 (the "**Stay Period**").
2. Such other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

Background

3. The Company is a privately owned optical chain, offering a comprehensive selection of eyeglasses, contact lenses, prescription lenses and other optical services. The Applicants operate two complementary business segments: (i) a network of 70 optical retail stores across Ontario, Alberta, and Manitoba, owned and operated by HOLL; and (ii) a Toronto-based optical laboratory business that manufactures lenses for the retail business at cost, owned and operated by Lawrence Lab (together, the "**Business**"). To support its operations, the Company employs approximately 267 employees and has arrangements with 49 licensed optometrists, as independent contractors.
4. Prior to filing for creditor protection, the Applicants were experiencing a dire liquidity crisis and unable to meet their financial obligations as they became due. The Applicants undertook various measures to reduce operating costs and identify a long-term solution for their financial challenges, including conducting an out-of-Court sale process and refinancing their senior secured debt with 1001112855 Ontario Inc. ("**855 Ontario**").
5. Despite the Applicants' restructuring efforts, enforcement actions were initiated against the Applicants and their property by certain stakeholders, ultimately leading HOLL and Lawrence Lab

to file Notices of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, on April 16, 2025, and April 22, 2025, respectively (the proceedings related thereto, the "**NOI Proceedings**").

6. On May 15, 2025, the Applicants obtained relief to take up and continue the NOI Proceedings under the CCAA pursuant to an initial order (the "**Initial Order**").

7. The Initial Order, among other things:

- (a) authorized the continuation of the NOI Proceedings under the CCAA;
- (b) declared that the Applicants are parties to which the CCAA applies;
- (c) appointed KSV Restructuring Inc. ("**KSV**") as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**");
- (d) granted an initial stay of proceedings (the "**Stay of Proceedings**") in favour of the Applicants and the Monitor, and in respect of any claims or proceedings against, or affecting, the Business or the Property (as defined in the Initial Order), until and including June 30, 2025;
- (e) approved the Applicants' ability to borrow up to a principal amount of \$2,800,000 pursuant to a binding commitment letter dated May 8, 2025, among HOLL and Lawrence Lab, as borrowers, certain affiliates of the Applicants, as guarantors, and 855 Ontario, as lender (in such capacity, the "**DIP Lender**"), to finance the Company's working capital requirements and other general corporate purposes, and the costs to be incurred in administering these CCAA proceedings; and

- (f) granted the Administration Charge and the DIP Lender's Charge (each as defined in the Initial Order).

8. On June 27, 2025, the Applicants sought and obtained an amended and restated Initial Order pursuant to the CCAA (the "**ARIO**"), which, *inter alia*:

- (a) granted an extension of the Stay of Proceedings to and including July 14, 2025; and
- (b) approved the Pre-Filing Report of KSV in its capacity as the proposed monitor of the Applicants dated May 9, 2025 (the "**Pre-Filing Report**"), the First Report of the Monitor dated June 24, 2025 (the "**First Report**") and the activities of KSV described therein.

Extending the Stay of Proceedings

9. The Stay of Proceedings granted under the ARIO will expire on July 14, 2025. Pursuant to the proposed Stay Extension Order, the Applicants are seeking to extend the Stay of Proceedings to and including August 8, 2025.

10. Since the commencement of the CCAA proceedings, the Applicants, an affiliate of 855 Ontario (the "**Stalking Horse Bidder**") and the Monitor have continued discussions to advance and finalize the terms of a stalking horse asset purchase agreement (the "**Stalking Horse Agreement**"), which is intended to serve as the "stalking horse bid" in the Applicants' anticipated sale and investment solicitation process (the "**SISP**").

11. On July 3, 2025, representatives of the Applicants, the Monitor and the Stalking Horse Bidder, and their respective legal counsel, attended an in-person meeting to further discussions regarding the proposed terms of the Stalking Horse Agreement (the "**July Meeting**").

12. At the July Meeting, the Stalking Horse Bidder advised that its team would be unable to execute the Stalking Horse Agreement until later in July due to scheduling and travel conflicts involving its principals. Notwithstanding the revised timeline put forward, the Applicants believe that the discussions were productive and remain actively engaged in finalizing the Stalking Horse Agreement in the near term. Once the Stalking Horse Agreement is finalized and executed, the Applicants intend to bring a motion seeking its approval, together with the approval of the SISP.

13. The Applicants continue to maintain that implementing the SISP, with the Stalking Horse Agreement serving as the stalking horse bid, is in the best interest of the Company and its stakeholders. The Stalking Horse Agreement will provide certainty of a going-concern outcome for the Company, while also affording the Monitor the flexibility and time needed to canvass the market for superior offers.

14. Since the issuance of the ARIO, the Applicants have acted, and continue to act, in good faith and with due diligence to, among other things, stabilize the Business and continue operations in the ordinary course, negotiate the terms of the Stalking Horse Agreement and, apprise their stakeholders of these proceedings.

15. The proposed extension of the Stay of Proceedings will, among other things, preserve the *status quo* and afford the Applicants the continued breathing space and stability required to operate the Business in the ordinary course, while they work towards executing the Stalking Horse Agreement and finalizing the SISP.

16. The Applicants are not aware of any creditor that is expected to suffer material prejudice as a result of the proposed extension of the Stay of Proceedings.

17. The Company is forecast to have sufficient liquidity to fund its obligations and the costs of these CCAA proceedings through the proposed Stay Period.

18. The Monitor and DIP Lender are supportive of the proposed extension of the Stay of Proceedings and believe that it is reasonable and appropriate in the circumstances.

OTHER GROUNDS:

19. The provisions of the CCAA and the inherent and equitable jurisdiction of the Court.

20. Rules 1.04, 1.05, 2.03, 3.02, 16, 37, and 39 of the *Rules of Civil Procedure* R.R.O. 1990, Reg. 194, as amended and section 106 of the *Courts of Justice Act*, R.S.O. 190, c. C. 43, as amended.

21. Such further and other grounds as counsel may advise and this Court may permit.

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

22. The Affidavit of Douglas Robertson sworn July 8, 2025, and the exhibits attached thereto;

23. The Pre-Filing Report, the First Report and the Supplement to the First Report of the Monitor, to be filed; and

24. Such further and other material as counsel may advise and this Honourable Court may permit.

July 8, 2025

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HAKIM OPTICAL LABORATORY LIMITED,
LAWRENCE OPHTHALMIC LAB INC. AND HAKIM OPTICAL WORLDWIDE LENSES INC.

Court File No.: CV-25-00743383-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

NOTICE OF MOTION
(Returnable July 14, 2025)

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TAB 2

**ONTARIO
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(COMMERCIAL LIST)**

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

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Applicants

**AFFIDAVIT OF DOUGLAS ROBERTSON
(Sworn July 8, 2025)**

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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Applicants

**AFFIDAVIT OF DOUGLAS ROBERTSON
(Sworn July 8, 2025)**

I, DOUGLAS ROBERTSON, of the Municipality of Clarington, in the Province of Ontario, **MAKE OATH AND SAY:**

1. This affidavit is made in support of a motion by Hakim Optical Laboratory Limited (“**HOLL**”), Lawrence Ophthalmic Lab Inc. (“**Lawrence Lab**”) and Hakim Optical Worldwide Lenses Inc. (also known as Hakim Optical Lenses Worldwide Inc. and Hakim Optical Worldwide Lenese Inc. [sic]) (collectively, the “**Applicants**” or the “**Company**”).

2. As the Senior Controller of the Company, I oversee the Applicants’ financial, accounting, human resource and payroll operations. I have served in this role since March 2019. As such, I have personal knowledge of the Applicants and the matters to which I depose in this affidavit. Where I have relied on other sources for information, I have so stated and believe them to be true. In preparing this affidavit, I have also relied upon the books and records of the Applicants and consulted with other members of the senior management team.

3. The Applicants do not waive or intend to waive any applicable privilege by any statement herein. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

I. RELIEF REQUESTED

4. I swear this affidavit in support of a motion brought by the Applicants for an order (the “**Stay Extension Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), among other things, extending the Stay of Proceedings (as defined below) to and including August 8, 2025 (the “**Stay Extension**”).

5. All capitalized terms not otherwise defined herein have the meaning ascribed to them in the affidavit that I swore in support of the Applicants’ motion to take up and continue the NOI Proceedings (as defined below) under the CCAA pursuant to an initial order (the “**Initial Order**”) dated May 15, 2025 (the “**First Robertson Affidavit**”). A copy of the First Robertson Affidavit (without exhibits) is attached hereto as **Exhibit “A”**.

6. The relief sought pursuant to this motion is supported by the Monitor (as defined below). I believe the relief sought is fair and reasonable in the circumstances and in the best interests of the Applicants and their stakeholders.

II. INTRODUCTION AND BACKGROUND

7. The Company is a privately owned optical chain, offering a comprehensive selection of eyeglasses, contact lenses, prescription lenses and other optical services. The Applicants operate two complementary business segments: (i) a network of 70 optical retail stores across Ontario, Alberta, and Manitoba, owned and operated by HOLL; and (ii) a Toronto-based optical laboratory business that manufactures lenses for the retail business at cost, owned and operated by Lawrence

Lab. To support its operations, the Company employs approximately 267 employees and has arrangements with 49 licensed optometrists as independent contractors.

8. As described in greater detail in the First Robertson Affidavit, prior to filing for creditor protection, the Applicants were experiencing a dire liquidity crisis and unable to meet their financial obligations as they became due. The Applicants undertook various measures to reduce operating costs and identify a long-term solution for its financial challenges, including conducting an informal sales process and refinancing the business. These processes resulted in 1001112855 Ontario Inc. ("**855 Ontario**") refinancing the senior secured debt facility previously held by Royal Bank of Canada and providing interim financing to support the business while it prepared for these insolvency proceedings.

9. Despite the Applicants' restructuring efforts, enforcement actions were initiated against the Applicants and their property, ultimately leading HOLL and Lawrence Lab to file Notices of Intention to Make a Proposal dated April 16, 2025 and April 22, 2025, respectively (the proceedings related thereto, the "**NOI Proceedings**").

10. On May 15, 2025, the Applicants obtained relief to take up and continue the NOI Proceedings under the CCAA pursuant to the Initial Order. Copies of the Initial Order and the Endorsement of the Honourable Justice Kimmel dated May 15, 2025 are attached hereto as **Exhibits "B"** and **"C"**, respectively. The Initial Order, among other things:

- (a) authorized the continuation of the NOI Proceedings under the CCAA;

- (b) declared that the Applicants are parties to which the CCAA applies and added Hakim Optical Worldwide Lenses Inc. as an applicant within these CCAA proceedings (the “**CCAA Proceedings**”);
- (c) appointed KSV Restructuring Inc. (“**KSV**”) as the monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”);
- (d) extended the stay of proceedings (the “**Stay of Proceedings**”) in favour of the Applicants and their property until and including June 30, 2025;
- (e) approved the Applicants’ ability to borrow under a debtor-in-possession (“**DIP**”) credit facility (the “**DIP Facility**”), up to a principal amount of \$2,800,000, pursuant to a binding commitment letter dated May 8, 2025, among HOLL and Lawrence Lab, as borrowers, certain affiliates of the Applicants, as guarantors, and 855 Ontario, as lender (in such capacity, the “**DIP Lender**”), to finance the Company’s working capital requirements and other general corporate purposes, post-filing expenses and costs incurred during these CCAA Proceedings; and
- (f) granted the Administration Charge and the DIP Lender’s Charge.

11. On June 27, 2025, the Applicants sought and obtained an amended and restated Initial Order (the “**ARIO**”) pursuant to the CCAA, which, among other things:

- (a) granted an extension of the Stay of Proceedings to and including July 14, 2025; and

- (b) approved the Pre-Filing Report of KSV in its capacity as the proposed monitor of the Applicants dated May 9, 2025 (the “**Pre-Filing Report**”), the First Report of the Monitor dated June 24, 2025 and the activities of KSV described therein.

12. Copies of my affidavit sworn on June 23, 2025 (without exhibits) in support of the ARIO (the “**Second Robertson Affidavit**”) and the ARIO are attached hereto as **Exhibits “D”** and “**E**”, respectively.¹

III. STAY EXTENSION

13. The Stay of Proceedings granted under the ARIO will expire on July 14, 2025. Pursuant to the proposed Stay Extension Order, the Applicants are seeking to extend the Stay of Proceedings to and including August 8, 2025.

14. As previously discussed in the Second Robertson Affidavit, since the commencement of the CCAA Proceedings, the Applicants, an affiliate of 855 Ontario (the “**Stalking Horse Bidder**”) and the Monitor have continued discussions to advance and finalize the terms of a stalking horse asset purchase agreement (the “**Stalking Horse Agreement**”), which is intended to serve as the “stalking horse bid” in the Applicants’ future sale and investment solicitation process (the “**SISP**”). The Applicants and the Monitor continue to engage in regular, if not daily, conversations with the Stalking Horse Bidder and/or its counsel in order to advance negotiations.

15. On July 3, 2025, representatives of the Applicants, the Monitor and the Stalking Horse Bidder, including their counsel (as applicable), attended an in-person meeting to discuss the

¹ Additional details regarding the Applicants’ financial circumstances, liquidity crisis and need for relief under the CCAA are set out in the First Robertson Affidavit and are not repeated herein. Additional materials filed in these CCAA Proceedings are available on the Monitor’s website at: <https://www.ksvadvisory.com/experience/case/hakim>.

proposed terms of the Stalking Horse Agreement (the “**July Meeting**”). The Applicants believe that these discussions were productive and remain engaged in finalizing the Stalking Horse Agreement in the near term. Once the Stalking Horse Agreement is finalized and executed, the Applicants intend to bring a motion seeking its approval, together with the approval of the SISP.

16. At the July Meeting, the Stalking Horse Bidder advised that its team will be unable to execute the Stalking Horse Agreement until later in July due to certain scheduling and travel conflicts of its principals. Despite the additional delay, the Applicants still believe that implementing the SISP, with the Stalking Horse Agreement serving as the stalking horse bid, is in the best interest of the Company and its stakeholders. The Stalking Horse Agreement will ensure a going-concern result for the Company, while also affording the Monitor the flexibility and time needed to canvass the market for superior offers, providing greater certainty for its stakeholders. The Applicants believe that including the Stalking Horse Agreement as a stalking horse bid will facilitate a competitive and comprehensive sales process, providing the best opportunity for the Applicants to maximize value for their stakeholders.

17. The DIP Lender has continued to support the Applicants’ restructuring through advances under the DIP Facility. Subject to typical assumptions, including access to ongoing funding under the DIP Facility, the Applicants will have sufficient liquidity to continue to satisfy their post-filing obligations during the extended Stay Extension period.

18. As such, the Applicants seek to extend the Stay of Proceedings to preserve the *status quo* and afford the Applicants the continued breathing space and stability required to operate their business in the ordinary course while they work towards executing the Stalking Horse Agreement and finalizing the SISP.

19. Since the granting of the ARIO, the Applicants have acted in good faith and with due diligence to:

- (a) stabilize the business and continue operations in the ordinary course;
- (b) negotiate the terms of the Stalking Horse Agreement and certain related milestones;
- (c) work with the Monitor and 855 Ontario to coordinate advances under the DIP Facility to fund the Company's capital expenditures, professional costs, and other operating expenses;
- (d) correspond with stakeholders, including responding to inquiries from current landlords, employees and suppliers;
- (e) apprise 855 Ontario of operating and process developments, including the impact of delays to the process timeline and the Applicants' DIP funding requirements; and
- (f) respond to enquiries from parties that contacted the Applicants' counsel to express an interest in participating in the SISP,

all with the assistance of the Monitor.

20. In connection with the proposed Stay Extension, the Applicants, with the assistance of the Monitor, prepared a revised cash flow forecast (the "**Revised Cash Flow Forecast**") to determine their funding requirements during the Stay Extension period. I understand that a copy of the Revised Cash Flow Forecast will be attached to the Supplement to the First Report of the Monitor, to be filed. The Revised Cash Flow Forecast demonstrates that the Applicants will have sufficient

cash to support their ordinary course business operations and the costs of these CCAA Proceedings through the end of the Stay Extension period.

21. The Monitor has reviewed the Revised Cash Flow Forecast and is of the view that the Applicants will have sufficient liquidity to maintain normal course operations through the Stay Extension period. Additionally, the Monitor has advised that it is supportive of the proposed extension of the Stay of Proceedings and that it believes that such extension is reasonable in the circumstances. The DIP Lender has similarly advised that it is supportive of the proposed Stay Extension.

22. Accordingly, I believe that the proposed Stay Extension is appropriate in the circumstances and in the best interest of the Applicants and their stakeholders. Further, I do not believe that any creditor will be materially prejudiced by the proposed Stay Extension.

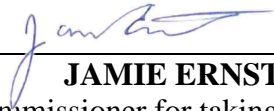
IV. CONCLUSION

23. Since the granting of the ARIIO, the Applicants have acted in good faith and with due diligence to, among other things, stabilize their business and advance the Stalking Horse Agreement, all with the assistance and oversight of the Monitor.

24. I understand that the Monitor and the DIP Lender are supportive of the relief described herein and the Monitor does not believe that any stakeholder will be materially prejudiced by the granting of the Stay Extension Order. Accordingly, I believe that the relief sought and described herein is appropriate in the circumstances.

25. I swear this affidavit in support of the Applicants' motion for the Stay Extension Order and for no other or improper purpose.

THIS IS **EXHIBIT "A"** REFERRED TO IN THE AFFIDAVIT
OF DOUGLAS ROBERTSON, SWORN BEFORE ME
THIS 8TH DAY OF JULY, 2025.



JAMIE ERNST
A Commissioner for taking Affidavits
(or as may be)

Court File Nos.: BK-25-03212487-0031
BK-25-03214507-0031
Estate/Court File Nos.: BK-31-3212487
BK-31-3214507

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3,
AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
HAKIM OPTICAL LABORATORY LIMITED, IN THE CITY OF TORONTO, IN THE
PROVINCE OF ONTARIO**

AND

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
LAWRENCE OPHTHALMIC LAB INC., IN THE CITY OF TORONTO, IN THE
PROVINCE OF ONTARIO**

Applicants

**AFFIDAVIT OF DOUGLAS ROBERTSON
(Sworn May 8, 2025)**

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Court File Nos.: BK-25-03212487-0031
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Applicants

**AFFIDAVIT OF DOUGLAS ROBERTSON
(Sworn May 8, 2025)**

I, Douglas Robertson, of the Municipality of Clarington, in the Province of Ontario,
MAKE OATH AND SAY:

1. This affidavit is made in support of a motion by Hakim Optical Laboratory Limited (“**HOLL**”), Lawrence Ophthalmic Lab Inc. (“**Lawrence Lab**”) and Hakim Optical Worldwide Lenses Inc. (also known as Hakim Optical Lenses Worldwide Inc. and Hakim Optical Worldwide Lenese Inc. [sic]) (“**HOWL**”, and together with HOLL and Lawrence Lab, the “**Applicants**” or the “**Company**”) for an initial order (the “**Initial Order**”) and related relief pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”).

2. As the Senior Controller of the Company, I oversee the Applicants' financial, accounting, human resource and payroll operations. I have been employed by the Company in this role since March 2019. As such, I have personal knowledge of the Applicants and the matters to which I depose in this affidavit. Where I have relied on other sources for information, I have so stated and believe them to be true. In preparing this affidavit, I have also relied upon the books and records of the Applicants and consulted with other members of the senior management team. The Applicants do not waive or intend to waive any applicable privilege by any statement herein.

3. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

I. RELIEF REQUESTED

4. I swear this affidavit in support of an urgent motion brought by the Applicants for an Initial Order, among other things:

- (a) declaring that the Applicants are parties to which the CCAA applies;
- (b) authorizing the continuation under the CCAA of the proposal proceedings commenced by HOLL on April 16, 2025 and Lawrence Lab on April 22, 2025 under the BIA, pursuant to Notices of Intention to Make a Proposal (each a "**NOI**") filed by HOLL and Lawrence Lab, respectively;
- (c) appointing KSV Restructuring Inc. ("**KSV**") as an officer of the Court to monitor the assets, business and affairs of the Applicants (the entity appointed in such capacity, the "**Monitor**");

- (d) staying up to and including June 30, 2025, all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor, or affecting the Applicants' business or the Property (as defined below), except with the written consent of the Applicants and the Monitor, or with leave of the Court (the “**Stay of Proceedings**”);
- (e) approving HOLL's and Lawrence Lab's ability to borrow up to a principal amount of \$2,800,000 under a debtor-in-possession credit facility (the “**DIP Facility**”) to finance the Company's working capital requirements and other general corporate purposes, post-filing expenses and costs during these proposed CCAA Proceedings (as defined below);
- (f) authorizing the Applicants to continue to utilize their cash management system and maintain the banking arrangements already in place for the Applicants; and
- (g) granting the Administration Charge and the DIP Lender's Charge (each as defined below and, collectively, the “**Charges**”) with respect to the Applicants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively, the “**Property**”) in the following priorities:
 - (i) First – the Administration Charge up to a maximum amount of \$250,000; and
 - (ii) Second – the DIP Lender's Charge up to a maximum amount of \$2,800,000, plus accrued and unpaid interest, fees and expenses.

5. If the proposed Initial Order is granted, the Applicants also seek approval of the Orders (the “**Discharge and Termination Orders**”), among other things:

- (a) approving the fees and disbursements of KSV, in its capacity as Proposal Trustee (in such capacity, the “**Proposal Trustee**”), in connection with the NOI Proceedings (as defined below), as described in the First Report of the Proposal Trustee and Pre-Filing Report of KSV as Proposed Monitor, to be filed (the “**First Report**”); and
- (b) discharging the Proposal Trustee and terminating the NOI Proceedings.

6. If the Initial Order is not granted, the Applicants seek, strictly in the alternative, an Order (the “**NOI Proceedings Order**”):

- (a) extending the stay of proceedings and the period within which HOLL and Lawrence Lab must file proposals to and including June 30, 2025;
- (b) authorizing the procedural consolidation of the NOI Proceedings;
- (c) approving the DIP Facility to finance the working capital requirements of HOLL and Lawrence Lab and other general corporate purposes, post-filing expenses and costs during the consolidated NOI Proceedings; and
- (d) granting the Charges over the Property in the priority set out above.

II. OVERVIEW

7. The Company is the largest privately owned optical chain in Canada. With approximately 70 active retail store locations, the Company offers a comprehensive selection of eyeglasses, contact lenses, prescription lenses and other optical services.

8. As a new immigrant to Canada, Sir Karim Hakimi (“**Sir Hakimi**”) opened the first Hakim Optical laboratory in 1967 in downtown Toronto. Without a retail storeroom, he went door-to-door selling Hakim Optical crafted lenses to local optometrists, building the brand as an affordable, high-quality wholesale eyewear company. Later that same year, the Company opened its first retail storefront in Mississauga, Ontario to begin selling directly to customers. At its peak, the Company operated over 160 retail showrooms, 120 one-hour factory outlets and six lens factories across seven Canadian provinces. The Company employed over 650 employees, many of whom were immigrants and newcomers to Canada, and has sold over 40 million pairs of glasses in its 58-year history.

9. The iconic Hakim Optical logo and jingle were synonymous with the Company’s status as a leading optical business (“Your eyes can have it all at Hakim Optical”). Despite its historical success, the Company always has been and continues to be a privately-owned Canadian company that has experienced many chapters in its nearly six decades of operation.

10. Prior to the COVID-19 global pandemic, the Company was experiencing stable revenue with consistent profitability. However, the Company’s profitability and financial performance began deteriorating in 2020 due to lower than anticipated sale volumes resulting from the lockdown and social distancing measures implemented during the COVID-19 pandemic and increasing operating costs, which prevented the Company from continuing necessary marketing.

Over the past five years, the Company has experienced the lasting effects of the COVID-19 pandemic, where it saw significant declines in sale revenues and production capacity. Coupled with the rise of increased foreign competition in a crowded competitive Canadian optical retail market and the general shift by Canadian consumers away from brick-and-mortar retail stores towards online options, the Company has been unable to return to its pre-COVID sales performance.

11. Further, in 2022, the Company experienced an enterprise-wide cyber-attack that compromised all store and office computer systems. During the five-week period it took to regain control of its systems, the Applicants' operations and ability to fulfil customer orders were heavily disrupted, causing an immediate and sustained decrease in revenues. Following the cyber-attack, the Company was required to make significant capital investments into its digital infrastructure and security, utilizing cash resources that would have otherwise been used for marketing and store upgrades. Decreased revenues, coupled with higher than forecasted operating costs and the significant fixed costs associated with an expansive brick and mortar retail network, started a liquidity spiral that became worse as time progressed.

12. The Company's liquidity crisis led to repeated defaults under its senior credit facility with Royal Bank of Canada ("**RBC**"), HOLL's former lender. After providing several concessions, allowances and extensions, RBC issued demand letters on HOLL on September 12, 2024 (the "**Demand Letters**"). The Demand Letters also advised that RBC intended to take steps to appoint a receiver over one of the Applicants' affiliates, Evelyn Aimis Holdings Inc. ("**Evelyn Aimis**"), as guarantor pursuant to a loan agreement for which both Lawrence Lab and HOLL act as

borrowers. On December 11, 2024, RBC brought an application to appoint a receiver over all assets, undertakings and properties of Evelyn Aimis.¹

13. As described in greater detail below, the Company has made several attempts to address its financial challenges by implementing, or attempting to implement, various cash conservation measures and restructuring transactions. In 2023, the Company sold five of its Atlantic Canada retail stores to a competitor to consolidate the business, raise capital and reduce operating costs (the “**Atlantic Canada Transaction**”). The applicable stores were located in Nova Scotia, New Brunswick and Newfoundland and Labrador, and constituted the Company’s entire Atlantic Canada business. The proceeds of the Atlantic Canada Transaction were used to fund the Company’s working capital needs.

14. Following the Atlantic Canada Transaction, the Company continued to pursue opportunities to downsize and/or restructure its business. As part of these efforts, Sir Hakimi conducted an informal sales process over a period of approximately two years, canvassing the global retail optical market for parties interested in acquiring part or all of the business. Despite multiple parties demonstrating serious interest in the Company, the Applicants have, to date, been unable to secure a sale transaction outside of a court-approved sales process that would satisfy their obligations under the Credit Facility (as defined below) and/or ensure the Company continues operating as a going concern.

15. To conserve much needed liquidity, over the past 18 months the Company made the difficult decision to close approximately 40 unprofitable stores and laboratory locations (collectively, the “**Closed Stores**”) prior to lease expiry and, in doing so, stopped making monthly

¹ The application was subsequently withdrawn on February 3, 2025, following the Debt Assignment (as defined below).

rent payments associated with these locations. As a result, the Company has received several default notices from landlords of the Closed Stores, and many have started enforcement proceedings against the Applicants (collectively, the “**Landlord Enforcement Actions**”).

16. Due to the ongoing enforcement pressure from RBC and the impending receivership proceedings, in January 2025, the Applicants implemented a refinancing transaction, whereby 1001112855 Ontario Inc. (“**855 Ontario**”), a party identified as part of the informal sales process, agreed to assume RBC’s obligations under the Credit Facility (the “**Debt Assignment**”). In conjunction with the Debt Assignment, 855 Ontario agreed to advance additional funds to the Company from time to time pursuant to a Bridge Loan (as defined below) to fund, among other things, the Company’s operations while it prepared for these CCAA proceedings (the “**CCAA Proceedings**”).

17. As described below, 855 Ontario has agreed to provide debtor-in-possession financing to the Company, subject to Court approval, in order to fund the Company’s ongoing operations during the CCAA Proceedings. I understand that it is ultimately 855 Ontario’s intention, through an affiliate, to credit bid the amounts owing under the Credit Facility and the DIP Agreement (as defined below) to purchase substantially all of the retail business and maintain it as a going concern.

18. In order to protect its assets and stay the Landlord Enforcement Actions, on April 16, 2025 (the “**Filing Date**”), HOLL, which is the primary operating entity for the Applicants’ retail business, commenced NOI proceedings (the “**HOLL Proceedings**”) by filing an NOI. KSV consented to act as Proposal Trustee in the HOLL Proceedings and has overseen the operations of the Company since the Filing Date. The primary purpose of the HOLL Proceedings was to provide

HOLL with the time and breathing room to focus on finalizing the terms of the DIP Agreement and a stalking horse agreement.

19. Given the highly integrated nature of the Applicants' operations, and to prevent potential disruptions to the Company's business, Lawrence Lab filed an NOI on April 22, 2025 (the "**Lawrence Proceedings**"), and together with the HOLL Proceedings, the "**NOI Proceedings**"). No proposal has been filed as part of the NOI Proceedings to date.

20. As highlighted above, the Applicants are experiencing a dire liquidity crisis and, without additional financing under the DIP Agreement, are unable to meet their financial obligations as they become due. If the current stay of proceedings is not extended, the Landlord Enforcement Actions, including actions commenced and continuing against HOWL, will cause significant disruption to the Company's operations and affect the overall marketability of the business. The Applicants believe these actions could significantly jeopardize the Company's ability to effectuate a going concern transaction, which I believe is the best restructuring alternative available to the Company and its stakeholders at this time. Accordingly, there is significant urgency to this motion, and the relief sought pursuant to the Initial Order.

21. 855 Ontario Inc. (in such capacity, the "**DIP Lender**") has agreed to provide additional financing to the Applicants during the CCAA Proceedings pursuant to the DIP Agreement. The DIP Facility will, among other things, provide the Applicants with immediate access to the funding needed to continue their operations while they prepare a court-supervised sale and solicitation process and finalize the terms of the proposed stalking horse transaction.

22. In light of the foregoing, the Applicants are seeking protection under the CCAA to, among other things, obtain interim financing under the DIP Agreement, add HOWL as a party to these

restructuring proceedings and temporarily stay the Landlord Enforcement Actions and other threatened and disruptive enforcement proceedings against the Company. Should the Initial Order be granted, the Applicants intend to return to the Court to seek approval of a sale and solicitation process to facilitate a fair and transparent marketing and sale of the Applicants' assets with a view to maximizing value for their stakeholders. As indicated, the Applicants are diligently working with 855 Ontario to finalize a stalking horse transaction as part of the sale and solicitation process.

III. COMPANY BACKGROUND

A. Corporate Structure of the Applicants

23. A copy of the Company's current operating corporate structure is attached hereto as **Exhibit "A"**.

24. The Company operates on a consolidated basis. The Applicants and their affiliates share all the same back office personnel and, from time to time, make payments, remit invoices and enter into agreements on each other's behalf. Additionally, although HOLL and Lawrence Lab are the only operating entities involved in the Hakim Optical business, the names of inactive and/or predecessor entities appear on certain of the Applicants' leases, for example HOWL, as discussed below.

1. Hakim Optical Laboratory Limited

25. HOLL is a privately-owned optical retailer incorporated under the *Canada Business Corporations Act*, RSC 1985, c C-44, as amended (the "**CBCA**") by articles of incorporation dated

March 6, 2015.² Its registered head office is located at 3430 Lawrence Avenue East, Scarborough, Ontario. A copy of HOLL's corporate profile report is attached hereto as **Exhibit "B"**.

26. HOLL operates the Company's optical retail and service businesses and is the tenant under the majority of the Company's retail leases. Regardless of the party named in each lease, HOLL has made all lease payments for all Retail Stores (as defined below) since its incorporation. In addition to its lease interests, HOLL's most material assets consist of the Company's optical inventory, owned equipment and intellectual property.

2. Lawrence Ophthalmic Lab Inc.

27. Lawrence Lab provides lens manufacturing services solely to HOLL and is governed by the CBCA pursuant to articles of continuation dated March 17, 2015.³ Lawrence Lab's registered head office is also located at 3430 Lawrence Avenue East, Scarborough, Ontario. A copy of Lawrence Lab's corporate profile report is attached hereto as **Exhibit "C"**.

28. Lawrence Lab operates two laboratories in the Greater Toronto Area, the Queensway Lab and the Sherway Gardens Lab (each as defined below). Its principal assets consist of lab equipment and machinery. Lawrence Lab manufactures all Hakim Optical branded prescription lenses, which are then sold to HOLL at cost. Accordingly, Lawrence Lab is not a profit-generating entity on a standalone basis, nor is it intended to operate as one.

² The Company has operated its business through multiple corporate entities over the past 58 years that have since been dissolved or discontinued. All retail operations were assumed by HOLL upon its incorporation.

³ Lawrence Lab filed articles of amalgamation on December 1, 1992 under the *Business Corporations Act*, R.S.O. 1990, c. B.16.

3. Hakim Optical Worldwide Lenses Inc.

29. HOWL was incorporated on March 6, 1992 pursuant to the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended. The entity shares the same registered office as the other Applicants and its sole director and officer is Sir Hakimi. A copy of HOWL's corporate profile report is attached hereto as **Exhibit "D"**, which indicates that HOWL has not filed annual returns since 2008.

30. As a result of the Company's historical business practices, HOWL is the named party on a number of the Applicants' retail leases. To my knowledge, HOWL has no active business operations or physical assets. I have been advised by Sir Hakimi that all of HOWL's outstanding shares are directly or indirectly held by him, however, the Company is not in possession of any books and records relating to HOWL, and has not maintained separate accounting for HOWL during my time with the Company. The Company's counsel is attempting to locate HOWL's books and records from prior professional services providers in order to determine exactly where HOWL sits in the Company's organizational structure. As previously stated, all retail operations are carried out by HOLL. To the extent that HOWL is a party to any contracts on behalf of the Applicants, HOLL has effected payment under such arrangements since the time of its incorporation from bank accounts maintained by HOLL.

31. A British Columbia Personal Property Registry search against HOWL discloses a registration in favour of Shape Loughheed Limited Partnership and LTC Properties LP (the "**HOWL PPR Registration**", attached as Exhibit "W"). I am not aware of HOWL having any commercial arrangements with these companies and note that the Company no longer operates in British Columbia.

32. The Applicants believe that converting these NOI Proceedings into CCAA Proceedings is necessary, as it will allow the Applicants to, among other things, extend the Stay of Proceedings to HOWL and its property, and possibly other as-yet to be unidentified affiliate entities if any such entities are identified and it is determined that such relief is necessary. Given the intertwined nature of the Applicants' business, making HOWL an Applicant in these proposed CCAA Proceedings will prevent creditors from indirectly enforcing against the Company and/or terminating critical agreements that are in the name of HOWL but are required by the Company to operate in the ordinary course. The Applicants believe that any actions against HOWL would have a detrimental effect on, and distract from, the Company's restructuring efforts.

B. Business of the Company

1. Lens and Eyewear Products

33. The Company offers affordable lenses and eyeglasses frames in approximately 500 different styles. At its Retail Stores, the Company sells Hakim Optical branded frames, as well as several third-party and designer brands. All Hakim Optical branded lenses are manufactured at one of Lawrence Lab's laboratories (collectively, the "**Laboratories**"). The Company's licensed opticians are specially trained to assist customers in selecting the appropriate lenses for their specific prescriptions and lifestyle requirements.

34. The Company also carries several contact lenses from third-party distributors, including brands such as Johnson & Johnson, CooperVision, Bausch & Lomb and Alcon.

35. In addition to traditional eyewear, the Company also sells prescription and non-prescription safety glasses to both individual employees and employers, including certain municipalities and

government organizations. All safety glasses and protective eyewear are processed and manufactured in one of the Laboratories.

2. Optical Services

36. Through its independent contractor optometrists, the Company offers adult and children eye exams at its exam centres (the “**Eye Exam Centres**”) in substantially all of its store locations. The Company also has arrangements with 49 optometrists who administer various optical tests and are responsible for maintaining patient files in accordance with applicable regulations. The independent optometrists are neither employees nor contractors of the Company, rather they operate the optometrist’s offices located in the Retail Stores rent-free pursuant to verbal arrangements with HOLL.

37. Customers can book optometry appointments through the Eye Exam Centre website at: <https://www.eyexamcentre.ca>. Most if not all of the independent optometrists employ administrative support staff as part of their practices, although these individuals are not employed by or contracted to HOLL.

38. At most retail locations, the Company offers same-day services for certain standard, prescription eyewear. Directly in-store, opticians can adjust pre-crafted lenses to deliver glasses to customers in less than 24-hours from the time of purchase. Notably, these in-store labs are part of HOLL’s retail business and are distinct from Lawrence Lab’s operations.

39. Each Retail Store employs licensed opticians who assist customers with eyeglass fittings, styling recommendations and contact lens consultations. Certain retail locations also offer free professional glasses cleanings and adjustments.

3. Lens Manufacturing

40. Lawrence Lab's lens processing and manufacturing operations are conducted at the Company's two laboratories: (i) the "**Sherway Gardens Lab**" located at 1880 The Queensway, Etobicoke, Ontario, and (ii) the "**Queensway Lab**" located at 1325 The Queensway, Toronto, Ontario.

41. Acquired in 2022, the Sherway Gardens Lab is the Company's newest and highest-performing optical laboratory. After undergoing extensive renovations and remodeling, the Sherway Gardens Lab officially opened and began operations in 2023. The Sherway Gardens Lab is outfitted with various modern, high-tech optical lens manufacturing equipment, including coating, cutting, grinding and edging machines, which are used to process and manufacture prescription lenses for the Company's retail business.

42. The Company's lens manufacturing process is highly specialized. Using various optical equipment, the Company's technicians transform optical grade glass blanks into fully customized prescription lenses through a combination of reshaping, grinding and cutting techniques. As part of the finishing process, the technicians may also apply various coatings to the lenses, including anti-reflective, scratch-resistant, and UV protection coatings, to enhance lens performance and durability. This process ensures that each lens is tailored to the client's prescription and specifications.

43. As discussed above, all lenses manufactured and crafted at the Laboratories are then sold at cost to HOLL, which is Lawrence Lab's only customer.

C. Warranties

44. All Hakim Optical designed frames and sunglasses are subject to a one-year unconditional warranty (the “**Hakim Warranty**”). The Hakim Warranty is comprehensive and covers defects, accidental breakage and general wear and tear. The Company also offers a one-year conditional/limited warranty on certain brand name designer prescription-frames, certain sunglasses and all brand name or in-house Hakim Optical lenses. The conditional warranty covers defective manufacturer materials and dispensing errors (as applicable).

45. The Company intends to honour all Hakim Warranty obligations during the CCAA Proceedings.

D. Online Billing and Customer’s Benefits

46. In addition to standard in-store purchases, the Company offers direct online billing to approximately 18 eligible insurance companies, on behalf of its customers, for corrective eyewear (subject to the terms of each customer’s benefit plan). Pursuant to its direct billing practices, insurance companies are billed for the products acquired by the customer and will remit payment directly to the Company. Generally, a customer’s eye and vision insurance benefits can be used for in-store prescription glasses, prescription sunglasses and contact lenses. In contrast, benefits coverage for eye exams is administered by each optometrist individually.

47. While the Company does accept Ministry of Community and Social Services and First Nations benefits, these providers are not currently eligible for online billing.

E. Merchandise and Supplier Agreements

48. In addition to the Hakim Optical branded products, the Company sells various third-party designer frames in its Retail Stores – including brands such as Michael Kors, Ralph Lauren, Prada, Tiffany, Versace, Burberry, Coach, DKNY and Dolce & Gabbana. I am not aware of any formal supply agreements and/or contracts with these third parties.

49. The Company has rebate arrangements with certain of its designer-brand suppliers, pursuant to which the Company is paid pre-determined amounts for reaching various sale targets. The Company has not met a target or received a rebate under these arrangements in the past several years.

50. The Company also relies on several vendors and third-party service providers to operate its business. In particular, various providers of raw materials, including glass blanks, lenses, packaging supplies, utilities, information technology and maintenance and repair services for the Retail Stores are essential to the Company's daily operations. Any interruption of service from these third parties may prevent the Applicants from operating in the ordinary course and continuing to provide uninterrupted services to its customers. Many of the Company's supply agreements are also governed by informal or verbal arrangements.

F. Retail Locations

1. Retail Locations & Landlords

51. The Company currently operates its retail business from approximately 70 leased stores across Canada (the "**Retail Stores**") following the closure of the Closed Stores. The majority of the Company's stores are located in suburban strip malls, shopping centers or plazas. Generally,

each Retail Store contains a showroom, an optometrist's office, a contact lens room and a lens finishing lab.

52. The Company's operations are primarily located in Ontario – with approximately 65 stores located in Ontario, one store in Alberta and four stores in Manitoba. The Retail Stores and the Laboratories are predominantly leased from third-party landlords (the “**Landlords**”), constituting of both large commercial property managers and smaller, independent real estate owners.

53. The Company also leases seven of its Retail Store locations and two storage facilities from its parent company, Evelyn Aimis. Evelyn Aimis is a real estate holding company and owns stores in both Ontario and Manitoba. Despite Evelyn Aimis owning the real property, HOLL operates each of these nine locations pursuant to inter-company lease arrangements.

54. A chart setting out all of the Company's remaining Retail Store and Laboratory locations is set out in **Exhibit “E”**.

2. Lease Payments & Landlord Enforcement Actions

55. The Company is current on all rent payments with respect to its remaining active Retail Stores and the Laboratories, which in the aggregate totals approximately \$712,352 per month.

56. As discussed above, approximately 18 months ago, as part of its cash conservation initiatives and in connection with its informal sale process efforts, the Applicants identified approximately 40 retail locations that were no longer profitable, and has since ceased operations at all of the Closed Stores, including discontinuing all monthly lease payments at such locations.

57. A number of Landlord Enforcement Actions have been commenced against the Company with respect to defaults under their Closed Store retail leases. Over the past year, the Company has been served with approximately 12 statements of claim from landlords of Closed Stores, seeking, among other things, damages for unpaid rent and other alleged lease obligations. The Company has also received notices of termination, notices of re-entry and/or letters of default with respect to approximately 28 of its Closed Stores, which figures do not include the Company's ongoing litigation with certain former landlords prior to the exit from the Closed Stores.

58. Many of the leases contain standard indemnity clauses in favour of the applicable Landlord and granted by HOLL, as tenant. Two of the retail leases contain indemnities and one contains a guarantee from Sir Hakimi as security for repayment.

59. Pursuant to the terms of the proposed Initial Order, the Applicants will only make rent payments for Retail Stores or Laboratories that were occupied by an Applicant as of April 16, 2025, the date HOLL commenced its NOI Proceeding. Should the Initial Order be granted, the Applicants, together with the Monitor, will consider whether disclaimer notices should be issued in respect of Closed Stores currently in default under the terms of applicable leases, but which have not already been terminated by the applicable landlord, if doing so is necessary to preserve value for stakeholders.

G. Equipment & Vehicles

60. The Company owns and leases a variety of optical equipment located in both the Laboratories and the in-store finishing labs, including various coating, cutting, grinding and edging machines. The Company also owns certain optical testing equipment, which are provided for and used by the independent optometrists.

61. HOLL leases 11 vehicles (collectively, the “**Vehicles**”) from Enterprise Fleet Management Canada, Inc. (“**Enterprise**”). The Vehicles are actively used by store managers and back-office personnel to travel in-between stores within Ontario.

H. Intellectual Property

62. The Company holds registered trademarks related to the Hakim Optical brand, including rights to the Hakim Optical logo and brand name. Most famously, the Company has promoted its retail business with its award winning, trademarked jingle “Your Eyes Can Have It All at Hakim Optical” since 2003, although marketing efforts have been limited in recent years due to the Company’s liquidity constraints.

63. The Company also owns 15 domain names for its retail business (including its safety eyewear business segment) and the Eye Exam Centres. The Company’s primary website is accessible at: <https://hakimoptical.ca> (the “**Company’s Website**”). If the proposed Initial Order is granted, the Company’s Website will include a link to the Monitor’s website for the CCAA Proceedings and will include certain resources for stakeholders, including answers to frequently asked questions.

I. Employees

64. The Company employs approximately 266 full-time employees and one part-time employee. None of the Company’s employees are represented by a union or are parties to a collective bargaining agreement.

65. The aggregate payroll for the Company is approximately \$640,000 per bi-weekly payment cycle (excluding the cost of benefits), although this amount fluctuates somewhat due to commissions payable to sales associates.

66. Employees are generally eligible for various benefits through the Company's group policy issued by Industrial Alliance Insurance and Financial Services Inc. The group policy has three tiers of benefits for full-time employees, each of which include basic life insurance, health and dental expense benefits and certain prescription plans. All employees are entitled to vacation time and pay in accordance with the employment standards and regulations of each applicable province. It is anticipated that active full-time employees will continue to have access to their benefits during the proposed CCAA Proceedings and that such benefits coverage will continue thereafter to the extent required by statute.

67. The Company sponsors a defined contribution registered retirement savings plan issued by iA Financial Group, which took effect on January 1, 2001 (the "**Pension Plan**"). The Pension Plan is fully funded. Although generally available to all full-time employees, individuals with two years or more of service with the Company are automatically enrolled in the Pension Plan. The assets of the Pension Plan are held and invested pursuant to a trust agreement with iA Financial Group.

J. Gift Cards

68. Historically, the Company has sold gift cards that were redeemable for purchase at its retail locations. The Company intends to honour gift cards throughout the CCAA Proceedings, should the Initial Order be granted. As of April 30, 2025, the Company had an outstanding gift card balance of approximately \$90,800.

K. Banking and Cash Management System

69. The Company has a centralized cash management system for the collection, transfer and disbursement of funds (the “**Cash Management System**”), which is maintained and administered in the Company’s head office in Toronto, Ontario.

70. The Applicants maintain and administer 80 business bank accounts with Canadian Imperial Bank of Commerce (“**CIBC**”), 70 of which are retail deposit accounts for specific store locations, four of which are operating business accounts, and six of which relate to accounts for Closed Stores and which accounts are in the process of being closed. Deposits in the Retail Stores accounts are swept into a central business account on a daily basis. Prior to receipt of the Closure Notice (described and defined below), the Company maintained a banking relationship with RBC.

71. The Cash Management System also includes arrangements with Moneris, who provides point-of-sale technology and support for the Company’s retail operations.

72. The Cash Management System has several functions, including: (a) collection of funds generated by the Retail Stores; (b) collection of accounts receivable from third parties; (c) administration of disbursements to fund payroll and benefits, inventory purchases, capital expenditures and lease and rental payments; and (d) receipt of draws under the Credit Facility and if approved, the DIP Agreement.

73. In connection with the CCAA Proceedings, the Applicants are seeking the authority to continue the Cash Management System described above in order to maintain the funding and banking arrangements already in place for the Applicants. Any disruption to the Cash Management System would be extremely detrimental to the Applicants’ operations.

L. Outstanding Litigation and Enforcement Actions

74. Prior to the NOI Proceedings, the Applicants were subject to multiple enforcement actions by their respective creditors as a result of their failure to meet financial obligations as they became due. A non-exhaustive summary of these actions is as follows:

- (a) following the Debt Assignment transaction, on February 11, 2025, RBC informed the Applicants of its intention to close all banking and VISA facilities provided to the Company by RBC (the “**Closure Notice**”). At the time of receiving such notice, the Company’s primary bank accounts were held with RBC. Since receiving the Closure Notice, the Company has moved all of its banking operations to CIBC as described above;
- (b) as mentioned above, approximately 28 landlords of the Closed Stores have commenced Landlord Enforcement Actions against the Company, including default notices, notices of re-entry, termination notices, execution of writs of enforcement, warrants and statements of claims in respect of amounts owing under certain Closed Stores retail leases in default;
- (c) on April 10, 2025, CIBC sent the Company a notice of garnishment that it received in connection with one of the Landlord Enforcement Actions seeking to garnish \$415,606.57 from the Applicants’ bank accounts;
- (d) on April 11, 2025, seizure of property was effected under a writ of enforcement in respect of a Closed Store located in Alberta for which HOWL was noted as the business debtor;

- (e) on April 24, 2025, upon receiving notice of the NOI Proceedings, two of the Applicants' critical suppliers threatened to stop providing services to the Company indefinitely; and
- (f) the Company is party to various ongoing litigation matters, in capacity as both plaintiff and respondent, with respect to a number of civil, employment and real property disputes.

75. Upon filing the NOIs, all enforcement actions have been stayed against HOLL and Lawrence Lab. As indicated, HOWL is a named defendant in several Landlord Enforcement Actions, and parties continue to take active steps to advance those claims. For example, notwithstanding advice from the Applicants' legal counsel that the Company had commenced NOI Proceedings, on April 23, 2025, a Notice of Application was commenced against HOWL in the British Columbia Supreme Court. Copies of correspondence relating to this hearing are attached hereto as **Exhibit "F"**.

76. Pursuant to the proposed Initial Order, the Applicants seek to effectively extend the Stay of Proceedings to HOWL in order to avoid the significant business disruptions flowing from these enforcement actions and allow the Applicants, together with the Monitor and 855 Ontario to focus on the Applicants' restructuring efforts.

IV. FINANCIAL POSITION OF THE APPLICANTS

77. A summary of the unaudited internal financial statements of HOLL and Lawrence Lab, each as at March 31, 2025, is set out below. As indicated, the Applicants do not maintain separate accounting records for HOWL, as its only obligations are incurred by HOLL. Copies of HOLL's

and Lawrence Lab's financial statements as of March 31, 2025 are attached hereto as **Exhibits "G" and "H"**, respectively.

78. Without the funds available under the DIP Facility, the Applicants do not have sufficient financial resources to satisfy their obligations and are therefore insolvent. As at March 31, 2025, the Company had total consolidated assets with a book value of approximately \$66,859,000 which consisted primarily of the following:

(\$000s; unaudited)	HOLL	Lawrence Lab
Cash	1,850	138
Accounts receivable	900	1,828
Inventory	5,009	1,279
Loans receivable – related party	47,674	(880)
Prepaid expenses and deposits	996	2
Other assets	1,328	4
Property, plant and equipment	2,439	4,294
Total Assets	60,195	6,664
Accounts payable and accrued liabilities	11,775	1,129
Operating loan	15,817	-
Loans payable – intercompany	37,743	(2,234)
Advances from shareholder	1,738	-
Total Liabilities	67,074	(1,106)
Equity	(6,879)	7,770
Total Liabilities & Equity	60,195	6,664

79. The net realizable value of the Company's assets is expected to be significantly less than the book value and less than its outstanding liabilities. Accordingly, the Company is insolvent on a balance sheet basis, having regard to the fair value of its assets and liabilities. I understand from KSV that the First Report will provide a more detailed summary of the Applicants' financial position.

A. Secured Debt

80. The Company's senior secured lender is 855 Ontario.⁴ As of May 2, 2025, there was approximately \$16,300,000, exclusive of accrued interest and fees, outstanding under the Credit Facility (as defined below) with interest and fees continuing to accrue (the "**Indebtedness**").

1. The Credit Facility

81. Pursuant to a letter agreement between HOLL and RBC dated April 22, 2021 (as amended by written agreement on August 11, 2022 (the "**Amendment**" and collectively, the "**Loan Agreement**")), RBC had extended three credit facilities to HOLL with an aggregate availability of \$14,560,085 (collectively, the "**Credit Facility**"). On January 21, 2025, 855 Ontario, RBC and HOLL entered into an Assignment of Indebtedness and Security Agreement (the "**Assignment Agreement**"), whereby RBC agreed to assign and 855 Ontario agreed to assume the indebtedness owing under the Credit Facility. As of the date of the Debt Assignment, the total amount outstanding under the Credit Facility was \$12,912,686 (the "**Loan**").

82. Copies of the Assignment Agreement, Loan Agreement and the Amendment are attached hereto as **Exhibits "I" - "K"**, respectively.

83. The Indebtedness is guaranteed by each of Evelyn Aimis, Lawrence Lab and 605529 Ontario Inc. (collectively, the "**Guarantors**"), up to a maximum amount of \$13,900,000, plus interest, pursuant to Guarantee and Postponement of Claim Agreements dated April 29, 2021 (the "**Guarantees**"). Pursuant to an Obligor's Acknowledgement Re: Assignment of Debt and Security

⁴ As indicated, the Company has no records of an arrangement relating to the HOWL PPR Registration.

dated January 21, 2025 (the “**Acknowledgement**”), HOLL and the Guarantors acknowledged and confirmed their continuing obligations for the Indebtedness to 855 Ontario.

84. Copies of the Guarantees are attached hereto as **Exhibits “L” - “N”**, respectively, and a copy of the Acknowledgement is attached hereto as **Exhibit “O”**.

85. As general and continuing security for the payment and performance of the Loan, RBC was granted various security by the Applicants (which such security has now been granted to 855 Ontario), including, among other things:

- (a) a General Security Agreement dated April 29, 2021 granted by HOLL; and
- (b) a General Security Agreement dated April 29, 2021 granted by Lawrence Lab (collectively, the “**Security Documents**”).

86. Copies of the Security Documents are attached hereto as **Exhibits “P” and “Q”**, respectively.

87. In addition to the Loan, both HOLL and Lawrence Lab act as guarantors for the obligations of Evelyn Aimis owing to 855 Ontario, pursuant to Guarantee and Postponement of Claim Agreements dated April 29, 2021 (the “**EA Guarantees**”), each of which are up to the maximum amount of \$7,000,000. Copies of the EA Guarantees are attached hereto as **Exhibits “R” – “S”**, respectively.

2. Bridge Financing

88. On January 21, 2025, 855 Ontario, as lender, HOLL, as borrower and guarantor, and Lawrence Lab, as guarantor, entered into an Amending Agreement to the HOLL Credit Agreement

(the “**Bridge Financing Agreement**”), whereby 855 Ontario agreed to extend a non-revolving demand credit to HOLL in the maximum aggregate amount of \$5,000,000 under the existing, but amended, Credit Facility (the “**Bridge Loan**”). The Bridge Loan was provided for the limited purpose of funding HOLL’s current working capital needs, the payment of certain fees and expenses, including the professional fees and expenses incurred in respect of commencing the NOI Proceedings and the CCAA Proceedings, and the payment of certain pre-filing obligations and other costs.

89. Interest on the Credit Facility accrues at the rate of 10.95% per annum, calculated and compounded bi-weekly, accruing on a bi-weekly basis. A copy of the Bridge Financing Agreement is attached hereto as **Exhibit “T”**.

90. The balance of the obligations under the Bridge Loan are due in cash upon the earliest of: (i) written termination or demand by 855 Ontario, (ii) upon the occurrence of any Subsequent Event of Default (as defined in the Bridge Financing Agreement) or if 855 Ontario, acting reasonably, is unsatisfied with the efforts made to remedy a Default (as defined in the Bridge Financing Agreement) or Subsequent Event of Default, and (iii) upon Court-approval of the DIP Facility.

91. The Bridge Financing Agreement contemplates the following additional fees, each of which are owed and/or owing to 855 Ontario:

- (a) The Commitment Fee – a commitment fee equal to \$175,000;

- (b) The Monthly Fee – a recurring monthly administrative fee is due in the amount of \$2,500 per month (reduced on a per-diem basis for periods of less than 30 days as may be applicable); and
- (c) The Lender's Fees and Expenses – the Company is required to pay all fees and expenses incurred by 855 Ontario in connection with the preparation, registration and ongoing administration of the Bridge Financing Agreement, which for greater certainty includes all reasonable fees and expenses incurred by 855 Ontario in connection with these proposed CCAA Proceedings.

92. On May 2, 2025, 855 Ontario made an advance under the Bridge Loan in the amount of \$500,000 to support the Company's normal course payroll obligations due the following week.

93. The Applicants understand that if an affiliate of 855 Ontario (such affiliated entity, the **"Proposed Stalking Horse Purchaser"**) is selected as the successful bidder in a future sales process, 855 Ontario will assign all of its right, title and interest in and to the indebtedness owed under the Credit Facility and the DIP Agreement to the Proposed Stalking Horse Purchaser to facilitate a credit bid.

3. Equipment Financiers and Other Secured Parties

94. The Company has entered into agreements with two secured machinery and vehicle financiers, Enterprise (described above) and Meridian OneCap Credit Corp., who has provided financing in respect of multiple photocopier machines, each of whom have security interests registered against their respective machines and/or vehicles pursuant to the applicable provinces' personal property legislation (the **"PPSAs"**). The registrations of the financiers are reflected in the

search results conducted against the Applicants under each province's PPSA, which are attached hereto as **Exhibits "U" – "W"**.

95. The Applicants recently discovered a British Columbia PPSA registration against HOWL in favour of Shape Lougheed Limited Partnership and LTC Properties LP. The Applicants' other management members and I are not aware of any arrangements or security agreements with these entities and are in the process of securing additional information regarding the same.

B. Unsecured Liabilities

1. Taxes

96. As of April 30, 2025, the Company is current on all of its income and sales tax obligations owing to the Canada Revenue Agency. The vast majority of the Company's retail sales are not subject to sales tax. Pursuant to the *Excise Tax Act* (Canada), prescription glasses and contact lenses are zero-rated supplies – meaning there is typically no GST/HST charged on the Company's products when sold. Moreover, as a GST/HST registrant, the Company is generally eligible to claim input tax credits for any GST/HST paid on the materials and/or supplies used to manufacture the Company's glasses or lenses.

2. Employee Liabilities

97. The Company is current with respect to its payment of payroll and the remittance of employee source deductions. However, as of April 30, 2025, the Company owes several employees accrued and unpaid vacation pay in the aggregate amount of an estimated \$540,364, subject to further confirmation.

3. Other Unsecured Creditors

98. As of April 22, 2025, HOLL owes approximately \$9,731,346 in accounts payable to unsecured trade creditors and the landlords of the Closed Stores and Lawrence Lab owes approximately \$1,095,077 in accounts payable to unsecured trade creditors.

V. RESTRUCTURING EFFORTS PRIOR TO THE NOI PROCEEDINGS & THE NOI PROCEEDINGS

99. Despite historically strong sale volumes and profit margins prior to the COVID-19 pandemic, the Applicants have struggled to generate sufficient cash to support their ongoing secured and unsecured obligations. As a result, prior to the NOI Proceedings, the Company implemented multiple restructuring steps in an attempt to reduce the Applicants' monthly capital expenditures and increase cash liquidity.

100. As discussed above, the Company made extensive efforts to refinance its debt and consolidate and/or sell parts of its business. An overview of some of the Company's restructuring efforts prior to the NOI Proceedings, include the following:

- (a) Engaged KSV as Financial Advisor – The Company retained KSV to act as its financial advisor. The primary purpose of KSV's engagement was to review and assess the Company's go-forward prospects, assess its cashflow position, assist in the Company's dealings with RBC and assist interested parties to perform diligence.
- (b) Informal Sales Process – In an attempt to find a long-term solution for the business, led by Sir Hakimi, the Company engaged in discussions with approximately six

different optical chains and/or investors who had expressed interest in acquiring and/or investing in the business. During a span of approximately two years, four term sheets and approximately six non-disclosure agreements were entered into with various interested parties; however, none of these negotiations resulted in the execution of definitive documents and no transaction was completed (other than the Atlantic Canada Transaction).

- (c) Exit from Closed Stores – Following feedback from interested parties in the informal sale process, and based on the underperformance of the Closed Stores and associated negative impact to the Company's cash flows from their continued operations, the Company made the difficult decision to cease operations and stop paying rent at the Closed Stores. As sales revenues declined and demand for lenses decreased, the Company proceeded to close a former lens manufacturing laboratory in Winnipeg, Manitoba to reduce operating costs.
- (d) Credit Facility Negotiations – Prior to the Debt Assignment, the Applicants negotiated various allowances, extensions and concessions with RBC under the Loan documents to avoid enforcement proceedings and provide HOLL with additional time to identify a potential purchaser and/or investor for the Company, although no formal forbearance agreement was entered into with RBC. Upon receipt of the Demand Letter from RBC, the Company increased its solicitation and marketing efforts. On January 21, 2025, Lawrence Lab, HOLL and 855 Ontario entered into the Debt Assignment. In addition to resolving RBC's active enforcement actions, the Debt Assignment provided the Company with additional

funding to maintain its scaled-down operations following the closure of the Closed Stores, as well as prepare for the NOI Proceedings and these proposed CCAA Proceedings.

101. As part of the informal sales process, the Applicants identified the investors behind 855 Ontario, the Proposed Stalking Horse Purchaser, as a prospective purchaser of the business. The Applicants and the Proposed Stalking Horse Purchaser, with the assistance of KSV, are in discussions towards completing a definitive purchase agreement, and intend to return to Court to seek approval of the Stalking Horse Transaction and sale and solicitation process as soon as definitive documents have been finalized. After careful consideration, the Company has decided that proceeding under the CCAA will provide the Applicants and their stakeholders with the best opportunity to implement a value-maximizing going-concern restructuring transaction.

102. Since the commencement of the NOI Proceedings, the Applicants have worked diligently with the Proposal Trustee to stabilize the business. These efforts have included:

- (a) through counsel and with the Proposal Trustee, interacting with representatives on behalf of a number of creditors and other stakeholders to provide information about the NOI Proceedings;
 - (b) entering into supply arrangements with certain suppliers to ensure the uninterrupted flow of goods and services to the Company throughout its restructuring process;
 - (c) providing information to the Applicants' employees about the NOI Proceedings;
- and

- (d) through counsel, liaising with counsel to certain landlords, including those who are or have threatened to continue Landlord Enforcement Actions against HOWL, who has not filed an NOI.

103. In parallel, the Applicants, through counsel, and in consultation with the Proposal Trustee, have completed negotiations of the DIP Agreement, and advanced discussions relating to the proposed stalking horse purchase agreement.

VI. URGENT NEED FOR RELIEF

104. In light of the Applicants' current liquidity crisis, their numerous defaults under various contractual agreements, the Landlord Enforcement Actions, and the NOI Proceedings, the Applicants can no longer pursue a restructuring solution absent comprehensive creditor protection and funding in the form of the DIP Facility.

105. As set out in the cash flow projection (the "**Cash Flow Forecast**") prepared by the Company and reviewed by the proposed Monitor, the Company critically requires immediate financing to continue operating in the ordinary course and fund the proposed CCAA Proceedings.

106. The proposed CCAA Proceedings will continue to allow the Company to stabilize and preserve the value of the Applicants' business, while also providing the Applicants with the flexibility and breathing room to finalize the terms of the Stalking Horse Transaction with a view to implementing a successful going-concern transaction.

VII. PROPOSED INTERIM FINANCING

107. On May 8, 2025, the following parties finalized a binding commitment letter (the “**DIP Agreement**”) in respect of a debtor-in-possession credit facility:

- (a) HOLL and Lawrence Lab as the borrowers;
- (b) certain other affiliates of the Applicants as guarantors; and
- (c) 855 Ontario Inc. as the DIP Lender.

108. The DIP Agreement provides for a super-priority, non-revolving credit facility of up to \$2,800,000 (the “**DIP Facility Amount**”). A copy of the DIP Agreement is attached hereto as **Exhibit “X”**. The DIP Facility shall be made available to the borrowers by way of:

- (a) an initial advance (the “**Initial Advance**”) in a principal amount of \$200,000; and
- (b) one or more subsequent advances (each a “**Subsequent Advance**”), each in a principal amount of no less than \$100,000, provided that the sum of the Initial Advance and the Subsequent Advances shall not exceed the DIP Facility Amount.

109. The amounts drawn and outstanding under the DIP Facility will bear interest at 10.9%, per annum, calculated and compounded monthly, accruing on a monthly (or such portion thereof on a per diem basis, as may be applicable).

110. The DIP Facility includes (i) a commitment fee of 3.5%, which shall be deducted and satisfied from the Initial Advance, and (ii) recurring monthly administrative fees, which shall be due to the DIP Lender in the recurring amount of \$2,500 per month.

111. In accordance with the DIP Agreement, the DIP Facility is to be used during these proposed CCAA Proceedings (or alternatively, the NOI Proceedings, as applicable) to fund:

- (a) the Company's general corporate and working capital expenses, including funding the CCAA Proceedings, in accordance with the Cash Flow Forecast;
- (b) certain fees and expenses (including, without limitation, the legal fees and expenses of the Applicants and the Monitor and the fees owing to the DIP Lender under the DIP Agreement); and
- (c) such other costs and expenses as agreed to by the DIP Lender, in writing.

112. I am advised by Jesse Mighton of Bennett Jones LLP that the DIP Facility is subject to customary covenants, conditions precedent, and representations and warranties generally made in CCAA Proceedings.

113. The DIP Facility is repayable in full on the earlier of:

- (a) the occurrence of any event of default under the DIP Agreement which is continuing and not cured;
- (b) the consummation of an accepted bid under a future sale and investment solicitation process;
- (c) the effective date of any plan of compromise or arrangement under these proposed CCAA Proceedings;

- (d) an accepted transaction is terminated under a future sale and investment solicitation process, or failed to close, and there is no binding back-up bid within three days thereof;
- (e) August 15, 2025;
- (f) any refinancing of the DIP Agreement;
- (g) the termination, expiration or conversion of the CCAA Proceedings; and
- (h) such other date as may be agreed to by the DIP Lender and the Borrowers.

114. The DIP Facility is conditional, among other things, upon the granting of a priority charge over the Property in favour of the DIP Lender to secure the amounts borrowed under the DIP Facility (the “**DIP Lender’s Charge**”).

VIII. RELIEF BEING SOUGHT AT THE INITIAL HEARING

A. Initial Order

1. Continuation under the CCAA

115. HOLL and Lawrence Lab seek to continue their restructuring efforts under the CCAA. Since commencing the NOI Proceedings,⁵ the Applicants, with the assistance of the Proposal Trustee, have begun stabilizing their operations, while focusing on implementing a going-concern

⁵ Copies of the Certificates of Filing of a Notice of Intention to Make a Proposal for HOLL and Lawrence Lab dated April 16, 2025 and April 22, 2025, respectively, are attached hereto as **Exhibits “Y”** and **“Z”**, respectively.

result for the business. The Company has already made significant progress in advancing the restructuring of the business, including through the execution of the DIP Agreement.

116. I am advised by Mr. Mighton that the Company must file a proposal by May 16, 2025 (the “**Filing Deadline**”) or it will be deemed bankrupt. The Filing Deadline does not provide the Applicants with sufficient time to file a proposal.

117. I believe that it is in the best interest of the Company and its stakeholders to convert these NOI Proceedings into CCAA Proceedings. The Company is in advanced discussions with 855 Ontario, its secured lender and proposed DIP Lender, who has already identified a potential stalking horse purchaser that would pay out 855 Ontario in full and allow the business to continue operating outside of these insolvency proceedings. The additional flexibility under the CCAA will allow the Applicants to run a sale and investment solicitation process, if approved, and consider a variety of restructuring alternatives that may not be available under the BIA.

118. The proposed Initial Order, if granted, will also provide HOWL with creditor protections. As a contractual party to certain of the Company’s leases, the extension of the Stay of Proceedings to HOWL will preserve the status quo and prevent landlords from advancing Landlord Enforcement Actions on the basis that HOWL is not protected from enforcement under the NOI Proceedings. These collateral attacks, if not stayed, will cause significant disruption to the Company’s daily operations and would have a detrimental effect on the Applicants’ restructuring efforts. The proposed CCAA Proceedings will also provide the Applicants with greater flexibility to address potential unforeseen governance and structural matters as they relate to HOWL and/or any other potential affiliates identified throughout these proposed CCAA Proceedings.

2. Stay of Proceedings

119. The Applicants urgently require the continuation of the existing stay of proceedings for HOLL and Lawrence Lab, and an extension of the stay of proceedings to HOWL to provide stability to the business, and prevent the ongoing enforcement activities of landlords and other suppliers.

120. Considering the Landlord Enforcement Actions and other ongoing enforcement proceedings, it would be extremely harmful to the Applicants' business if proceedings were continued, or further rights and remedies were executed, against the Applicants and/or their property. Absent the proposed continuation of the current stay of proceedings, the Applicants will be unable to continue operating their business and will be forced to initiate an abrupt and disorderly shutdown.

121. Moreover, the Applicants understand that 855 Ontario is not prepared to advance additional financing under the Bridge Loan outside of a court proceeding, and the DIP Agreement requires the Applicants to undertake a court-supervised sale process under the CCAA. Access to the DIP Agreement will ensure that the Company has the liquidity necessary to satisfy its post-filing obligations in the normal course.

122. In light of the foregoing, the Stay of Proceedings is in the best interests of the Applicants and their stakeholders. I understand that the proposed Monitor believes that the Stay of Proceedings is appropriate in the circumstances.

3. Proposed Monitor

123. The proposed Initial Order contemplates that KSV will act as Monitor in the Applicants' CCAA Proceedings. KSV currently acts as HOLL's and Lawrence Lab's Proposal Trustee and has an in-depth understanding of the Company's finances and daily operations. I understand that KSV has consented to act as Monitor in the CCAA Proceedings if the proposed Initial Order is granted. A copy of KSV's consent to act as Monitor is attached hereto as **Exhibit "AA"**.

4. Administration Charge

124. The proposed Initial Order provides for a Court-ordered charge in favour of the proposed Monitor, as well as counsel to the proposed Monitor and the Applicants, over the Property, to secure payment of their respective fees and disbursements incurred in connection with services rendered in these proposed CCAA Proceedings (or alternatively, the NOI Proceedings) up to a maximum amount of \$250,000 (the "**Administration Charge**"). The Administration Charge is proposed to rank ahead of and have priority over the DIP Lender's Charge.

125. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during the CCAA Proceedings (or alternatively, the NOI Proceedings) in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge will have distinct roles in the Applicants' restructuring.

126. The Applicants and the proposed Monitor worked collaboratively to estimate the quantum of the Administration Charge required, which takes into account the limited retainers the professionals currently have and their material outstanding fees. I believe that the Administration Charge is fair and reasonable in the circumstances. I understand that the proposed Monitor is also

of the view that the Administration Charge is fair and reasonable in the circumstances, and that the proposed DIP Lender supports the Administration Charge.

127. The DIP Lender has advised that it supports the proposed quantum of the Administration Charge.

5. DIP Lender's Charge

128. The DIP Agreement provides, among other things, that the DIP Facility is contingent on the granting of the DIP Lender's Charge subordinate to the Administration Charge, but in priority to all other claims. Pursuant to the proposed Initial Order (or alternatively, the NOI Proceedings Order), the DIP Lender's Charge will secure all funds advanced under the DIP Facility and will not secure obligations incurred prior to the CCAA Proceedings.

6. Cash Flow Forecast

129. With the assistance of the proposed Monitor, the Applicants have prepared a cash flow analysis to determine the quantum of funding required to finance their operations, assuming the Initial Order is granted. I understand that the Cash Flow Forecast will be attached to the First Report.

130. The Cash Flow Forecast indicates that the Applicants urgently require DIP financing to ensure that they have the liquidity required to meet their obligations and continue their business operations during the Stay of Proceedings.

B. Discharge and Termination Orders

131. Pursuant to the proposed Discharge and Termination Orders, if the Initial Order is granted, the NOI Proceedings will be terminated and KSV will be discharged as Proposal Trustee.

132. As set out in greater detail in the First Report and the fee affidavit of a representative of KSV, the Proposal Trustee is seeking, among other things, approval of its fees and its activities as set out in the First Report. Throughout the NOI Proceedings, the Proposal Trustee provided valuable assistance to the Applicants and its stakeholders.

133. The Applicants believe that the fees and expenses of the Proposal Trustee (collectively, the “**Fees and Disbursements**”) are reasonable and appropriate in the circumstances. Further, the Applicants are not aware of any opposition to the Fees and Disbursements.

C. Alternative Relief

134. If ultimately the Court does not grant the Initial Order, the Applicants seek in the alternative an extension of the stay of proceedings (the “**Alternative Extension**”) to and until June 30, 2025 (the “**Alternative Stay Period**”).

135. HOLL and Lawrence Lab have continued to act in good faith and with due diligence during their respective NOI Proceedings. If the Alternative Extension is granted, the Applicants will continue their efforts to stabilize business operations and secure a restructuring transaction or transactions that could be implemented as part of a proposal under the BIA. HOLL and Lawrence Lab do not have sufficient time to complete a proposal prior to the expiry of the stay of proceedings, and accordingly, believe that the Alternative Extension is both necessary and appropriate in the circumstances.

136. The updated Cash Flow Forecast demonstrates that the Company has sufficient liquidity to fund its operations during the Alternative Stay Period, subject to the approval of the DIP Facility. It is not anticipated that any of the Applicants' creditors will be materially prejudiced by the granting of the Alternative Extension.

137. In addition, if the CCAA Initial Order is not granted, the Applicants would seek to procedurally consolidate the NOI Proceedings, together with the NOI proceedings that will be commenced by, allowing the Proposal Trustee to administer the NOI Proceedings as if they were a single proceeding for the purpose of carrying out its duties and obligations under the BIA.

138. Procedural consolidation would promote cost efficiency and avoid delays associated with having to separately administer these NOI Proceedings. I understand from the Proposal Trustee that no party is anticipated to be adversely affected by the consolidation of the NOI Proceedings.

139. The Applicants would seek approval of the DIP Agreement and the Charges for reasons set out herein even if the Initial Order is not granted in order to, among other things, secure access to necessary funds under the DIP Agreement, should the DIP Lender be willing to extend credit in such circumstances.

IX. CONCLUSION

140. In consultation with the Company's professional advisors, I believe that the proposed Initial Order is in the best interests of the Applicants and their stakeholders. The Stay of Proceedings and the DIP Facility will allow the Applicants to continue ordinary course operations, while continuing to negotiate a stalking horse purchase offer and preparing for a sales and investment solicitation process. Without the Stay of Proceedings and approval of the DIP Facility,

the Company will be unable to meet its obligations as they become due and would be forced to discontinue operations. This would be detrimental to the value of the Company's business, and in turn, the interests of the Applicants' stakeholders.

141. In the circumstances, I believe that the CCAA Proceedings will provide the Applicants with greater flexibility to restructure their business and maximize value for stakeholders than under the BIA, and will not prejudice the interests of the Applicants' creditors relative to the NOI Proceedings. Accordingly, the Applicants submit that the relief being sought pursuant to the Initial Order and the Discharge and Termination Orders is appropriate and reasonable in the circumstances.

SWORN REMOTELY by Douglas)
Robertson stated as being located in the)
City of Toronto, in the Province of Ontario,)
before me at the City of Toronto, in the)
Province of Ontario, on May 8, 2025,)
remotely via videoconference in)
accordance with O. Reg. 431/20,)
Administering Oath or Declaration)
Remotely.)



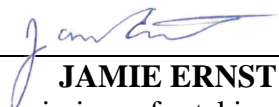
JAMIE ERNST

A Commissioner for Taking Affidavits in
and for the Province of Ontario



DOUGLAS ROBERTSON

THIS IS **EXHIBIT "B"** REFERRED TO IN THE AFFIDAVIT
OF DOUGLAS ROBERTSON, SWORN BEFORE ME
THIS 8TH DAY OF JULY, 2025.



JAMIE ERNST
A Commissioner for taking Affidavits
(or as may be)



Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE)	THURSDAY, THE 15 TH
)	
JUSTICE KIMMEL)	DAY OF MAY, 2025

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF HAKIM OPTICAL LABORATORY
LIMITED, LAWRENCE OPHTHALMIC LAB INC. AND
HAKIM OPTICAL WORLDWIDE LENSES INC. (collectively
the "**Applicants**", and each an "**Applicant**")

INITIAL ORDER
(Continuation under the CCAA)

THIS MOTION, made by the Applicants, including to continue the proceedings commenced by Hakim Optical Laboratory Limited ("**HOLL**") and Lawrence Ophthalmic Lab Inc. (together with HOLL, the "**Transitioned Applicants**") by the filing of the notices of intention to make a proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") bearing court/estate file nos. 31-3212487 and 31-3214507 (the "**NOI Proceedings**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an Initial Order was heard this day by judicial videoconference via zoom.

ON READING the affidavit of Douglas Robertson sworn May 8, 2025, and the Exhibits thereto (the "**Robertson Affidavit**"), the joint first report of the Proposal Trustee (as defined below) and the Pre-Filing Report of KSV Restructuring Inc. ("**KSV**") in its capacity as the proposed monitor dated May 8, 2025 (if appointed in such capacity, the "**Monitor**"), and on being advised that KSV was appointed as the proposal trustee in each of the NOI Proceedings (in such capacity, the "**Proposal Trustee**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel to the Applicants, counsel to KSV, and such other counsel that were present and who are identified on the counsel slip, no else appearing although duly

served as appears from the affidavit of service of filed, and on reading the consent of KSV to act as the Monitor,

SERVICE AND DEFINITIONS

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

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Robertson Affidavit.

CONTINUANCE UNDER THE CCAA

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

4. **THIS COURT ORDERS AND DECLARES** that effective as of the date hereof, the NOI Proceedings are hereby taken up and continued under the CCAA and that, as of such date, the provisions of Part III of the BIA shall have no further application to the Transitioned Applicants, provided that (a) any and all steps, agreements and procedures validly taken, done or entered into by the Transitioned Applicants or the Proposal Trustee during the NOI Proceedings shall remain valid and binding, and (b) nothing herein shall affect, vary, derogate from, limit or amend, and KSV shall continue to have the benefit of, any and all of the rights, approvals and protections in favour of the Proposal Trustee at law or pursuant to the BIA or otherwise.

5. **THIS COURT ORDERS** that, notwithstanding Section 50.4(8) of the BIA, the Transitioned Applicants (or either of them) shall not be deemed to have made an assignment in bankruptcy by reason only of their failure to file proposals with the Official Receiver.

POSSESSION OF PROPERTY AND OPERATIONS

6. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their respective current and future assets, licenses, authorizations, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and the Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants,

counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

7. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Robertson Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any plan of compromise or arrangement (hereinafter, each referred to as a "**Plan**") with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

8. **THIS COURT ORDERS** that, subject to the terms of the DIP Agreement (as defined below), the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order to the extent that such expenses are incurred and payable by the Applicants:

- (a) all outstanding and future wages, salaries, employee and pension benefits (including, without limitation, employee medical, dental, registered retirement savings plan contributions and similar benefit plans or arrangements), vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing and servicing expenses;
- (b) all outstanding and future amounts invoiced to any of the Applicants from any independent contractors retained by any of the Applicants, payable prior to, on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing payment arrangements;
- (c) all outstanding or future amounts related to honouring customer obligations, including customer pre-payments, deposits, gift cards, programs and other customer loyalty programs,

offers and benefits, in each case incurred in the ordinary course of business and consistent with existing policies and procedures; and

- (d) the fees and disbursements of any Assistants retained or employed by any of the Applicants in respect of these proceedings, at their standard rates and charges.

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

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers' insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied or to be supplied to any of the Applicants on or following the date of this Order.

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

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes and all other amounts related to such deductions or employee wages payable for periods following the Initial Filing Date pursuant to the *Income Tax Act*, the *Canada Pension Plan*, the *Employment Insurance Act* or similar provincial statutes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by any of the Applicants in connection with the sale of goods and services by any of the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are

entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by any of the Applicants.

11. **THIS COURT ORDERS** that, except as may be otherwise agreed with any Landlord, until a real property lease, including a sublease and related documentation (each, a "**Lease**") to which any Applicant is a party, is disclaimed in accordance with the CCAA or otherwise consensually terminated, such Applicant shall pay, without duplication, all amounts constituting rent or payable as rent under such Lease (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the applicable landlord (each, a "**Landlord**") under such Lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Applicants, the NOI Proceedings, or the making of this Order) or as otherwise may be negotiated between such Applicant and the Landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly on the first day of each month, in advance (but not in arrears) in the amounts set out in the applicable lease or, with the consent of the Monitor, at such other time intervals and dates as may be agreed to between the applicable Applicant and Landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

12. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any of the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business, or pursuant to this Order or any other Order of the Court.

RESTRUCTURING

13. **THIS COURT ORDERS** that each of the Applicants shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) terminate the employment of any of their employees or temporarily lay off any of their employees as they deem appropriate;
- (b) disclaim in whole or in part, with the prior consent of the Monitor, or further Order of the Court, any of their arrangements or agreements of any nature whatsoever and with whomsoever, whether oral or written, as the Applicants deem appropriate, in accordance with

Section 32 of the CCAA, provided that, with respect to any real property leased premises, the debtors may vacate, abandon or quit the whole, but not part of any leased premises; and

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

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

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

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

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

16. **THIS COURT ORDERS** that until and including June 30, 2025, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**", and collectively, "**Proceedings**") shall be commenced or continued against or in respect of

any of the Applicants or the Monitor, or their respective employees, advisors, counsel and other representatives acting in such capacities, or affecting the Business or the Property, except with the prior written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Applicants, or their respective employees, advisors, counsel and other representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended pending further Order of this Court or the prior written consent of the Applicants and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH RIGHTS

18. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, Lease, sublease, licence authorization or permit in favour of or held by the Applicants, except with the prior written consent of the Applicants and the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy, and/or exemption in favour of the relevant Applicants shall be or shall be deemed to be negated, suspended, waived and/or terminated as a result of the insolvency of the Applicants or the commencement of the within proceedings.

19. **THIS COURT ORDERS** that any Person who has, or is believed or suspected to have, in their possession or power any of the Property of any of the Applicant, or any book, document or paper of any kind relating in whole or in part to an Applicant, shall promptly, upon the request of the Applicants or the Monitor, be required to produce the book, document or paper for the information of the Applicants, or to deliver to the Applicants, any property of the Applicants in their possession.

20. **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due from the Applicants in respect of obligations arising on or after the date of this Order; or (b) are or may become due from the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due to the Applicants in respect of obligations arising on or after the date of this Order, in each case without the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall prejudice any arguments any Person may want to make in seeking leave of the Court or following the granting of such leave.

CONTINUATION OF SERVICES

21. **THIS COURT ORDERS** that during the Stay Period,

- (a) all Persons having oral or written agreements or arrangements with any of the Applicants or statutory or regulatory mandates for the supply or license of goods, intellectual property and/or services, including without limitation all computer software, trademarks, communication and other data services, centralized banking services, cash management services, payment processing services, payroll and benefit services, insurance, freight services, transportation services, customs clearing, storage, warehouse and logistics services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply or license of such goods or services as may be required by the Applicants;
- (b) that all Persons who receive or collect proceeds from the sale of the Applicants' inventory for or on behalf of the Applicants, shall promptly remit such proceeds to the Applicants monthly, in accordance with existing arrangements without any additional set-off or deduction whatsoever; and
- (c) that the Applicants shall be entitled to the continued use of their currently occupied premises, telephone numbers, facsimile numbers, email addresses, internet addresses and domain names, provided in each case, that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and the applicable Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

APPOINTMENT OF MONITOR

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

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

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

- (c) monitor the Applicants' receipts and disbursements and the Applicants' compliance with the DIP Budget (as defined in the DIP Agreement), including the management and deployment/use of any funds advanced by the DIP Lender (as hereinafter defined);
- (d) assist the Applicants, to the extent required by them, in their dissemination, to the DIP Lender and its counsel on a weekly basis of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (e) advise the Applicants in their preparation of the Applicants' cash flow statements and the dissemination of other financial information;
- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' Business and financial affairs or to perform its duties arising under this Order;
- (g) assist the Applicants in communications with their stakeholders;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

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

27. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, the *Ontario Occupational Health and Safety Act*, the *British*

Columbia Environmental Management Act, the *British Columbia Riparian Areas Protection Act*, the *British Columbia Workers Compensation Act*, the *Alberta Environmental Protection and Enhancement Act*, the *Alberta Water Act*, the *Alberta Occupational Health and Safety Act*, the *Manitoba Environment Act*, the *Manitoba Contaminated Sites Remediation Act*, or the *Manitoba Workplace Safety and Health Act*, and regulations thereunder (collectively, the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

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

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

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicants and counsel to the DIP Lender, shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of this Order, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, counsel to the Applicants and counsel to the DIP Lender, on such terms as such parties may agree and are hereby authorized to pay to the Monitor, counsel to the Monitor and counsel to the Applicants, retainers, *nunc pro tunc*, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

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

ADMINISTRATION CHARGE

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$250,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 39 and 41 hereof.

DIP FINANCING

33. **THIS COURT ORDERS** that the Transitioned Applicants are hereby authorized and empowered to execute, obtain financing and borrow under a credit facility from 1001112855 Ontario Inc. (the "**DIP Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that initial borrowings under such credit facility shall not exceed \$2,800,000 unless permitted by further Order of this Court.

34. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the Debtor-In-Possession Facility Term Sheet between, among others, the Transitioned Applicants and the DIP Lender, dated as of May 8, 2025 (the "**DIP Agreement**"), filed.

35. **THIS COURT ORDERS** that the Transitioned Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, with the DIP Agreement, the "**Definitive Documents**"), as are contemplated by the DIP Agreement, or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Transitioned Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Definitive Documents (collectively, the "**DIP Obligations**"), as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

36. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property as security for the DIP Obligations, which DIP Lender's Charge shall be in the aggregate amount of the DIP Obligations outstanding at any given time under the Definitive Documents. The DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 39 and 41 hereof.

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

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents; and
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, and upon four (4) business days' prior written notice to the Applicants, the Guarantor (as defined in the DIP Agreement) and the Monitor, and otherwise subject to any Orders entered by this Court, exercise any and all of its rights and remedies against the Applicants, the Guarantor or the Property under or pursuant to the DIP Agreement and the DIP Lender Charge, including, without limitation, to cease making advances to the Applicants, and subject to further Order of this Court, set off and/or consolidate any amounts owing by the DIP Lender to any of the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Agreement or the DIP Lender's Charge or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against any of the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

38. **THIS COURT ORDERS** that unless otherwise agreed to in writing by the DIP Lender, the DIP Lender shall be treated as unaffected in any Plan filed by any of the Applicants under the CCAA, or any proposal filed by any of the Applicants under the BIA, with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

39. **THIS COURT ORDERS** that the priorities of the security interests granted by the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

- (a) First – Administration Charge (to the maximum amount of \$250,000); and
- (b) Second – DIP Lender's Charge (to the maximum amount of \$2,800,000, plus accrued and unpaid interest, fees and expenses in accordance with the DIP Agreement).

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

41. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall be effective as against the Property and shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts (including deemed or constructive trusts), liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

42. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender and the other beneficiaries of the Charges (collectively, the "**Chargees**"), or further Order of this Court.

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

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which they are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges or the

execution or delivery of any amendment or document pursuant to the Definitive Documents;
and

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

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

SERVICE AND NOTICE

45. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the *Globe and Mail (National Edition)*, a notice containing the information prescribed under the CCAA, and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against any of the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not be required to make the claims, names and addresses of individuals who are creditors publicly available, unless otherwise ordered by this Court.

46. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in these proceedings, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* R.R.O. 1990, Reg. 194, as amended (the "**Rules of Civil Procedure**"), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure, and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.ksvadvisory.com/experience/case/hakim>.

47. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable, the Applicants and the Monitor

are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding copies thereof by prepaid ordinary mail, courier, personal delivery or electronic message to the Applicants' creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown in the books and records of the Applicants and that any such service or distribution shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by electronic message on or prior to 5:00 p.m. (Toronto Time) (or on the next business day following the date of forwarding thereof, if sent on a non-business day); (b) the next business day following the date of forwarding thereof, if sent by courier, personal delivery or electronic message sent after 5:00 p.m. (Toronto Time); or (c) on the third (3rd) business day following the date of forwarding thereof, if sent by ordinary mail.

48. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

GENERAL

49. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder.

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

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

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

53. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order, provided, however, that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 39 and 41 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

54. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Toronto Time) on the date of this Order, without the need for entry or filing.

Jessica Kimmel

Digitally signed by
Jessica Kimmel
Date: 2025.05.15
15:35:40 -04'00'

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HAKIM
OPTICAL LABORATORY LIMITED, LAWRENCE OPHTHALMIC LAB INC. AND HAKIM
OPTICAL WORLDWIDE LENSES INC.**

ONTARIO

**SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

INITIAL ORDER

BENNETT JONES LLP

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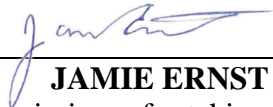
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Lawyers for the Applicants

THIS IS **EXHIBIT "C"** REFERRED TO IN THE AFFIDAVIT
OF DOUGLAS ROBERTSON, SWORN BEFORE ME
THIS 8TH DAY OF JULY, 2025.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: BK-25-03212487-0031
BK-25-03214507-0031
NEW CCAA

DATE: MAY 15, 2025

NO. ON LIST: 4

TITLE OF PROCEEDING: RE HAKIM OPTICAL LABORATORY LIMITED et al

BEFORE: JUSTICE KIMMEL

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Jesse Mighton Jamie Ernst Linda Fraser-Richardson	Counsel for the Applicants	mightonj@bennettjones.com ernstj@bennettjones.com fraserrichardsonl@bennettjones.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Maurice Fleming Shahrazad Hamraz	Counsel for DIP Lender	mfleming@LN.law shamraz@LN.law
Linda Galessiere	Counsel for the Landlords Ivanhoe Cambridge, Salthill, RioCan Cushman Wakefield, SmartCentres and NADG	lgalessiere@cglegal.ca
Scott Gallagher	Counsel for Landlord Richmond Highland	scott@ccglawgroup.com
David Bish	Counsel for Landlord Cadillac Fairview	dbish@torys.com
Christina Tassopoulos	Counsel for Landlord Paradise Lifetime Rogers Inc.	ctassopoulos@grllp.com
Matthew Cameron	Counsel for Judgement Creditor	mcameron@solowaywright.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
George Benchetrit	Counsel for Proposed Monitor and Proposal Trustee, KSV Restructuring	George@chaitons.com
Mitch Vininsky	KSV Restructuring	mvininsky@ksvadvisory.com
Jordan Wong	KSV Restructuring	jwong@ksvadvisory.com

ENDORSEMENT OF JUSTICE KIMMEL:

Summary of Relief Sought

- [1] Hakim Optical Laboratory Limited ("HOLL"), Lawrence Ophthalmic Lab Inc. ("Lawrence Lab" together with HOLL, the "NOI Applicants") and Hakim Optical Worldwide Lenses Inc. (also known as Hakim Optical Lenses Worldwide Inc. and Hakim Optical Worldwide Lenese Inc. [sic]) ("HOWL", and together with the NOI Applicants, the "Applicants" or the "Company") seek an initial order (the "Initial Order"), under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") and various ancillary relief.
- [2] The two NOI Applicants previously Notices of Intention to Make a Proposal ("NOI") pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"). KSV Restructuring Inc. ("KSV") consented to act as the proposal trustee (in such capacity, the "Proposal Trustee") in the two NOI Proceedings and has overseen the operations of the Company since April 16, 2025, when HOLL filed its NOI. The initial BIA stay of proceedings in respect of HOLL expires tomorrow, on May 16, 2025.
- [3] In conjunction with their application for the Initial Order under the CCAA, the Applicants seek to continue the NOI proceedings in the CCAA proceeding, the appointment of KSV as Monitor, a stay of proceedings to June 30, 2025 under the CCAA (the "CCAA Stay"), approval of proposed DIP financing and of a DIP Charge and an Administration Charge. At the same time, they seek orders terminating the NOI Proceedings and related relief.
- [4] Given the NOI Proceedings, notice of this application was served last week on the full service list of all known creditors and stakeholders of the Applicants. Importantly, they have had an opportunity to have input into the forms of order sought today (which include some changes requested by, in particular, Canada Revenue Agency and some of the Applicants' landlords) and no one raised any opposition to the relief sought today, which is

supported by the Applicants' senior secured lender and supported and recommended by the Proposal Trustee/proposed Monitor, KSV.

The Applicants' Business and Liquidity Concerns

- [5] Together, the Applicants constitute the largest privately owned optical chain in Canada. With approximately 70 active retail store locations, the Company offers a comprehensive selection of eyeglasses, contact lenses, prescription lenses and other optical services. Even with its recent pre-filing restructuring efforts and downsizing, there are 265 employees and 49 independent optometrists who have their own employees who continue to work in the Company's ongoing business and operations.
- [6] HOLL is the primary operating entity for the Applicants' retail business. Lawrence Lab operates the Company's captive lens processing and manufacturing facilities. HOWL is the counterparty on some of the Company's historical leases and utility contracts. The three Applicants operate on an integrated basis.
- [7] The Company has been facing liquidity issues since the COVID-19 pandemic and a cyberattack that it had to contend with in 2022. A number of restructuring and cash conservation initiatives have been undertaken over the past several years, including completing a sale transaction involving all of the Company's Atlantic Canada stores. During the past 18 months, in order to conserve needed liquidity, the Company closed approximately 40 unprofitable stores and laboratory locations (collectively, the "Closed Stores") prior to lease expiry and, in doing so, stopped making monthly rent payments associated with these locations.
- [8] In the fall of 2024, the Company defaulted in its obligations to RBC (its then senior secured lender) and faced a receivership application that was avoided by the assignment of RBC's debt to 1001112855 Ontario Inc. ("855 Ontario"). 855 provided some additional bridge financing earlier this year and is the proposed DIP Lender. The Company has been in negotiations with 855 Ontario with a view to securing a definitive stalking horse offer intended to be implemented through a court-supervised SISP.
- [9] Landlords were, at the same time, taking aggressive procedural steps in connection with the Landlord Enforcement Actions (including attempted execution of garnishment orders and seizure of personal property). This is what precipitated the NOI Proceedings.
- [10] The primary purpose of the NOI Proceedings was to, among other things, give HOLL and Lawrence Lab breathing room to focus their restructuring efforts. However, certain landlords have taken the position that because HOWL is not subject to the NOI Proceedings, it is not subject to the BIA stay of proceedings. They have continued Landlord Enforcement Actions against HOWL notwithstanding the NOI Proceedings,

resulting in distraction and disruption for the Company and its advisors. HOWL is an Applicant and will benefit from the CCAA Stay, if granted.

CCAA Initial Order

- [11] Section 11.6(a) of the CCAA provides the Court with jurisdiction to permit the Company to continue the NOI Proceedings under the CCAA provided that no proposal has been filed. The recognized requirements for such an order have been satisfied, in that: No proposal has been filed in the NOI Proceedings to date, the proposed continuation is consistent with the purposes of the CCAA, and the Company has provided the court with the information that would otherwise form part of an initial CCAA application pursuant to section 10(2) of the CCAA (all as detailed in the supporting affidavit, and summarized in paragraph 39 of the Applicants' factum): see *Clothing for Modern Times Ltd. Re*, 2011 ONSC 7522 at para 9, and subsequent cases that have accepted and adopted these requirements cited in footnote 34 of the Applicants' factum.
- [12] The proposed Initial Order is consistent with the CCAA purposes of avoiding the social and economic losses resulting from liquidation of an insolvent company, preserving the *status quo* while attempts are made to find a reorganization solution that is fair to all stakeholders and, in appropriate circumstances, facilitating the sale of the Company as a going concern even if that means that the CCAA debtor(s) will no longer continue to carry on business: see *Century Services Inc. v. Canada (Attorney General)*, 2010 SCC 60 at paras 15, 69, 70 and 72; *Clothing For Modern Times*, at para 12; *In the Matter of The Body Shop Canada Limited*, 2024 ONSC 3882, at para. 10.
- [13] Each of the Applicants is a "debtor company" or an "affiliated debtor company" with liabilities exceeding \$5 million within the meaning of the CCAA, for the reasons particularized in the supporting affidavit and summarized in paragraph 43 of the Applicants' factum.
- [14] Despite their restructuring efforts, the Applicants are insolvent and require protection and access to DIP financing in order to continue as a going concern while they continue to explore restructuring options. The Initial Order and CCAA Stay to June 30, 2025 are appropriate to provide the Applicants with the breathing room they need to do. The Applicants have acted with diligence and in good faith.
- [15] A comprehensive stay in favour of all Applicants under the CCAA is necessary to provide the Company with much needed breathing room to stabilize the business and preserve enterprise value, while also (a) providing the Applicants with greater flexibility to pursue a SISP and (b) achieving process efficiencies and procedural cost savings by avoiding mandatory court attendances that would be required if the NOI Proceedings continue under the BIA. The Applicants' do not seek to have the initial CCAA Stay extended retroactively to HOWL to the extent it was not protected by the BIA stay, but they do seek to extend the protection of the CCAA Stay to HOWL going forward.

- [16] Although section 11.02(1) of the CCAA contemplates an initial 10-day stay period on an initial CCAA application, this Court has, in a number of previous cases involving a conversion from a BIA proceeding to a CCAA proceeding, authorized an initial stay extension beyond the statutory 10-day period: see, for example, *Body Shop*, at para 19 referencing: *In the Matter of a Plan of Compromise or Arrangement of Tribalscale Inc.*, (July 31, 2020) Toronto, Court File No. CV-20-00645116-00CL (Initial Order) (ONSC), at para 17 and the various other cases cited at footnote 46 of the Applicants' factum.
- [17] I agree with the Applicants that a longer than 10-day initial CCAA Stay is warranted in this case, given the extensive efforts that were made to give notice to the creditors and other stakeholders, which has led to further engagement. I recently granted a similar order in *Re JBT Transport Inc.*, Court File No. CV-25-00736572-00CL, Endorsement dated February 10, 2025, at paragraph 21.
- [18] This situation is more analogous to the circumstances that the court considers in deciding whether to grant an extension of the stay of proceedings under section 11.02(2) of the CCAA for any period it considers necessary, if it is satisfied that: (a) circumstances exist that make the order appropriate (including for the reasons set out in paragraph 49 of the Applicant's factum), and (b) the applicants have acted, and are acting, in good faith and with due diligence. I am so satisfied in this case, and, more generally, am satisfied that the requirements for the granting of this Initial Order have been met, for the reasons outlined in detail in the Applicants' factum.
- [19] Further, the proposed Initial Order provides that any interested party may seek relief from the Initial Order on application to this Court made on seven days' notice. The proposed form of Initial Order is generally consistent with the Commercial List Model Order, with changes made to reflect more current practices that have developed in this court and to address the particular circumstances of this case.
- [20] As set out in the cash flow projection (the "Cash Flow Forecast") prepared by the Company and reviewed by the proposed Monitor, the Company requires access to immediate financing to continue operating in the ordinary course and fund the proposed CCAA Proceedings. The primary purpose of the DIP Facility is to fund the working capital requirements of the Company, including the payment of professional fees incurred during these CCAA Proceedings (or alternatively, the NOI Proceedings, as applicable). The proposed DIP financing is appropriate for the reasons summarized in paragraph 59 of the Applicant's factum, having regard to the factors delineated in s. 11.2(4) of the CCAA. The terms of the DIP Facility are within the range of similar facilities recently approved by the Court and other Canadian courts in CCAA and other restructuring proceedings and the proposed Monitor is of the view that the DIP Facility and the DIP Lender's Charge are reasonable, appropriate and necessary in the circumstances.
- [21] The DIP Facility does not provide sufficient (or any) liquidity for the Applicants to pay post-filing rent for Closed Stores, and any such payment obligation would represent a

material unfunded post-filing liability of the Applicants that would jeopardize the viability of a successful restructuring. The Applicants have not been paying rent for the Closed Stores for a number of months and it would be inconsistent with their objectives under the CCAA for them to be required under the Initial Order to start doing so now. Accordingly, the Initial Order does not provide for the payment of post filing rent to those Closed Stores but does include some additional language that was requested by the landlords.

- [22] The DIP Facility is conditional upon, among other things, the granting of a priority charge over the Property in favour of the DIP Lender to secure the amounts borrowed under the DIP Facility (the "DIP Lender's Charge"), which would be subordinate only to the Administration Charge.
- [23] The proposed Administration Charge is warranted, necessary and appropriate to grant pursuant to s. 11.52 of the CCAA, in the circumstances (including those summarized in paragraph 55 of the Applicant's factum). See also *Canwest Publishing Inc./Publications Canwest Inc., Re*, 2010 ONSC 222 at para 54.
- [24] The proposed Monitor has consented to act and satisfies the requirements under s. 11.7 of the CCAA. The Monitor has reviewed the cash flow projections and supports the initial order. The initial order is also supported by the senior secured lender, 885 Ontario, which is also providing the DIP financing.

NOI Termination Orders

- [25] It follows that, if the court is granting the CCAA Initial Order, the NOI Proceedings must be terminated. The relief sought in the NOI Termination Orders is justified for the reasons detailed in paragraphs 63 to 65 of the Applicants' factum. Since the Proposal Trustee will become the Monitor, it is appropriate to review and approve the activities, conduct and fees of the Proposal Trustee as the Applicants move into the next phase of their restructuring efforts. I am satisfied that the requested orders are reasonable and appropriate in the circumstances.

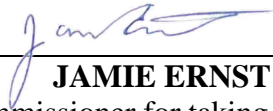
Orders Signed

- [26] I have signed the three orders requested by the Applicants, CCAA Initial Order, and two NOI Termination Orders, dated today and effective in accordance with their terms.

A handwritten signature in dark ink, appearing to read "Kimmel J.", written in a cursive style.

KIMMEL J.

THIS IS **EXHIBIT "D"** REFERRED TO IN THE AFFIDAVIT
OF DOUGLAS ROBERTSON, SWORN BEFORE ME
THIS 8TH DAY OF JULY, 2025.



JAMIE ERNST
A Commissioner for taking Affidavits
(or as may be)

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF HAKIM OPTICAL LABORATORY
LIMITED, LAWRENCE OPHTHALMIC LAB INC. AND HAKIM
OPTICAL WORLDWIDE LENSES INC.**

Applicants

**AFFIDAVIT OF DOUGLAS ROBERTSON
(Sworn June 23, 2025)**

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Court File No.: CV-25-00743383-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF HAKIM OPTICAL LABORATORY LIMITED,
LAWRENCE OPHTHALMIC LAB INC. AND HAKIM OPTICAL
WORLDWIDE LENSES INC.**

Applicants

**AFFIDAVIT OF DOUGLAS ROBERTSON
(Sworn June 23, 2025)**

I, DOUGLAS ROBERTSON, of the Municipality of Clarington, in the Province of Ontario, **MAKE OATH AND SAY:**

1. This affidavit is made in support of a motion by Hakim Optical Laboratory Limited (“**HOLL**”), Lawrence Ophthalmic Lab Inc. (“**Lawrence Lab**”) and Hakim Optical Worldwide Lenses Inc. (also known as Hakim Optical Lenses Worldwide Inc. and Hakim Optical Worldwide Lenese Inc. [sic]) (collectively, the “**Applicants**” or the “**Company**”).

2. As the Senior Controller of the Company, I oversee the Applicants’ financial, accounting, human resource and payroll operations. I have served in this role since March 2019. As such, I have personal knowledge of the Applicants and the matters to which I depose in this affidavit. Where I have relied on other sources for information, I have so stated and believe them to be true. In preparing this affidavit, I have also relied upon the books and records of the Applicants and

consulted with other members of the senior management team. The Applicants do not waive or intend to waive any applicable privilege by any statement herein.

3. All capitalized terms not otherwise defined herein have the meaning ascribed to them in the affidavit that I swore in support of the Applicants' motion to continue the NOI Proceedings (as defined below) under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") pursuant to an initial order (the "**Initial Order**") dated May 15, 2025 (the "**First Robertson Affidavit**"). A copy of the First Robertson Affidavit (without exhibits) is attached hereto as **Exhibit "A"**.

4. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

I. RELIEF REQUESTED

5. I swear this affidavit in support of a motion brought by the Applicants pursuant to the CCAA for an amended and restated Initial Order (the "**ARIO**"). The proposed ARIO, among other things, would:

- (a) extend the Stay of Proceedings (as defined below) to and including July 14, 2025 (the "**Stay Extension**");
- (b) approve the Pre-Filing Report of KSV Restructuring Inc., in its capacity as the proposed monitor of the Applicants (once appointed in such capacity, the "**Monitor**") dated May 9, 2025 (the "**Pre-Filing Report**"), the First Report of the Monitor, to be filed (the "**First Report**" and together with the Pre-Filing Report, the "**Monitor's Reports**") and the activities of the Monitor described therein; and

- (c) grant certain customary ancillary relief to support the Applicants' restructuring activities (as discussed in greater detail below).

6. The relief sought pursuant to this motion is supported by the Monitor. I believe the relief sought is fair and reasonable in the circumstances and in the best interests of the Applicants and their stakeholders.

II. INTRODUCTION AND BACKGROUND

7. The Company is a privately owned optical chain, offering a comprehensive selection of eyeglasses, contact lenses, prescription lenses and other optical services. The Applicants operate two complementary business segments: (i) a network of 70 optical retail stores across Ontario, Alberta, and Manitoba, owned and operated by HOLL; and (ii) a Toronto-based optical laboratory business that manufactures lenses for the retail business at cost, owned and operated by Lawrence Lab. To support its operations, the Company employs approximately 267 employees and has arrangements with 49 licensed optometrists as independent contractors.

8. As described in greater detail in the First Robertson Affidavit, prior to filing for creditor protection, the Applicants were experiencing a dire liquidity crisis and unable to meet their financial obligations as they became due. The Applicants undertook various measures to reduce operating costs and identify a long-term solution for its financial challenges, including conducting an informal sales process and refinancing the business. These processes resulted in 1001112855 Ontario Inc. ("**855 Ontario**") refinancing the senior secured debt facility previously held by Royal

Bank of Canada and providing interim financing to support the business while it prepared for these insolvency proceedings.

9. Notwithstanding the Applicants' efforts to restructure the business, enforcement actions were commenced and continued against the Applicants and their property (the "**Enforcement Actions**") by certain landlords of the Closed Stores (as defined below). The Enforcement Actions accelerated the Company's financial decline and liquidity issues, ultimately leading HOLL and Lawrence Lab to file Notices of Intention to Make a Proposal dated April 16, 2025 and April 22, 2025, respectively (together, the "**NOI Proceedings**"). The NOI Proceedings allowed the Applicants to stabilize their business operations and avoid an immediate and irreversible decline in enterprise value that would have resulted from the continuation of the Enforcement Actions. They also provided the necessary time and breathing room to negotiate arrangements with key suppliers and landlords, finalize the terms of the DIP Facility (as defined below), and advance discussions related to the Stalking Horse Agreement (as defined below).

10. On May 15, 2025, the Applicants obtained relief to take up and continue the NOI Proceedings under the CCAA pursuant to the Initial Order. Copies of the Initial Order and the Endorsement of the Honourable Justice Kimmel dated May 15, 2025 are attached hereto as **Exhibits "B"** and **"C"**, respectively. The Initial Order, among other things:

- (a) declared that the Applicants are parties to which the CCAA applies and added Hakim Optical Worldwide Lenses Inc. as an applicant within these CCAA proceedings (the "**CCAA Proceedings**");
- (b) authorized the continuation of the NOI Proceedings under the CCAA;

- (c) appointed KSV Restructuring Inc. as the Monitor in the CCAA Proceedings;
- (d) extended the stay of proceedings (the “**Stay of Proceedings**”) in favour of the Applicants and their Property until and including June 30, 2025 (the “**Stay Period**”);
- (e) approved the Applicants’ ability to borrow under a debtor-in-possession (“**DIP**”) credit facility (the “**DIP Facility**”), up to a principal amount of \$2,800,000, pursuant to a binding commitment letter dated May 8, 2025 (the “**DIP Term Sheet**”), among HOLL and Lawrence Lab, as borrowers, certain affiliates of the Applicants, as guarantors, and 855 Ontario, as lender (in such capacity, the “**DIP Lender**”), to finance the Company’s working capital requirements and other general corporate purposes, post-filing expenses and the costs incurred during these CCAA Proceedings; and
- (f) granted the Administration Charge and the DIP Lender’s Charge.

11. Since granting the Initial Order, the Applicants and an interested party (an affiliate of 855 Ontario that intends to put forward a stalking horse bid) have made significant progress, with the assistance and oversight of the Monitor, in advancing a sale and investment solicitation process (the “**Sale Procedure**”) and finalizing the terms of a stalking horse asset purchase agreement (the “**Stalking Horse Agreement**”). The Applicants intend to bring a motion in the near term to seek approval of the Sale Procedure and the Stalking Horse Agreement, which, if granted, will facilitate a going-concern sale of the business for the benefit of the Applicants and their stakeholders.

12. At this time, the Applicants and the Monitor are engaged in daily discussions with the putative stalking horse bidder and have substantially settled a form of Stalking Horse Agreement. However, due to unforeseen delays outside of the Applicants' control, the Stalking Horse Agreement has not been finalized as of the date of this affidavit, although it is expected to be finalized in the coming days. As soon as the Stalking Horse Agreement is finalized, the Applicants intend to bring a motion seeking its approval, along with the Sale Procedure.

13. Additional details regarding the Applicants' financial circumstances, liquidity crisis and need for relief under the CCAA are set out in the First Robertson Affidavit and are not repeated herein. Additional materials filed in these CCAA Proceedings are available on the Monitor's website at: <https://www.ksvadvisory.com/experience/case/hakim>.

III. THE ARIO

14. The relief sought under the Initial Order was intended to provide the stability and breathing room required to continue operations in the ordinary course during the initial Stay Period. The Applicants now seek to expand certain of the relief granted under the Initial Order pursuant to the proposed ARIO. Such relief is in the best interests of the Applicants and their stakeholders, consistent with relief granted in comparable CCAA proceedings, and supported by the Monitor and the DIP Lender.

15. The material relief sought pursuant to the proposed ARIO is discussed below.

A. Stay Extension

16. Pursuant to the Initial Order, the Court granted a Stay of Proceedings until and including June 30, 2025. The Applicants are now seeking a brief extension of the Stay Period until and

including July 14, 2025, to permit additional time to finalize the Stalking Horse Agreement and present it to this Court on notice to the service list for these CCAA Proceedings.

17. Implementing the Sale Procedure, with the Stalking Horse Agreement serving as the “stalking horse bid”, will provide the Applicants with greater certainty that the sales process will result in a going-concern transaction, while also affording the Monitor the flexibility and time needed to canvass the market for superior offers. The Applicants believe that this approach will facilitate a competitive and comprehensive sales process, providing the best opportunity for the Applicants to maximize value for their stakeholders.

18. Since the granting of the Initial Order, the Applicants have acted in good faith and with due diligence to:

- (a) stabilize the business and continue operations in the ordinary course;
- (b) negotiate the terms of the Sale Procedure and the Stalking Horse Agreement;
- (c) work with the Monitor and 855 Ontario to coordinate advances under the DIP Facility to fund the Company’s capital expenditures, professional costs, and other operating expenses;
- (d) correspond with stakeholders, including responding to inquiries from current landlords, employees and suppliers;
- (e) keep 855 Ontario apprised of operating and process developments, including the impact of delays to the process timeline and the Applicants’ DIP funding requirements;

- (f) respond to enquiries from parties that contacted the Applicants' counsel to express an interest in participating in the Sale Procedure;
- (g) negotiate consensual resolutions with the landlords of certain closed store locations (the "**Closed Stores**"); and
- (h) notify key stakeholders of the continuation of the NOI Proceedings under the CCAA,

all with the assistance of the Monitor.

19. In connection with the proposed Stay Extension, the Applicants, with the assistance of the Monitor, prepared a revised cash flow forecast (the "**Revised Cash Flow Forecast**") to determine their funding requirements during the Stay Extension period. I understand that a copy of the Revised Cash Flow Forecast will be attached to the First Report. The Revised Cash Flow Forecast demonstrates that, with the benefit of the DIP Facility, the Applicants will have sufficient cash to support their ordinary course business operations and the costs of these CCAA Proceedings through the end of the Stay Extension period.

20. The Monitor has reviewed the Revised Cash Flow Forecast and is of the view that the Applicants will have sufficient liquidity to maintain normal course operations through the Stay Extension period. Additionally, the Monitor has advised that it supports the proposed brief Stay Extension and believes that such an extension is reasonable and appropriate in the circumstances. The Stay Extension is also supported by the DIP Lender.

21. The proposed extension of the Stay of Proceedings will support the continued efforts of the Applicants to implement a going-concern transaction while undertaking the Sale Procedure to

ensure that the ultimately selected successful bid is a value maximizing transaction for the benefit of creditors and other stakeholders

22. If the Stay of Proceedings is not extended, the likely result would be the continuation and/or initiation of additional Enforcement Actions by former landlords and other creditors, significantly impairing the enterprise value of the business and compromising the Applicants' ability to complete a going-concern transaction. Further, I do not believe that any creditor will be materially prejudiced by the proposed Stay Extension. Accordingly, I believe that the proposed extension of the Stay of Proceedings is both necessary and reasonable in the circumstances.

B. Approval of the Monitor's Reports and Activities

23. The ARIO seeks approval of the Monitor's Reports, and the activities of the Monitor described therein.

24. The activities of the Monitor set out in the Monitor's Reports were undertaken in good faith and consistent with the Monitor's duties under the Initial Order. The Monitor and its counsel have provided valuable assistance to the Applicants and their stakeholders both prior to and throughout these CCAA Proceedings, including in connection with the negotiations surrounding the DIP Term Sheet, the Sale Procedure and the Stalking Horse Agreement. As such, the Applicants believe that it is fair and reasonable in the circumstances to approve the Monitor's Reports.

C. Ancillary Relief

25. I have been advised by Jesse Mighton of Bennett Jones LLP that the proposed ancillary relief reflected in the ARIO is contemplated by the Ontario form of model CCAA initial order, and

authorizes (but does not obligate) the Applicants to undertake a range of restructuring activities, including pursuing a plan of arrangement, disclaimer of contracts and other restructuring initiatives. Although the Applicants do not currently plan to utilize these restructuring tools, they are requesting approval of them at this time, should resorting to these alternatives become necessary to facilitate the restructuring of the Applicants' business.

IV. CONCLUSION

26. Since the granting of the Initial Order, the Applicants have acted in good faith and with due diligence to, among other things, stabilize their business, apprise their stakeholders of the CCAA Proceedings, and advance the Sale Procedure and the Stalking Horse Agreement, all with the assistance and oversight of the Monitor.

27. I understand that the Monitor and the DIP Lender are supportive of the relief described herein and the Monitor does not believe that any stakeholder will be materially prejudiced by the granting of the ARIO. Accordingly, I believe that the relief sought and described herein is appropriate in the circumstances.

28. I swear this affidavit in support of the Applicants' motion for the ARIO and for no other or improper purpose.

SWORN REMOTELY by Douglas Robertson stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in the Province of Ontario, on June 23, 2025 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

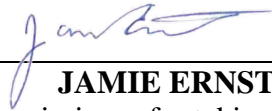

JAMIE ERNST

A Commissioner for Taking Affidavits in
and for the Province of Ontario

Doug Robertson

DOUGLAS ROBERTSON

THIS IS **EXHIBIT "E"** REFERRED TO IN THE AFFIDAVIT
OF DOUGLAS ROBERTSON, SWORN BEFORE ME
THIS 8TH DAY OF JULY, 2025.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)



Court File No. CV-25-00743383-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) FRIDAY, THE 27TH DAY
JUSTICE W.D. BLACK) OF JUNE, 2025

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
HAKIM OPTICAL LABORATORY LIMITED, LAWRENCE OPHTHALMIC LAB INC.
AND HAKIM OPTICAL WORLDWIDE LENSES INC.

Applicants

AMENDED AND RESTATED INITIAL ORDER
(Amending Initial Order dated May 15, 2025)

THIS MOTION, made by Hakim Optical Laboratory Limited ("**HOLL**"), Lawrence Ophthalmic Lab Inc. (together with HOLL, the "**Transitioned Applicants**") and Hakim Optical Worldwide Lenses Inc. (collectively the "**Applicants**", and each an "**Applicant**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an Amended and Restated Initial Order, was heard this day by judicial videoconference via Zoom.

ON READING the affidavits of Douglas Robertson sworn May 8, 2025, and the Exhibits thereto (the "**Robertson Affidavit**"), and June 23, 2025, and the Exhibits thereto, the Pre-Filing Report of KSV Restructuring Inc. ("**KSV**") as the proposed monitor dated May 9, 2025 (the "**Pre-Filing Report**"), and the First Report of KSV as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"), June 24, 2025 (the "**First Report**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel to the Applicants, counsel to KSV, and such other counsel that were present and who are identified on the counsel slip, no else appearing although duly served as appears from the affidavits of service of filed, and on reading the consent of KSV to act as the Monitor,

SERVICE AND INTERPRETATION

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

2. **THIS COURT ORDERS** that, for the avoidance of doubt, references in this Order to the "date of this Order", the "date hereof", or similar phrases refer to the date the Initial Order of this Court was granted in these proceedings, being May 15, 2025 (the "**Initial Order**").

CONTINUANCE UNDER THE CCAA

3. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

4. **THIS COURT ORDERS AND DECLARES** that, effective as of the date of the Initial Order, the proceedings commenced by the Transitioned Applicants by the filing of the Notices of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), bearing court/estate file nos. 31-3212487 and 31-3214507 (the "**NOI Proceedings**"), are hereby taken up and continued under the CCAA, and that, as of such date, the provisions of Part III of the BIA shall have no further application to the Transitioned Applicants, provided, however, that (a) any and all steps, agreements, and procedures validly taken, done, or entered into by the Transitioned Applicants or by KSV, in its capacity as proposal trustee in each of the NOI Proceedings (in such capacity, the "**Proposal Trustee**") shall remain valid and binding, and (b) nothing in this Order, shall affect, vary, derogate from, limit, or amend, and, KSV shall continue to have the benefit of, any and all of the rights, approvals and protections in favour of the Proposal Trustee, whether at law, or under the BIA, or otherwise.

5. **THIS COURT ORDERS** that, notwithstanding Section 50.4(8) of the BIA, the Transitioned Applicants (or either of them), shall not be deemed to have made an assignment in bankruptcy by reason only of their failure to file proposals with the Official Receiver.

PLAN OF ARRANGEMENT

6. **THIS COURT ORDERS** that each of the Applicants shall have the authority to file and may, subject to further Order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

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

8. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place as described in the Robertson Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**"), and that any present or future bank providing the Cash Management System shall: (i) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System; (ii) shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System; and (iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan (if any) with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

9. **THIS COURT ORDERS** that, subject to the terms of the DIP Agreement (as defined below), the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order to the extent that such expenses are incurred and payable by the Applicants:

- (a) all outstanding and future wages, salaries, employee and pension benefits (including, without limitation, employee medical, dental, registered retirement savings plan contributions and similar benefit plans or arrangements), vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, and all other payroll and benefits processing and servicing expenses;
- (b) all outstanding and future amounts invoiced to any of the Applicants from any independent contractors retained by any of the Applicants, payable prior to, on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing payment arrangements;
- (c) all outstanding or future amounts related to honouring customer obligations, including customer pre-payments, deposits, gift cards, programs and other customer loyalty programs, offers and benefits, in each case incurred in the ordinary course of business and consistent with existing policies and procedures; and
- (d) the fees and disbursements of any Assistants retained or employed by any of the Applicants in respect of these proceedings, at their standard rates and charges.

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

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

- (b) payment for goods or services actually supplied or to be supplied to any of the Applicants on or following the date of this Order.

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

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes and all other amounts related to such deductions or employee wages payable for periods following April 16, 2025 pursuant to the *Income Tax Act*, the *Canada Pension Plan*, the *Employment Insurance Act* or similar provincial statutes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by any of the Applicants in connection with the sale of goods and services by any of the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by any of the Applicants.

12. **THIS COURT ORDERS** that, unless otherwise agreed with any Landlord, until a real property lease (including any sublease and related documentation, each a "**Lease**") to which any of the Applicants is a party is disclaimed in accordance with the CCAA or otherwise consensually terminated, such Applicant shall pay, without duplication, all amounts constituting rent or payable as rent under such Lease (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the applicable

landlord (each, a "**Landlord**") under such Lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Applicants, the NOI Proceedings, or the making of this Order) or as otherwise may be negotiated between such Applicant and the Landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, monthly on the first day of each month, in advance (but not in arrears) in the amounts set out in the applicable lease or, with the consent of the Monitor, at such other time intervals and dates as may be agreed to between the applicable Applicant and Landlord. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

13. **THIS COURT ORDERS** that, except as specifically permitted herein, or any other Order of the Court, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any of the Applicants to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

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

- (a) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate;
- (b) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$500,000 in the aggregate, provided that, with respect to any real property leased premises, the Applicants may permanently, but not temporarily, shut down, but not downsize, any of its business or operations in a real property leased premises;
- (c) sell inventory in the ordinary course of business consistent with past practice, or otherwise with the consent of the Monitor and the DIP Lender;

- (d) disclaim in whole or in part, with the prior consent of the Monitor, or further Order of the Court, any of its arrangements or agreements of any nature whatsoever and with whomsoever, whether oral or written, as the applicable Applicant deems appropriate, in accordance with Section 32 of the CCAA, provided that, with respect to any real property leased premises, the debtors may vacate, abandon or quit the whole, but not part of any leased premises; and
- (e) pursue all avenues of refinancing of restructuring, selling or reorganizing its Business or Property, in whole or in part, subject to prior approval of this Court being obtained before any material refinancing, restructuring, sale or reorganization,

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

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

16. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the applicable Applicant and the Monitor, 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant Landlord shall be entitled to

take possession of any such leased premises without waiver of or prejudice to any claims or rights such Landlord may have against the applicable Applicant in respect of such Lease or leased premises, provided that nothing herein shall relieve such Landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

17. **THIS COURT ORDERS** that until and including July 14, 2025, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**", and collectively, "**Proceedings**") shall be commenced or continued against or in respect of any of the Applicants or the Monitor, or their respective employees, advisors, counsel and other representatives acting in such capacities, or affecting the Business or the Property, except with the prior written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Applicants, or their respective employees, advisors, counsel and other representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended pending further Order of this Court or the prior written consent of the Applicants and the Monitor.

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH RIGHTS

19. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, Lease, sublease, licence, authorization or permit in favour of or held by any of the Applicants, except with the prior written consent of the Applicants and the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy, and/or exemption in favour of the relevant Applicants shall be or shall be deemed to be negated, suspended, waived and/or terminated as a result of the insolvency of the Applicants or the commencement of the within proceedings.

20. **THIS COURT ORDERS** that any Person who has, or is believed or suspected to have, in their possession or power any of the Property of any of the Applicant, or any book, document or paper of any kind relating in whole or in part to an Applicant, shall promptly, upon the request of the Applicants or the Monitor, be required to produce the book, document or paper for the information of the Applicants, or to deliver to the Applicants, any property of the Applicants in their possession.

21. **THIS COURT ORDERS** that, no Person shall be entitled to set off any amounts that: (a) are or may become due to the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due from the Applicants in respect of obligations arising on or after the date of this Order; or (b) are or may become due from the Applicants in respect of obligations arising prior to the date hereof with any amounts that are or may become due to the Applicants in respect of obligations arising on or after the date of this Order, in each case without the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall prejudice any arguments any Person may want to make in seeking leave of the Court or following the granting of such leave.

CONTINUATION OF SERVICES

22. **THIS COURT ORDERS** that during the Stay Period,

- (a) all Persons having oral or written agreements or arrangements with any of the Applicants or statutory or regulatory mandates for the supply or license of goods, intellectual property and/or services, including without limitation all computer

- software, trademarks, communication and other data services, centralized banking services, cash management services, payment processing services, payroll and benefit services, insurance, freight services, transportation services, customs clearing, storage, warehouse and logistics services, utility or other services to the Business or the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply or license of such goods or services as may be required by any of the Applicants or; exercising any other remedy provided under the agreements or arrangements;
- (b) that all Persons who receive or collect proceeds from the sale of the Applicants' inventory for or on behalf of the Applicants, shall promptly remit such proceeds to the Applicants monthly, in accordance with existing arrangements without any additional set-off or deduction whatsoever; and
- (c) that the Applicants shall be entitled to the continued use of their currently occupied premises, telephone numbers, facsimile numbers, email addresses, internet addresses and domain names, provided in each case, that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the normal payment practices of the Applicants or such other practices as may be agreed upon by the supplier or service provider and the applicable Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

24. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any

of the former, current, or future directors or officers of the Applicants, with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the Applicants, whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

APPOINTMENT OF MONITOR

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

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

- (a) assist the Applicants with the Restructuring;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) monitor the Applicants' receipts and disbursements and the Applicants' compliance with the DIP Budget (as defined in the DIP Agreement), including the management and deployment/use of any funds advanced by the DIP Lender (as defined below);
- (d) assist the Applicants, to the extent required by them, in their dissemination, to the DIP Lender and its counsel on a weekly basis of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

- (e) advise the Applicants in their preparation of the Applicants' cash flow statements and the dissemination of other financial information;
- (f) advise the Applicants in their development of the Plan (if any) and any amendments to the Plan;
- (g) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (h) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' Business and financial affairs or to perform its duties arising under this Order;
- (i) assist the Applicants in communications with their stakeholders;
- (j) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

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

28. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the

Canadian Environmental Protection Act, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, the *Ontario Occupational Health and Safety Act*, the *British Columbia Environmental Management Act*, the *British Columbia Riparian Areas Protection Act*, the *British Columbia Workers Compensation Act*, the *Alberta Environmental Protection and Enhancement Act*, the *Alberta Water Act*, the *Alberta Occupational Health and Safety Act*, the *Manitoba Environment Act*, the *Manitoba Contaminated Sites Remediation Act*, or the *Manitoba Workplace Safety and Health Act*, and regulations thereunder (collectively, the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

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

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

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicants and counsel to the DIP Lender, shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of this Order, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor,

counsel to the Applicants and counsel to the DIP Lender, on such terms as such parties may agree and are hereby authorized to pay to the Monitor, counsel to the Monitor and counsel to the Applicants, retainers, *nunc pro tunc*, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

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

ADMINISTRATION CHARGE

33. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$250,000, unless permitted by further Order of this Court and with the prior written consent of the DIP Lender, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 40 and 42 hereof.

DIP FINANCING

34. **THIS COURT ORDERS** that the Transitioned Applicants are hereby authorized and empowered to execute, obtain financing and borrow under a credit facility from 1001112855 Ontario Inc. (the "**DIP Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that the borrowings under such credit facility shall not exceed \$2,800,000 unless permitted by further Order of this Court.

35. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the Debtor-In-Possession Facility Term Sheet between, among others, the Transitioned Applicants and the DIP Lender, dated as of May 8, 2025 (the "**DIP Agreement**"), filed.

36. **THIS COURT ORDERS** that the Transitioned Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, with the DIP Agreement, the "**Definitive Documents**"), as are contemplated by the DIP Agreement, or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Transitioned Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Definitive Documents (collectively, the "**DIP Obligations**"), as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

37. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property as security for the DIP Obligations, which DIP Lender's Charge shall be in the aggregate amount of the DIP Obligations outstanding at any given time under the Definitive Documents. The DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 40 and 42 hereof.

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

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon four (4) business days' prior written notice to the Applicants, the Guarantor (as defined in the DIP Agreement) and the Monitor, and otherwise subject to any Orders entered by this Court, may exercise any and all of its rights and remedies against the Applicants, the Guarantor or the Property under or pursuant to the DIP Agreement and the DIP Lender's Charge, including, without limitation, to cease making advances to the Applicants, and subject to further Order of this Court, set off and/or consolidate any amounts owing by the DIP Lender to any of the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Agreement or the DIP Lender's Charge or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a

bankruptcy order against any of the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

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

39. **THIS COURT ORDERS** that unless otherwise agreed to in writing by the DIP Lender, the DIP Lender shall be treated as unaffected in the Plan (if any) filed by any of the Applicants under the CCAA, or any proposal filed by any of the Applicants under the BIA, with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

40. **THIS COURT ORDERS** that the priorities of the security interests granted by the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

- (a) First – Administration Charge (to the maximum amount of \$250,000); and
- (b) Second – DIP Lender's Charge (to the maximum amount of \$2,800,000, plus accrued and unpaid interest, fees and expenses in accordance with the DIP Agreement).

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

42. **THIS COURT ORDERS** that each of the Charges (all as constituted and defined herein) shall be effective as against the Property and shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts (including deemed or constructive trusts), liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

43. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender and the other beneficiaries of the Charges (collectively, the "**Chargees**"), or further Order of this Court.

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

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or be deemed to constitute a breach by any of the Applicants of any Agreement to which the applicable Applicant(s) is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges or the execution or delivery of any amendment or document pursuant to the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, including with respect to the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

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

SERVICE AND NOTICE

46. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the *Globe and Mail (National Edition)*, a notice containing the information prescribed under the CCAA, and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against any of the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Subsection 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not be required to make the claims, names and addresses of individuals who are creditors publicly available, unless otherwise ordered by this Court.

47. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in these proceedings, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* R.R.O. 1990, Reg. 194, as amended (the "**Rules of Civil Procedure**"), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure, and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.ksvadvisory.com/experience/case/hakim>.

48. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable, the Applicants and the Monitor, and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding copies thereof by prepaid ordinary mail, courier, personal delivery or electronic message to the Applicants' creditors or other interested parties at their respective addresses

(including e-mail addresses) as last shown in the books and records of the Applicants and that any such service or distribution shall be deemed to be received on the earlier of (a) the date of forwarding thereof, if sent by electronic message on or prior to 5:00 p.m. (Toronto Time) (or on the next business day following the date of forwarding thereof, if sent on a non-business day); (b) the next business day following the date of forwarding thereof, if sent by courier, personal delivery or electronic message sent after 5:00 p.m. (Toronto Time); or (c) on the third (3rd) business day following the date of forwarding thereof, if sent by ordinary mail.

49. **THIS COURT ORDERS** that the Applicants and the Monitor and each of their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding copies thereof by electronic message (including by e-mail) to the Applicants' creditors or other interested parties and their advisors, as applicable. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

APPROVAL OF THE MONITOR'S REPORTS AND ACTIVITIES

50. **THIS COURT ORDERS** that the Pre-Filing Report, the First Report, and the activities of the Monitor referred to therein be and are hereby approved; provided, however, that only the Monitor, in its personal capacity and solely with respect to its own personal liability, shall be entitled to rely upon or make any use of such approval.

GENERAL

51. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of their powers and duties hereunder or in the interpretation of this Order.

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

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

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

55. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order, provided, however, that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 40 and 42 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

56. **THIS COURT ORDERS** that the Initial Order of this Court dated May 15, 2025, is hereby amended and restated pursuant to this Order, and this Order and all of its provisions are effective as of 12:01 a.m. (Toronto Time) on the date of this Order, without the need for entry or filing.



IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HAKIM OPTICAL LABORATORY LIMITED, LAWRENCE OPHTHALMIC LAB INC. AND HAKIM OPTICAL WORLDWIDE LENSES INC.

Court File No. CV-25-00743383-00CL

	<p>ONTARIO</p> <p>SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)</p> <p>Proceeding commenced in Toronto</p>
	<p>AMENDED AND RESTATED INITIAL ORDER</p>
	<p>BENNETT JONES LLP One First Canadian Place Suite 3400, P.O. Box 130 Toronto, Ontario M5X 1A4</p> <p>Sean Zweig (LSO# 573071) Tel: (416) 777-6254 Email: zweigs@bennettjones.com</p> <p>Jesse Mighton (LSO# 62291J) Tel: (416) 777-6255 Email: mightonj@bennettjones.com</p> <p>Jamie Ernst (LSO# 88724A) Tel: (416) 777-6124 Email: ernstj@bennettjones.com</p> <p>Linda Fraser-Richardson (LSO# 89718B) Tel: (416) 777-7869 Email: fraserrichardsonl@bennettjones.com</p> <p><i>Lawyers for the Applicants</i></p>

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

Court File No. CV-25-00743383-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HAKIM
OPTICAL LABORATORY LIMITED, LAWRENCE OPHTHALMIC LAB INC. AND
HAKIM OPTICAL WORLDWIDE LENSES INC.**

***ONTARIO*
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**AFFIDAVIT OF DOUGLAS ROBERTSON
(Sworn July 8, 2025)**

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
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Lawyers for the Applicants

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE)	MONDAY, THE 14 th
)	
JUSTICE W.D. BLACK)	DAY OF JULY, 2025

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
HAKIM OPTICAL LABORATORY LIMITED, LAWRENCE OPHTHALMIC LAB INC.
AND HAKIM OPTICAL WORLDWIDE LENSES INC. (collectively, the "**Applicants**")

STAY EXTENSION ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, was heard this day by way of judicial videoconference via Zoom.

ON READING the affidavit of Douglas Robertson sworn July 8, 2025, and the Exhibits thereto, and the Supplement to the First Report of KSV Restructuring Inc., in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"), dated July 8, 2025, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, and such other counsel that were present, no one else appearing although duly served as appears from the affidavit of service of Linda Fraser-Richardson filed,

SERVICE

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

EXTENSION OF THE STAY PERIOD

2. **THIS COURT ORDERS** that the Stay Period (as defined in the Amended and Restated Initial Order of this Court dated June 27, 2025) be and is hereby extended until and including August 8, 2025.

GENERAL

3. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

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

5. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Toronto Time) on the date of this Order, without the need for entry or filing.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HAKIM OPTICAL LABORATORY LIMITED, LAWRENCE OPTHALMIC LAB INC. AND HAKIM OPTICAL WORLDWIDE LENSES INC.

Court File No. CV-25-00743383-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced in Toronto

STAY EXTENSION ORDER

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HAKIM OPTICAL LABORATORY LIMITED,
LAWRENCE OPHTHALMIC LAB INC. AND HAKIM OPTICAL WORLDWIDE LENSES INC.

Court File No. CV-25-00743383-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

MOTION RECORD
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