



**First Report to Court of
KSV Restructuring Inc. as
Proposal Trustee of
Hakim Optical Laboratory Limited and
Lawrence Ophthalmic Lab Inc.**

May 9, 2025

and

**Pre-Filing Report to Court of
KSV Restructuring Inc.
as Proposed CCAA Monitor of
Hakim Optical Laboratory Limited,
Lawrence Ophthalmic Lab Inc. and
Hakim Optical Worldwide Lenses Inc.**

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
UNDER THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS
AMENDED, OF HAKIM OPTICAL LABORATORY LIMITED AND LAWRENCE
OPHTHALMIC LAB INC.**

**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.**

**FIRST REPORT OF KSV RESTRUCTURING INC.
AS PROPOSAL TRUSTEE AND PRE-FILING REPORT OF KSV
RESTRUCTURING INC. AS PROPOSED MONITOR**

May 9, 2025

1.0 Introduction

1. This report ("**Report**") has been prepared by KSV Restructuring Inc. ("**KSV**") in its capacities as: i) proposal trustee (the "**Proposal Trustee**") in connection with Notices of Intention to Make a Proposal ("**NOI**") filed on April 16, 2025 by Hakim Optical Laboratory Limited ("**Hakim Optical**") and April 22, 2025 by Lawrence Ophthalmic Lab Inc. ("**Labs**") pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") (the "**NOI Proceedings**"); and ii) proposed monitor (the "**Proposed Monitor**") in the proposed proceedings of Hakim Optical, Labs and Hakim Optical Worldwide Lenses Inc. (also known as Hakim Optical Lenses Worldwide Inc. and Hakim Optical Worldwide Lenese Inc. [sic]) ("**HOWL**", together with Hakim Optical and Labs, the "**Applicants**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

2. The principal purpose of the NOI Proceedings has been to create a stabilized environment to provide Hakim Optical and Labs with the breathing room necessary to advance the negotiation of a proposed stalking horse bid in the form of an asset purchase agreement (the “**Stalking Horse APA**”) with 1001112855 Ontario Inc. (“**855 Ontario**”), their senior secured lender, or an affiliate thereof, which, if completed, would enable the Applicants’ business to continue operating as a going concern. Copies of the certificates of filing a notice of intention to make a proposal for both Hakim Optical and Labs are included as Appendix “A”.
3. The principal purpose of the proposed CCAA proceedings is to provide the Applicants with the continued stability to operate while conducting a Court-supervised sale and investment solicitation process (the “**SISP**”) for their business and assets to complete a going-concern sale transaction, the approval of which is intended to be sought as soon as the Stalking Horse APA is finalized. The Stalking Horse APA is intended to act as a “stalking horse bid” in the SISP which would provide a higher degree of certainty of a going-concern transaction being completed.
4. KSV understands that the Applicants are making a motion to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the CCAA in the form of an initial order (the “**Initial Order**”), among other things, granting the Applicants relief under the CCAA, continuing the NOI Proceedings under the CCAA and extending the stay of proceedings, approving debtor-in-possession financing and court-ordered charges in connection therewith, and appointing KSV as monitor in the CCAA proceedings (in such capacity, the “**Monitor**”). If the Initial Order is granted, the Applicants also seek relief from the Court under the BIA for the Discharge and Termination Orders (as defined below).
5. As discussed in the Applicants’ materials, the Applicants are proposing to dispense with a comeback motion within 10 days of issuance of the Initial Order, should it be granted, as: a) all known creditors have been aware of the proceedings since the NOIs were filed; b) the Applicants would not be planning to seek any additional relief at a comeback motion; c) the Initial Order provides that all parties are at liberty to bring a motion on seven days’ notice to the Service List; and d) the Applicants intend to return to Court for approval of a SISP once the Stalking Horse APA has been completed.
6. The Affidavit of Douglas Robertson, Senior Controller of the Applicants, sworn May 8, 2025 in support of the CCAA motion (the “**Robertson Affidavit**”), provides, among other things, background information concerning the Applicants and their business, as well as the reasons for the commencement of the NOI and proposed CCAA proceedings.
7. Materials filed in the NOI Proceedings are available by KSV on its case website at www.ksvadvisory.com/experience/case/hakim (the “**Case Website**”). If the Court grants the relief set out in the proposed Initial Order, the CCAA materials filed in these proceedings will also be made available on the Case Website.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information about the Applicants, their financial position and their creditors;
 - b) summarize the activities of Hakim Optical, Labs and the Proposal Trustee since the start of the NOI Proceedings;
 - c) discuss the rationale for taking up and continuing the NOI Proceedings to proceedings under the CCAA in accordance with Section 11.6 of the CCAA, including the addition of HOWL as an Applicant;
 - d) provide KSV's qualifications to act as Monitor in the proposed CCAA proceedings;
 - e) report on the Applicants' cash flow projection (the "**Cash Flow Forecast**") for the Forecast Period (as defined below);
 - f) summarize: (i) the terms of a proposed interim financing credit facility (the "**DIP Facility**") to be made available to the Applicants by 855 Ontario Inc. (in such capacity, the "**DIP Lender**"), pursuant to an interim financing term sheet dated as of May 8, 2025 (the "**DIP Term Sheet**");
 - g) summarize the fees of the Proposal Trustee up to April 30, 2025;
 - h) discuss the rationale for the following aspects of the Initial Order:
 - i. a charge in the amount of \$250,000 (the "**Administration Charge**") on all of the Applicants' current and future assets, property and undertaking (collectively, the "**Property**") to secure the fees and disbursements of the Applicants' legal counsel, Bennett Jones LLP ("**Bennett Jones**"), the Proposed Monitor and its independent legal counsel, Chaitons LLP ("**Chaitons**"); and
 - ii. a charge on the Property in favour of the DIP Lender (the "**DIP Lender's Charge**") to secure the advances made under the DIP Facility, ranking subordinate to the Administration Charge;
 - i) recommend that the Court issue the Initial Order, among other things:
 - i. taking up and continuing the NOI Proceedings under the CCAA and including HOWL as an Applicant;
 - ii. appointing KSV as the Monitor;
 - iii. staying all proceedings and remedies in respect of the Applicants, the Monitor or affecting the Applicants' business or Property up to and including June 30, 2025;
 - iv. approving the DIP Facility;

- v. granting the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**") in the order of the priority proposed herein; and
- vi. declaring, upon continuation of the NOI Proceedings under the CCAA, that the BIA proposal provisions shall have no further application to Hakim Optical and Labs;
- j) recommend that the Court issue orders (collectively, the "**Discharge and Termination Orders**"), among other things:
 - i. approving the fees and disbursements of the Proposal Trustee in connection with the NOI Proceedings; and
 - ii. discharging KSV in its capacity as Proposal Trustee of Hakim Optical and Labs;
- k) recommend that, if the Court does not grant the Initial Order, the Court alternatively grant an order in the NOI Proceedings (the "**Alternative Order**"), among other things:
 - i. extending the period within which Hakim Optical and Labs must file proposals to and including June 30, 2025;
 - ii. authorizing the procedural consolidation of the NOI Proceedings and the NOI proceedings to be commenced by HOWL;
 - iii. approving the DIP Facility; and
 - iv. granting the Charges over the Property in the priority set out in this Report; and
- l) provide the Proposed Monitor's recommendation regarding the relief sought by the Applicants in their CCAA motion materials.

1.2 Scope and Terms of Reference

1. In preparing this Report, KSV has relied upon the Applicants' unaudited financial information, books and records, and discussions with the Applicants' management and legal counsel.
2. KSV has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, KSV expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information set out herein should perform its own diligence.

3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information relied upon in this Report is based upon the Applicants' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

2.0 Background

2.1 Corporate

1. The Robertson Affidavit provides detailed background information with respect to the Applicants' business and operations. Accordingly, that information is only summarized in this Report.
2. Hakim Optical was incorporated under the *Canada Business Corporations Act* (the "**CBCA**") by articles of incorporation dated March 6, 2015. Through former related entities, the business of Hakim Optical has been operating since 1967. It is also extra provincially registered in Manitoba, Alberta and British Columbia.
3. Labs is governed by the CBCA pursuant to articles of continuation dated March 17, 2015.
4. HOWL was incorporated on March 6, 1992 pursuant to the *Ontario Business Corporations Act*.
5. The Applicants' registered head office is located at 3430 Lawrence Avenue East, Scarborough, Ontario.
6. Sir Karim Hakimi is the founder, sole shareholder and sole director of the Applicants and Evelyn Aimis Holding Inc. ("**Evelyn Aimis**"), the non-applicant parent company of Hakim Optical, which owns certain real properties leased (where rent is accrued but not paid) to Hakim Optical. Sir Hakimi founded the Applicants' business 58 years ago when he opened the first optical laboratory in downtown Toronto and first retail store in Mississauga, Ontario and began building the brand as a nationally recognized affordable high-quality eyewear company.
7. A copy of the operating organizational chart of Hakim Optical, Labs, Evelyn Aimis and certain related parties is provided in Appendix "B".

2.2 Business of the Applicants

1. Hakim Optical is a Canadian retail optical chain offering designer and “Hakim” branded frames as well as contact lenses and safety glasses. Hakim Optical currently operates from 70 locations (including 9 locations in premises owned by Evelyn Aimis) and employs approximately 267 individuals, as summarized in the table below¹.

Province	Number of Stores	Number of Employees
Ontario	65	247
Alberta	1	6
Manitoba	4	14
Total	70	267

2. Hakim Optical is known for its distinctive orange signage and its “your eyes can have it all at Hakim Optical” advertising jingle.
3. Labs operates two laboratories in the Greater Toronto Area located at 1880 The Queensway, Etobicoke, Ontario (the “**Sherway Gardens Lab**”) and 1325 The Queensway, Toronto, Ontario (together, the “**Manufacturing Labs**”). Labs manufactures all Hakim Optical branded lenses which are then sold to Hakim Optical, its only customer, at cost, or an estimate of cost. Labs employs 10 individuals. The Applicants’ cash management is integrated such that Hakim Optical pays all costs incurred by Labs and certain of Evelyn Aimis’ operating costs (primarily insurance and property taxes for the locations where Hakim Optical operates).
4. The Proposal Trustee has been advised by Hakim Optical and Labs that HOWL has no active business operations or assets. As noted below, HOWL is a party to certain utility contracts and leases (the “**HOWL Agreements**”) where Hakim Optical operates. Notwithstanding that HOWL is a party to the HOWL Agreements, Hakim Optical is the entity that has historically made payments in respect of the HOWL Agreements.
5. The Applicants’ employees are not unionized. All employees with more than 2 years of employment are automatically enrolled in the Applicants’ defined contribution registered pension plan.
6. At its peak in 2019, Hakim Optical operated from 160 retail locations across Canada and employed over 650 individuals. Similar to other retail businesses, Hakim Optical was severely impacted by the Covid-19 pandemic, resulting in mandated store closures and significant revenue decrease. In addition, since 2019, the company has been impacted by increasing costs, the rise of foreign competition and consumer preferences shifting to online options. A cyber attack in 2022, which lasted five weeks and prevented Hakim Optical from accessing its systems, also contributed to its losses.

¹ Optometrists based out of the retail locations are neither employees nor contractors; they operate rent-free pursuant to a verbal arrangement with Hakim Optical.

7. In December 2023, Hakim Optical completed a sale of its five Atlantic Canada stores to a competitor to concentrate on its stronger performing markets, reduce operating costs and raise capital.
8. As a result of its declining financial performance, Hakim Optical took steps to exit from unprofitable stores and concentrate on specific geographic markets. Since 2020, Hakim Optical exited from approximately 90 locations, many of which were taken over by landlords many of whom have since commenced enforcement actions due to rent arrears and other claims.
9. To obtain a stay of proceedings against creditors' enforcement actions and to provide the stability required to advance a sale agreement, Hakim Optical filed an NOI on April 16, 2025. Due to the integrated nature of the Applicants' operations, Labs filed an NOI on April 22, 2025. While HOWL did not file an NOI, several of the Applicants' landlords have contacted Bennett Jones and the Proposal Trustee to inquire about HOWL's status where HOWL is named as the tenant on their lease. Certain of the landlords have advised that they may continue or seek enforcement action against HOWL since no stay of proceedings presently applies. Accordingly, HOWL is proposed to be included as an applicant in the Initial Order in order to achieve the necessary stability across the business.
10. 855 Ontario, being an arms' length party, is the Applicants' principal secured creditor. As of May 7, 2025, 855 Ontario was owed approximately \$16.3 million by the Applicants, excluding accrued interest and costs which continue to accrue. Additional information regarding 855 Ontario, its loan and security is provided in Section 2.5 below.

2.3 Financial Performance

1. The Applicants' unaudited income statements for their fiscal years ended November 30, 2023 ("**Fiscal 2023**"), November 30, 2024 ("**Fiscal 2024**") and the period December 1, 2024 to March 31, 2025 ("**YTD 2025**") are summarized below. As set out below, revenue has declined since Fiscal 2023 and losses have increased.

Hakim Optical (includes HOWL)

(\$000s; unaudited)	Fiscal 2023	Fiscal 2024	YTD 2025
<i>Peak # of Stores</i>	131	115	80
Sales	56,623	42,001	10,131
Cost of sales	10,863	7,743	1,594
Gross profit	45,760	34,258	8,537
Gross profit %	81%	82%	84%
Operating expenses	49,399	42,340	12,999
Other income and tax	(1,768)	(8)	-
Net loss	(1,871)	(8,074)	(4,462)

Labs

(\$000s; unaudited)	Fiscal 2023	Fiscal 2024	YTD 2025
Sales	5,520	3,832	813
Cost of sales	4,719	3,208	578
Gross profit	801	624	235
Gross profit %	15%	16%	29%
Operating expenses	2,112	1,722	564
Net loss	(1,311)	(1,098)	(329)

2. With respect to Hakim Optical, as reflected in the table above:
 - sales declined significantly as Hakim Optical exited from several retail stores in order to focus on its more profitable locations and core Ontario market;
 - gross margin increased slightly in recent years, in part due to the closure of certain of Labs' aged laboratory facilities and the opening of the more efficient Sherway Gardens Lab; and
 - the financial statements reflect that operating costs as a percentage of sales increased substantially, which Hakim Optical advises is primarily driven by: a) an increase in annual store rents; and b) the inclusion of accrued rent expense for certain stores that Hakim Optical has exited. As at March 31, 2025, Hakim Optical has continued to record rent expense (approximately \$360,000 per month) for 34 closed stores that, to Hakim Optical's knowledge, have not been leased to a new tenant². Accordingly, the profitability in the table above is not indicative of future profitability upon exit from restructuring proceedings.
3. With respect to Labs, as reflected in the table above:
 - Month-end adjusting entries have not yet been booked for YTD 2025. Accordingly, gross margin and net income is subject to revision and the variances are not indicative of operational improvements; and
 - Labs' business is intended to operate on a break-even basis as its sole customer is Hakim Optical which purchases finished product at cost. As noted above, Hakim Optical's and Labs' cash management is integrated such that Hakim Optical pays all costs incurred by Labs.
4. The Applicants' losses and resulting liquidity crisis resulted in Royal Bank of Canada ("RBC"), the Applicants' senior secured lender prior to January 2025, issuing demand letters and notices of intention to enforce security in September 2024 to Hakim Optical and Labs. RBC also served materials on Evelyn Aimis related to an application for the appointment of a receiver over Evelyn Aimis that RBC intended to pursue before the Court.

² Hakim Optical accrues rent until it confirms that a new tenant has leased the location it previously occupied.

5. Due to the threat of RBC enforcing on its security, the Applicants negotiated a refinancing transaction which resulted in 855 Ontario, an arms' length party whose principal was identified by Sir Hakimi in the course of the Applicants' pre-filing marketing initiatives, acquiring RBC's debt in January 2025. Pursuant to an interim financing agreement entered into at the time of the RBC debt assignment (the Bridge Loan, as defined and described in further detail below), 855 Ontario agreed to make additional advances to the Applicants to fund, among other things, the Applicants' operations while they negotiated a Stalking Horse APA with 855 Ontario (or its affiliate) and prepared for CCAA proceedings.
6. Since it acquired RBC's security, 855 Ontario has been repaid \$5 million from the sale of real property owned by Evelyn Aimis and has advanced \$3.625 million under the Bridge Loan as of May 4, 2025. This funding has been used to pay landlords, payroll and trade creditors, the majority of which had placed or were threatening to place the Applicants on credit hold and/or were demanding immediate payment of past-due obligations prior to the commencement of the NOI Proceedings.
7. 855 Ontario is no longer willing to fund the Applicants' operating costs absent filing for CCAA protection and obtaining the DIP Lender's Charge or the Alternative Order being granted. Absent support from the DIP Lender, the Applicants will not have the liquidity required to fund their immediate working capital needs in the normal course.

2.4 Financial Position

1. The unaudited, internal balance sheets of Hakim Optical and Labs as at March 31, 2025 are summarized below. The Applicants do not have separate accounting records for HOWL as it holds no assets and its only obligations are to landlords, which obligations have historically been paid by Hakim Optical.

(\$000s; unaudited)	Hakim Optical	Labs
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	60,196	6,665
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	67,073	(1,105)
Equity	(6,877)	7,770
Total Liabilities & Equity	60,196	6,665

2. The following is a brief description of certain material line items on Hakim Optical's balance sheet:

- a) Accounts receivable – Primarily represents amounts owed directly by customers (including amounts payable by insurers on behalf of the customers).
- b) Inventory – This represents the book value of inventory located at stores and the Manufacturing Labs. The inventory includes approximately two million frames which have largely been purchased in the past 10 years.
- c) Loans receivable – related party – Hakim Optical has advised the Proposed Monitor that all or substantially all of the balance represents amounts owing from Belize Dive Haven Resort and Marina Limited ("**Dive Haven**"), a related company by way of common control and incorporated in Belize, which owns a resort and marina property (the "**Resort**") off the coast of Belize. The receivable balance represents payments made by Hakim Optical on behalf of Dive Haven to vendors for work performed at or related to the Resort, with such payments made over a period of more than ten years through Fiscal 2023, including those set out in the table below³.

Fiscal Year	\$millions
2017	4.537
2018	4.121
2019	3.875
2020	4.357
2021	5.926
2022	2.349
2023	0.200
Total	25.365

Other than approximately \$200,000 paid in Fiscal 2023, the remainder of the payments were made at a time when, according to its financial statements, Hakim Optical was profitable. The total balance also includes accrued interest at an effective rate of approximately 1% per annum.

As discussed in (f) below, it appears that \$23 million of the \$25.4 million paid since Fiscal 2017 was funded by the sale of real property owned by Evelyn Aimis. The related party transactions discussed in this section may be subject to further review by the Proposed Monitor, if appointed.

- d) Accounts payable – mainly consist of trade payables (approximately \$2.27 million) and landlords for locations where Hakim Optical is no longer operating or in occupation (approximately \$7.57 million). Approximately 81% of the payables are aged over 90 days. The remaining balance primarily represents accrued payroll (due to payroll being paid in arrears) and accrued vacation.

³ The Applicants' do not maintain copies of financial records prior to November 30, 2016.

- e) Operating loan – represents the balance owing to 855 Ontario, which excludes accrued interest and fees.
 - f) Loans payable – intercompany – represents approximately \$35.7 million owing to Evelyn Aimis and \$2 million owing to Labs. The balance owing to Evelyn Aimis is comprised: i) primarily of the proceeds from the sale of real property owned by Evelyn Aimis that were deposited into Hakim Optical’s bank accounts; and ii) accrued but unpaid rent related to retail stores operating from properties owned by Evelyn Aimis, partially offset by property taxes and other expenses that Hakim Optical pays on behalf of Evelyn Aimis. Between the beginning of fiscal 2017 and March 31, 2025, the balance owing to Evelyn Aimis increased by approximately \$23 million.
3. The following is a brief description of certain material line items on Labs’ balance sheet:
- a) Accounts receivable – represents an accrual for rebates provided by lens suppliers; however, Labs intends to write off the receivable as it does not expect to receive the rebates due to unpaid arrears.
 - b) Inventory – comprised of frames and lenses located at the Manufacturing Labs.
 - c) Loans receivable (\$880,000) – intercompany – is a payable balance (being a negative amount). Labs’ records do not include any information regarding this balance. The Proposed Monitor understands that this balance existed prior to fiscal 2017.
 - d) Loans payable (\$2,234,000) – intercompany – is a receivable balance (being a negative amount) and represents amounts owed by Hakim Optical for the supply of finished product.

2.5 Secured Creditors

1. On January 21, 2025, 855 Ontario, RBC and Hakim Optical entered into an assignment agreement, whereby RBC agreed to assign and 855 Ontario agreed to assume the indebtedness owing under a letter agreement between Hakim Optical and RBC dated April 22, 2021, as amended (collectively, the “**Loan Agreement**”). Pursuant to the Loan Agreement, RBC had agreed to extend three credit facilities to Hakim Optical with an aggregate availability of approximately \$14.5 million (the “**Loan**”).
2. The Loan is guaranteed by each of Evelyn Aimis, Labs, and their parent company, 605529 Ontario Inc., up to a maximum amount of \$13.9 million, plus interest, pursuant to guarantee and postponement of claim agreements dated April 29, 2021.
3. As security for the Loan, RBC was granted, among other things, the following security:
 - a) a General Security Agreement dated April 29, 2021 granted by Hakim Optical;
 - b) a General Security Agreement dated April 29, 2021 granted by Labs; and
 - c) a Postponement and Assignment of Claim dated as of April 29, 2021 between Sir Hakimi and Hakim Optical, as amended pursuant to an amending agreement

signed by Sir Hakimi and Hakim Optical dated as April 29, 2021 (collectively, the “**Security Documents**”).

4. As described above, on January 21, 2025, 855 Ontario, as lender, Hakim Optical, as borrower, and Labs, as guarantor, among others, entered into the Bridge Financing Credit Agreement (the “**Bridge Financing Agreement**”), whereby 855 Ontario agreed to extend a non-revolving demand credit to Hakim Optical in the maximum aggregate amount of \$5 million (the “**Bridge Loan**”). The Bridge Loan was provided for the limited purpose of funding Hakim Optical’s current working capital needs, the payment of certain fees and expenses, including the professional fees and expenses incurred in respect of negotiating the Stalking Horse APA and commencing the NOI Proceedings and CCAA proceedings, and certain pre-filing obligations and other costs.
5. As noted above, as of May 7, 2025, 855 Ontario was owed approximately \$16.3 million by the Applicants, excluding accrued interest and costs which continue to accrue. The Proposed Monitor has requested that Chaitons review 855 Ontario’s security should the Initial Order be granted.
6. The Applicants also entered into agreements with two equipment lenders who each have security interests registered against their respective machines and/or vehicles pursuant to the applicable provincial personal property legislation. Both of those parties will be served with the Applicants’ CCAA motion materials
7. The Applicants have advised the Proposed Monitor that they have no amounts owing to other secured or priority creditors.

2.6 Other Creditors

1. A summary of the preliminary balances owing to the Applicants’ largest unsecured creditors as at the respective NOI filing dates are provided in the tables below⁴.

Hakim Optical

Unaudited	\$000’s
Oxford In Trust For Square One	1,016
Ivanhoe Cambridge II Inc.	560
Cushman & Wakefield Asset Services	538
Ivanhoe Cambridge Inc.	538
Kingsway Garden Holdings Inc.	510
Other (236)	6,569
Total	9,731

Of the parties summarized above, 57 creditors represent landlords for locations where Hakim Optical no longer operates and the remainder represent accrued and unpaid rent.

⁴ As set out above, HOWL does not have separate accounting records. Accordingly, any balances owing to landlords for leases where HOWL is named as the tenant are recorded in Hakim Optical’s records.

Labs

Unaudited	\$000's
Satisloh North America Inc.	465
Nikon Optical Canada Inc.	379
Centennial Optical Limited	176
Insurance Courier Services	45
Fashion Excellent (1673132 Ontario Inc)	24
Other (6)	6
Total	1,095

The creditors summarized above are almost exclusively trade creditors which supply frames, lenses and other optical products to Labs.

3.0 Continuing the NOI Proceedings as CCAA Proceedings

1. The NOI Proceedings for Hakim Optical and Labs were commenced on an urgent basis due to creditor enforcement actions and threats by suppliers to discontinue supply which necessitated the immediate statutory stay of proceedings provided by filing the NOIs. Since the NOI filings, Hakim Optical and Labs have operated in the normal course while advancing the negotiation of the terms of the DIP Facility, the Stalking Horse APA and a SISP.
2. The intention of Hakim Optical and Labs since filing the NOIs has been to take up and continue the NOI Proceedings as CCAA proceedings. This would allow each of the NOI Proceedings to be consolidated along with the addition of HOWL, eliminate the prescribed stay of proceeding periods set out in the BIA and provide the Applicants and the Monitor more stability and flexibility to carry out a SISP seeking to identify a value maximizing transaction which is in the best interest of stakeholders.
3. Neither Hakim Optical nor Labs have filed a proposal since filing the NOIs.
4. Should the Court grant the requested relief, the Initial Order contemplates that KSV would be appointed as the Monitor. KSV's qualifications to act as Monitor are summarized below.
 - a) KSV is a licensed trustee within the meaning of subsection 2(1) of the BIA. KSV is not subject to any of the restrictions set out in Section 11.7(2) of the CCAA with respect to its appointment as Monitor;
 - b) KSV has consented to act as Monitor in these proceedings should the Court grant the Initial Order. A copy of KSV's consent to act as monitor is attached as Appendix "C";
 - c) KSV has significant experience acting as CCAA monitor and other court-officer capacities in insolvency proceedings involving retail operations, and KSV is presently the Proposal Trustee and is familiar with the Applicants' business and operations;

- d) KSV Advisory Inc. (“**KSV Advisory**”), an affiliate of KSV, was engaged by Hakim Optical on March 23, 2023 to assist with, among other things: a) financial analyses and consideration of strategic initiatives involving the Applicants’ business; b) the Applicants’ reporting to RBC, following defaults under their credit agreement with RBC; c) dealings with interested parties and facilitating due diligence requests including by, among other things, establishing a data room; and d) preparing for an insolvency proceeding. During its engagement, KSV Advisory obtained an understanding of the Applicants’ business and a familiarity with their systems and management. This knowledge will assist KSV to fulfill its duties as Monitor if the Initial Order is granted; and
- e) Neither KSV nor any of its representatives or affiliates has at any time in the past two years been: (a) a director, officer or employee of the Applicants; (b) related to the Applicants, or to any director or officer of the Applicants; or (c) the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel, of the Applicants.

4.0 Cash Flow Forecast

1. The Applicants prepared a Cash Flow Forecast for the period of May 5 to August 17, 2025 (the “**Forecast Period**”). The Cash Flow Forecast and the Applicants’ statutory report thereon pursuant to Section 10(2)(b) of the CCAA are attached hereto as Appendix “D”.
2. As of May 5, 2025, the Applicants had a consolidated cash balance of approximately \$1.4 million.
3. The Cash Flow Forecast reflects that, subject to obtaining the relief sought in the Initial Order, including approval of the DIP Facility, the Applicants are projected to have sufficient liquidity to fund their obligations until the proposed stay extension period.
4. Based on KSV’s review of the Cash Flow Forecast, the cash flow assumptions appear reasonable. The Proposed Monitor’s report on the Cash Flow Forecast is attached as Appendix “E”.

5.0 DIP Facility⁵

1. The terms of the DIP Facility are set out in the DIP Term Sheet. A copy of the DIP Term Sheet is attached to the Robertson Affidavit and appended hereto as Appendix “F”. A summary of the significant terms of the DIP Facility is outlined below.
 - a) **Borrowers**: Hakim Optical and Labs.
 - b) **Lender**: 855 Ontario Inc.
 - c) **Loan Amount**: up to a maximum of \$2.8 million.

⁵ Capitalized terms not otherwise defined in this Report have the meanings ascribed to them in the DIP Term Sheet.

- d) **Maturity Date**: the Applicants are required to repay all of the obligations under the DIP Facility in full, on the earlier of:
- i. the occurrence of any Event of Default which is not cured or waived in writing, and a demand for repayment in writing having been made;
 - ii. the effective date of any Plan;
 - iii. the closing of the Accepted Sale Process Bid;
 - iv. the date that an Alternative Transaction is terminated or fails to close and there is no binding backup bid in existence;
 - v. August 15, 2025;
 - vi. any refinancing of the DIP Facility;
 - vii. the termination, expiration or conversion of the CCAA Proceedings; and
 - viii. such other date as may be agreed by the DIP Lender and the Applicants.
- e) **Guarantor**: 605529 Ontario Inc. (the parent company of Labs and Evelyn Aimis);
- f) **Interest Rate**: 10.9% per annum, calculated and compounded monthly.
- g) **Fees**: 3.5% commitment fee deducted from the Initial Advance; monthly fees of \$2,500.
- h) **Recoverable Expenses**: all reasonable and documented out-of-pocket expenses including reasonable and documented fees and expenses of the DIP Lender's legal counsel.
- i) **Security**: all draws on the DIP Facility shall be secured by the DIP Lender's Charge.
- j) **Conditions to the Initial Advance (\$200,000)**: include, among other things:
- i. KSV, or another suitable advisor, shall have been appointed as Monitor by the Court;
 - ii. the Court shall have issued the Initial Order or the Alternative Order approving, among other things, the DIP Facility and granting the DIP Lender's Charge in favour of the DIP Lender;
 - iii. no Liens ranking *pari passu* or in priority to the DIP Lender Charge over the property and assets of the Applicants; and
 - iv. no Event of Default shall have occurred or will occur as a result of the Initial Advance.

- k) **Conditions to Subsequent Advances:** include, among other things:
- i. all conditions to the Initial Advance have been and continue to be satisfied unless waived by the DIP Lender;
 - ii. the Borrowers shall have finalized the Stalking Horse APA with the Stalking Horse Purchaser, subject only to Court approval of the Borrower's authorization to execute such agreement;
 - iii. the SISP shall have been approved by the Court, and the Stalking Horse APA shall have been approved as stalking horse bid for purposes of the SISP;
 - iv. where any Subsequent Advance is made after the determination of a Successful Bid, either:
 - o the Stalking Horse APS shall have been selected as the Successful Bid in the SISP; or
 - o a bid other than the Stalking Horse APS, which bid provides for the purchase, refinancing, or recapitalization of the business of the Borrowers in form and substance acceptable to the DIP Lender that includes sufficient cash consideration on closing to repay the DIP Financing Obligations in full by no later than the Maturity Date is selected as the Successful Bid in the Sale Process (the transaction reflected in such bid, an "Alternative Transaction", and such Alternative Transaction or the Stalking Horse APS, as the case may be, the "Accepted Sale Process Bid");
 - v. the Accepted Sale Process Bid is in form and substance acceptable to the DIP Lender, and in the case of an Alternative Transaction, provides for sufficient funding resources to, in the opinion of the DIP Lender, complete the CCAA Proceedings and consummate an Alternative Transaction which fully satisfies the DIP Financing Obligations on terms and conditions acceptable to the DIP Lender;
 - vi. the Court shall have granted the AVO by no later than July 18, 2025; and
 - vii. no Event of Default shall have occurred that has not been cured.
- l) **Events of Default:** Events of default include, among other things:
- i. the Initial Order not being obtained by May 15, 2025;
 - ii. failure by the Borrowers to i) enter into an Accepted Sale Process Bid by July 11, 2025 or such later date as may be determined by the DIP Lender in its sole discretion; ii) close the Accepted Sale Process Bid by August 8, 2025; iii) deliver any Variance Report within one Business Day of every week following the Court's approval of the DIP; or iv) perform or comply with any of the covenants set out in the DIP Term Sheet;
 - iii. issuance of a Court order lifting the stay of proceedings or terminating the CCAA proceedings or the expiry or termination of the CCAA proceedings;

- iv. the actual cumulative consolidated negative variance for either i) consolidated receipts; or ii) consolidated disbursements being more than 15% of budget; and
- v. the AVO is not granted on or before July 18, 2025.

5.1 DIP Facility Recommendation

1. When reviewing the reasonableness of the DIP Facility, the Proposed Monitor considered the factors set out in Section 11.2 of the CCAA and notes, in particular, the following:
 - a) the Applicants are facing an imminent liquidity crisis and the proposed DIP Facility is the only financing source available to the Applicants to fund their immediate cash requirements;
 - b) without the cash to be provided under the DIP Facility, the Applicants will be unable to continue operating and, consequently, advance their restructuring process;
 - c) 855 Ontario is the senior secured creditor of the Applicants and is not prepared to advance additional financing outside of a CCAA proceeding or, in the alternative, without the alternative order being granted in the NOI Proceedings;
 - d) the Proposed Monitor has compared the terms of the DIP Facility to other interim financing facilities approved by Canadian courts in recent CCAA proceedings. The comparison is attached hereto as Appendix "G". Based on the Proposed Monitor's review, the cost of the proposed DIP Facility is within the range of similar facilities recently approved by the Court and other Canadian courts in CCAA and other restructuring proceedings; and
 - e) other than the commitment fee, there are no structuring, facility, standby or other fees being charged by the DIP Lender under the DIP Facility.
2. Based on the foregoing factors, the Proposed Monitor believes that the terms of the DIP Facility are appropriate and reasonable, and that the facility and the DIP Lender Charge are necessary and in the best interest of the Applicants and their stakeholders.

6.0 Court Ordered Charges

6.1 Administration Charge

1. The Applicants are seeking Court approval of an Administration Charge in an initial amount not to exceed \$250,000 to secure the fees and expenses of the Proposed Monitor, Chaitons and Bennett Jones. Significant fees and costs have been incurred by these firms to-date in preparing for these CCAA proceedings and fees will continue to be incurred.

2. The Administration Charge is a customary provision in an initial order in a CCAA proceeding; it is required to provide security to the professionals engaged to assist a debtor company and to protect them if the debtor is unable to pay professional fees and costs during the CCAA process.
3. The Applicants have worked with Bennett Jones and the Proposed Monitor to estimate the proposed quantum of the Administration Charge. The DIP Lender has advised that it supports the proposed quantum of the Administration Charge.
4. The Proposed Monitor believes that the Administration Charge is reasonable and appropriate in the circumstances given the complexities of the Applicants' proceedings. The professionals require the benefit of the Administration Charge to protect them for their pre-filing fees related to preparing for these proceedings, as well as for their fees and costs that will be incurred during these proceedings. Without such protection, the professionals are unlikely to be prepared to continue to provide services in these proceedings.

6.2 Priority of Charges

1. The two charges are proposed to rank in priority to all other encumbrances against the Property, other than any person who has not been served with notice of the motion for the Initial Order.
2. The Applicants propose that the Charges have the following priority:
 - a) first, the Administration Charge (\$250,000); and
 - b) second, the DIP Lender's Charge (up to \$2.8 million plus interest and costs).
3. The Proposed Monitor is of the view that the priority of the Charges is appropriate and in the interest of facilitating these proceedings.

7.0 Creditor Notification

1. The proposed Initial Order requires the Monitor to:
 - a) Publish, without delay, a notice in the *Globe & Mail* newspaper containing the information prescribed under the CCAA; and
 - b) within five days of the granting of the Initial Order, make the Initial Order publicly available in the manner prescribed under the CCAA;
2. If appointed Monitor, KSV will undertake these tasks, and will also post the Initial Order and all motion materials on the Case Website.

8.0 Activities of Hakim Optical and Labs

1. The activities of Hakim Optical and Labs since the start of the NOI Proceedings have included, among other things:
 - carrying on business in the ordinary course;

- dealing extensively with suppliers to secure the ongoing supply of goods and services and to ensure the continuation of utility services;
- negotiating the terms of ongoing supply from certain suppliers;
- corresponding with landlords regarding, among other things, the purpose of the NOI Proceedings, HOWL's status as a party to certain leases and contracts and certain enforcement actions in respect of HOWL, and the Applicants' intention to continue operating during the restructuring period;
- working with the Proposal Trustee, Bennett Jones and 855 Ontario with respect to advances under the Bridge Loan to fund the Applicants' normal course operating expenses;
- working with the Proposal Trustee, Bennett Jones and 855 Ontario to finalize the terms of the DIP Term Sheet and advance the Stalking Horse APA;
- working and consulting with the Proposal Trustee, Bennett Jones and 855 Ontario to facilitate the ongoing restructuring process and prepare for the proposed CCAA proceedings;
- updating, with the assistance of the Proposal Trustee, the Cash Flow Forecast and corresponding extensively with the Proposal Trustee regarding same; and
- responding to inquiries from employees, suppliers and former and current landlords.

9.0 Overview of the Proposal Trustee's Activities

1. In addition to the activities discussed above, the Proposal Trustee's activities since the start of the NOI Proceedings have included, among other things:
 - corresponding extensively with Hakim Optical and Labs regarding, among other things, supplier and landlord issues, employees, financial forecasts, the DIP Term Sheet and the conversion to CCAA proceedings;
 - meeting with certain of the Applicants' employees;
 - corresponding with Chaitons, Bennett Jones and Loopstra Nixon LLP, counsel to 855 Ontario, the DIP Lender and Stalking Horse APA purchaser, regarding various matters in these proceedings, including the DIP Term Sheet, the Cash Flow Forecast, supplier issues and the conversion to CCAA proceedings;
 - monitoring Hakim Optical's receipts and disbursements;
 - assisting the Applicants to finalize the DIP Term Sheet;
 - assisting Hakim Optical and Labs to respond to questions from their employees, suppliers and other stakeholders, and preparing a communications plan in respect of same;

- reviewing the Cash Flow Forecast and corresponding with Hakim Optical and Labs regarding same;
- drafting this Report; and
- dealing with all other matters in these proceedings not specifically addressed above.

10.0 Professional Fees

1. With respect to Hakim Optical, the Proposal Trustee's fees (excluding disbursements and HST) for the month ended April 30, 2025 total \$89,327.
2. With respect to Labs, the Proposal Trustee's fees (excluding disbursements and HST) for the month ended April 30, 2025 total \$5,911.
3. The average hourly rate for the Proposal Trustee for the referenced billing period is \$568.47 and \$381.95 for Hakim Optical and Labs, respectively.
4. Detailed invoices in respect of the fees and disbursements of the Proposal Trustee are provided as exhibits to the affidavits sworn by a representative of the Proposal Trustee, attached as Appendix "H".

11.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Court:
 - a) issue the Initial Order granting the Applicants' CCAA motion on the terms of the draft Initial Order set out in the Applicants' motion record, and
 - b) issue the Discharge and Termination Orders on the terms set out in the Applicants' motion record.
2. Alternatively, if the Court is not prepared to grant that relief, the Proposal Trustee recommends that the Court extend the time for Hakim Optical and Labs to file a proposal to June 30, 2025 and grant the Alternative Order as:
 - a) they have been acting in good faith and with due diligence;
 - b) the extension would allow Hakim Optical, Labs and the Proposal Trustee time to advance negotiation of the APA;
 - c) the Cash Flow Forecast reflects that Hakim Optical and Labs will have sufficient liquidity to operate, assuming the DIP Facility is approved as the DIP Term Sheet contemplates this alternative; and

- d) the extension will not adversely affect or prejudice any creditors or group of creditors.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS TRUSTEE IN RE THE PROPOSALS OF
HAKIM OPTICAL LABORATORY LIMITED AND
LAWRENCE OPHTHALMIC LAB INC.**

AND

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED MONITOR OF
HAKIM OPTICAL LABORATORY LIMITED,
LAWRENCE OPHTHALMIC LAB INC. AND
HAKIM OPTICAL WORLDWIDE LENSES INC
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of: Ontario
Division No.: 09 - Toronto
Court No.: 31-3212487
Estate No.: 31-3212487

In the Matter of the Notice of Intention to make a proposal of:

Hakim Optical Laboratory Limited

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

April 16, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: April 16, 2025, 14:41

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of: Ontario
Division No.: 09 - Toronto
Court No.: 31-3214507
Estate No.: 31-3214507

In the Matter of the Notice of Intention to make a proposal of:

Lawrence Ophthalmic Lab Inc.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

April 22, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: April 23, 2025, 09:43

E-File/Dépôt Electronique

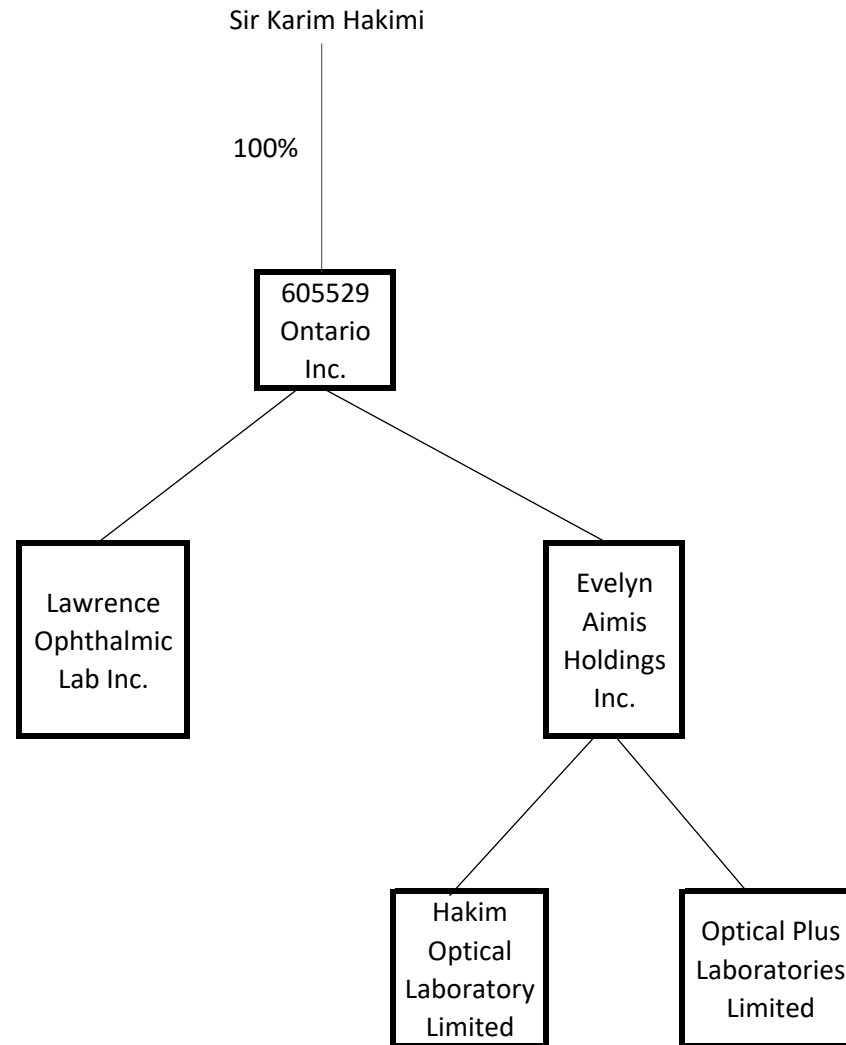
Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

Appendix “B”

**Organizational
Chart**



Appendix “C”

Court File No.: _____

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

CONSENT OF THE PROPOSED MONITOR

KSV Restructuring Inc. hereby consents to act as the Court-appointed monitor of Hakim Optical Laboratory Limited, Lawrence Ophthalmic Lab Inc. and Hakim Optical Worldwide Lenses Inc. (also known as Hakim Optical Lenses Worldwide Inc. and Hakim Optical Worldwide Lenese Inc. [sic]) (collectively, the "**Applicants**"), pursuant to the terms of the initial order contained in the Applicants' Application Record and the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in respect of these proceedings.

Dated: May 8, 2025

KSV RESTRUCTURING INC.

Per:



Name: Mitch Vininsky
Title: Managing Director

Appendix “D”

Hakim Optical Laboratory Limited, Lawrence Ophthalmic Lab Inc. and Hakim Optical Worldwide Lenses Inc. (also known as Hakim Optical Lenses Worldwide Inc. and Hakim Optical Worldwide Lenese Inc. [sic])
Projected Statement of Cash Flows
For the period ending August 17, 2025
(\$000s; unaudited)

		For the weeks ending															Total
		11-May-25	18-May-25	25-May-25	01-Jun-25	08-Jun-25	15-Jun-25	22-Jun-25	29-Jun-25	06-Jul-25	13-Jul-25	20-Jul-25	27-Jul-25	03-Aug-25	10-Aug-25	17-Aug-25	
1,2																	
Receipts																	
Deposits from stores	3	420	420	340	420	420	480	480	480	400	480	480	480	480	400	480	6,660
Deposits from insurance companies	3	120	120	100	120	120	120	120	120	100	120	120	120	120	100	120	1,740
HST refunds	4	-	-	-	-	-	-	220	-	-	-	210	-	-	-	-	430
Total Receipts		540	540	440	540	540	600	820	600	500	600	810	600	600	500	600	8,830
Disbursements																	
Utilities		80	40	40	40	40	40	40	40	40	40	40	40	40	40	40	640
Payroll	5	640	-	640	-	657	-	640	-	657	-	640	-	657	-	640	5,171
Benefits		60	-	-	-	-	60	-	-	-	60	-	-	-	60	-	240
Rent	6	-	-	-	712	-	-	-	712	-	-	-	-	712	-	-	2,136
Lab supplies	7	100	120	100	120	100	100	120	100	120	100	120	100	120	100	60	1,580
Insurance		-	-	36	-	-	3	-	36	-	3	-	36	-	3	-	118
Interest and principal	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP - interest and fees	8	-	184	-	-	-	-	-	-	-	-	-	-	-	-	-	184
Moneris fees	9	-	-	-	35	-	-	-	-	35	-	-	-	35	-	-	105
Other suppliers	9	40	65	40	40	65	40	40	65	40	40	65	40	40	65	40	725
Professional fees	10	318	-	-	-	400	-	-	-	400	-	-	-	-	300	-	1,418
Repairs and maintenance	9	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	375
Contingency	11	50	50	50	50	-	-	-	-	-	-	-	-	-	-	-	200
Total Disbursements		1,313	484	931	1,022	1,287	268	865	978	1,317	268	890	241	1,629	593	805	12,891
Opening cash balance		1,402	629	886	895	813	166	797	852	974	157	789	709	1,468	439	346	1,402
Net cash flow		(773)	56	(491)	(482)	(747)	332	(45)	(378)	(817)	332	(80)	359	(1,029)	(93)	(205)	(4,061)
Advances under the DIP Facility		-	200	500	400	100	300	100	500	-	300	-	400	-	-	-	2,800
Closing cash balance		629	886	895	813	166	797	852	974	157	789	709	1,468	439	346	141	141

Notes to Projected Statement of Cash Flow

For the period ending August 17, 2025

(Unaudited; \$CAD, 000's)

Purpose and General Assumptions

1. The cash flow projection has been prepared on the assumption that Hakim Optical Laboratory Limited, Lawrence Ophthalmic Lab Inc. and Hakim Optical Worldwide Lenses Inc. (also known as Hakim Optical Lenses Worldwide Inc. and Hakim Optical Worldwide Lenese Inc. [sic]) (collectively, the "**Companies**") are granted protection under the *Companies' Creditors Arrangement Act* ("**CCAA**") on May 15, 2025, a sale and investment solicitation process ("**SISP**") is approved on or around May 30, 2025, the SISP is conducted over five weeks, court approval of a transaction is obtained in mid-July 2025 and the transaction closes by August 15, 2025.

The cash flow projection has been prepared based on hypothetical and most probable assumptions developed and prepared by the Companies.

Hypothetical Assumptions

2. Excludes any proceeds from a transaction for the sale of the Companies' business and assets and any post-closing expenses.

Probable Assumptions

3. Reflects the Companies' estimated weekly customer collections based on year-to-date results. Assumes reduced collections during weeks with statutory holidays.
4. The Companies are in an HST refund position as they collect nominal HST on their sales. Assumes the March and April refunds, which would typically be received in April and May, respectively, are held by Canada Revenue Agency pending completion of an audit.
5. The Companies pay payroll bi-weekly. Includes a \$17,000 monthly pension obligation. Assumes no headcount reductions.
6. Represents rent for the leased locations. Excludes any rent in respect of properties that are owned by a related party, which will continue to accrue. Assumes no leases are terminated.
7. Represents payments made by Hakim Optical Laboratory Limited on behalf of Lawrence Ophthalmic Lab Inc. in respect of the purchase of frames and lenses on a cash on delivery basis.
8. Assumes that interest accrues during the projection period. The fees include estimated legal fees of the Companies' DIP lender and a 3.5% commitment fee in respect of the DIP facility, plus HST.
9. Other suppliers include waste management, office supplies, other vendors to the retail locations and property tax on leased locations owned by Evelyn Aimis. Moneris represents merchant fees.
10. Represents an estimate of the fees of the Companies' counsel, the proposed Monitor and the proposed Monitor's counsel.
11. Estimated.
12. Represents funding to be provided under the debtor in possession loan facility.

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

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

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The management of Hakim Optical Laboratory Limited, Lawrence Ophthalmic Lab Inc. and Hakim Optical Worldwide Lenses Inc. (the "**Applicants**") has developed the assumptions and prepared the attached statement of projected cash flow as of the 7th day of May, 2025 for the period May 5, 2025 to August 17, 2025 (the "**Cash Flow**"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in the notes to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual events will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in the Cash Flow using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 8th day of May, 2025.

Hakim Optical Laboratory Limited, Lawrence Ophthalmic Lab Inc. and Hakim Optical Worldwide Lenses Inc.



Doug Robertson

Appendix “E”

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.

PROPOSED MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash-flow of Hakim Optical Laboratory Limited, Lawrence Ophthalmic Lab Inc. and Hakim Optical Worldwide Lenses Inc. (collectively the "**Applicants**") as of the 7th day of May, 2025, consisting of a weekly projected cash flow statement for the period May 5, 2025 to August 17, 2025 (the "**Cash Flow**") has been prepared by management of the Applicants for the purpose described in the notes, using probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by management. We have reviewed the support provided by management for the probable and hypothetical assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in the notes and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto this 8th day of May, 2025.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED CCAA MONITOR OF
HAKIM OPTICAL LABORATORY LIMITED, LAWRENCE OPHTHALMIC LAB INC. AND
HAKIM OPTICAL WORLDWIDE LENSES INC.
AND NOT IN ANY OTHER CAPACITY**

Appendix “F”

DIP FINANCING TERM SHEET

Dated as of May 8, 2025

WHEREAS, Hakim Optical Laboratory Limited and Lawrence Ophthalmic Lab Inc. (collectively, the "**Borrowers**" and each a "**Borrower**") have requested, and the DIP Lender (as defined below) has agreed to provide financing to the Borrowers during the pendency of the Borrowers' proceedings under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") to be commenced in Toronto, Ontario (the "**CCAA Proceedings**"), such financing to be provided in accordance with the terms and conditions set out herein;

AND WHEREAS, the DIP Lender has agreed to provide financing pursuant to the terms of this DIP Financing Term Sheet in order to fund certain obligations of the Borrowers during the CCAA Proceedings and the Obligors' consummation of the Accepted Sale Process Bid (as defined below);

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

- 1. BORROWERS:** Hakim Optical Laboratory Limited and Lawrence Ophthalmic Lab Inc. The obligations of the Borrowers for the DIP Financing Obligations are joint and several, at all times.
- 2. GUARANTOR:** 605529 Ontario Inc. (the "**Guarantor**")
- 3. DIP LENDER:** 1001112855 Ontario Inc. (the "**DIP Lender**")
- 4. DEFINED TERMS:** Unless otherwise defined herein, capitalized words and phrases used in this DIP Financing Term Sheet have the meanings ascribed thereto in Schedule "A" hereto. Unless otherwise noted, all references to currency, "dollars" or "\$" shall be deemed to refer to Canadian dollars.
- 5. DIP FACILITY;
DRAWDOWNS:** A senior secured debtor-in-possession, interim, non-revolving multiple draw credit facility (the "**DIP Facility**") up to a maximum principal amount of \$2,800,000.00 (the "**Facility Amount**"), subject to the terms and conditions contained herein.

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 \$200,000.00; and
- (b) one or more subsequent advances (each a "**Subsequent Advance**"), each in a principal amount of no less than \$100,000.00, provided that the sum of the Initial Advance and the Subsequent Advances shall not exceed the Facility Amount. The timing for each Subsequent Advance shall be determined by the Borrowers and the DIP Lender based on the Borrowers' funding needs and in accordance with the DIP Budget.

The Initial Advance shall be advanced to the Borrowers by the DIP Lender by wire transfer within three (3) Business Days of the date on which each of the following are satisfied or waived by the DIP Lender: (i) the Initial Advance Conditions are satisfied, and (ii) a Borrower delivers to the DIP Lender a written borrowing request in a form acceptable to the DIP Lender (a "**Borrowing Request**") in respect of such Initial Advance.

Each Subsequent Advance shall be advanced by the DIP Lender to a Borrower by wire transfer within three (3) Business Days of the date on which such Borrower delivers to the DIP Lender a Borrowing Request in respect of such Subsequent Advance, provided that the Subsequent Advance Conditions are fully completed to the satisfaction of the DIP Lender, and provided further that the Borrowers shall only be permitted to submit one Borrowing Request every two (2) weeks, unless otherwise agreed in writing and in advance by the DIP Lender.

6. INTEREST AND FEES:

Interest shall accrue on the aggregate outstanding principal sum of the Facility Amount from the date of the funding thereof until indefeasibly paid in full at a rate equal to 10.9% per annum, calculated and compounded monthly, accruing on a monthly basis, in arrears, on the first business day of each month (or such portion thereof on a per diem basis, as may be applicable).

All interest and fees shall be computed on the basis of a year of 365 days, provided that whenever a rate of interest or fee hereunder is calculated on the basis of a year (the "**Deemed Year**") that contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or fee rate shall be expressed as a yearly rate by multiplying such rate of interest or fee by the actual number of days in the calendar year of calculation and dividing it by the number of days in the Deemed Year.

Default Interest: After the occurrence of any Event of Default (as defined below) which is continuing and either (i) of which the DIP Lender had no knowledge, or (ii) if the DIP Lender did have knowledge, in respect of which the DIP Lender has provided notice to the Obligors, the interest rate otherwise applicable hereunder shall increase by an additional 2.0% per annum calculated and compounding monthly, accruing on a monthly basis in arrears (or such portion thereof on a per diem basis, as may be applicable).

Fees: The following fees are due as DIP Financing Obligations in accordance with the following:

- (a) A commitment fee equal to 3.5% of the Facility Amount (the "**Commitment Fee**"), shall be due to, and fully earned by, the DIP Lender, and shall be deducted and satisfied from the Initial Advance; and
- (b) Recurring monthly administrative fees (and together with the Commitment Fee, the "**Fees**") shall be due to, and fully earned by

the DIP Lender in the recurring amount of \$2,500.00 per month, payable upon and as part of Subsequent Advances to occur following the first Business Day of each month after the Initial Advance and ending on the last day of the monthly period in which the DIP Financing Obligations are paid in full in cash, reduced on a per-diem basis for periods of less than 30 days as may be applicable.

7. COSTS AND EXPENSES:

The Borrowers shall be liable to reimburse, without duplication and on a full indemnity basis, the DIP Lender for all reasonable and documented out-of-pocket expenses (including reasonable and documented fees and expenses of DIP Lender's legal counsel) in connection with negotiating and documenting the DIP Facility, preparing for, and participating in the CCAA Proceedings, in its capacity as the DIP Lender, and the ongoing monitoring, administration and enforcement of the DIP Facility (together with the BF Lender's Fees and Expenses as defined under the Bridge Financing Credit Agreement, called the "**DIP Lender Expenses**"). For greater certainty, the DIP Lender Expenses shall not be subject to any cap including any amount contemplated in the DIP Budget and shall not form part of the calculation of any variances under the DIP Budget.

8. PURPOSE AND PERMITTED PAYMENTS:

The Borrowers shall use the proceeds of the DIP Facility solely for the following purposes:

- (a) to pay (i) the DIP Lender Expenses in accordance with Section 7 hereof, (ii) the reasonable and fully documented and invoiced legal fees and expenses of the Borrowers in accordance with the DIP Budget (subject to the Permitted Variance), and (iii) the reasonable and fully documented and invoiced fees and expenses of the Monitor and its legal counsel, in each case in accordance with the DIP Budget (subject to the Permitted Variance);
- (b) to pay other Fees and interest owing to the DIP Lender under this DIP Financing Term Sheet; and
- (c) to fund the Borrowers' general corporate and working capital purposes, including, funding the CCAA Proceedings and the consummation of the Accepted Sale Process Bid, all in accordance with the DIP Budget (subject to the Permitted Variance).

The Borrowers may, to the extent permitted under the CCAA Proceedings or CCAA and with the prior written consent of the Monitor and the DIP Lender, use the proceeds of the DIP Facility to pay pre-filing obligations incurred by the Borrowers in the ordinary course of business. For greater certainty, the Borrowers may not use the proceeds of the DIP Facility to pay any pre-filing obligations of the Borrowers without the prior written consent of the DIP Lender; it being agreed by the DIP Lender that such consent is not required for the Borrowers to pay any amounts owing by the Borrowers to the extent specifically identified in the DIP Budget or the

Initial Order. No proceeds may be used for any other purpose except with the prior written approval of the DIP Lender.

**9. CONDITIONS
PRECEDENT TO
INITIAL ADVANCE:**

The DIP Lender's obligation to fund the Initial Advance to the Borrowers is subject to the following conditions precedent, completed to the satisfaction of the DIP Lender (the "**Initial Advance Conditions**"):

- (a) The Obligors shall have executed and delivered this DIP Financing Term Sheet;
- (b) Obligors are in full and continuing compliance with all provisions contained in Sections 18 and 19;
- (c) All information relating to Operating Accounts have been delivered to the DIP Lender, with confirmation that none of the Other Accounts are operational or potentially active, in the sole determination of the DIP Lender;
- (d) The CCAA Proceedings shall have been commenced and are continuing in accordance with the following;
 - (i) The Initial Order shall be in a form and content acceptable to the DIP Lender;
 - (ii) Any subsequent or "comeback orders" of the Court in the CCAA Proceedings, including amendments to the Initial Order shall not adversely affect the interests of the DIP Lender, as determined in its discretion;
 - (iii) Initial Order shall be in full force and effect and, without the prior written consent of the DIP Lender, shall not have been stayed, reversed, vacated, or otherwise amended, in any manner without the prior written consent of the DIP Lender.
- (e) KSV Restructuring Inc. or another suitable advisor as may be designated by the Borrowers and approved by the DIP Lender, shall have been appointed as monitor and approved by the Court in connection with the CCAA Proceedings (the "**Monitor**");
- (f) The Ontario Superior Court of Justice (Commercial List) (the "**Court**") shall have entered an order (the "**DIP Approval Order**") in form and content satisfactory to and approved by the DIP lender, which shall approve this DIP Financing Term Sheet and include the grant by the Court of a priority charge in favour of the DIP Lender (the "**DIP Lender Charge**") on the Collateral, subject only to the Permitted Priority Liens, securing all obligations owing to the DIP Lender hereunder including, without limitation, all principal, interest and Fees owing to the DIP Lender hereunder together with the DIP Lender Expenses (collectively, the "**DIP Financing Obligations**"), such DIP Lender Charge to be subordinate only to Permitted Priority Liens;
- (g) Upon the granting of the DIP Lender Charge pursuant to the DIP

Approval Order, there shall be no Liens ranking *pari passu* with or in priority to the DIP Lender Charge over the property and assets of the Borrowers, other than the Permitted Priority Liens;

- (h) The Borrowers shall have delivered evidence of insurance held by the Borrowers that conform with the requirements set forth in this Agreement;
- (i) Absence of any: (i) Event of Default, (ii) event that, with the passage of time or the giving of notice, would constitute an Event of Default, or (iii) Material Adverse Effect since May 1, 2025;
- (j) All governmental and third-party consents and approvals necessary or required for the operation of the ongoing business enterprises of the Obligors or by the DIP Lender, if any, in connection with the DIP Facility and its effectiveness shall have been obtained and shall remain in full force and effect to the satisfaction of the DIP Lender;
- (k) All representations and warranties contained in this DIP Financing Term Sheet shall be true and correct on the date of such requested Initial Advance with the same effect as if made on and as of such date;
- (l) No Event of Default shall have occurred or will occur as a result of the Initial Advance; and
- (m) The DIP Budget has been submitted to the DIP Lender for review and approved the DIP Lender no later than three (3) Business Days prior to the proposed date for making of the Initial Advance;
- (n) A signed draw request in form and content acceptable to the DIP Lender, has been submitted to and accepted by the DIP Lender no later than two (2) Business Days prior to the proposed date for making of the Initial Advance; and
- (o) All DIP Lender Expenses and Fees incurred in connection with the establishment of the DIP Facility, as provided for herein as to fees due or as invoiced for expenses, shall have either been paid in full as and to the extent required under Section 7 (which fees and expenses may be deducted from the Initial Advance), or otherwise accrued withing the Facility Amount in such manner as is acceptable to the DIP Lender.

**10. CONDITIONS
PRECEDENT TO
EACH
SUBSEQUENT
ADVANCE:**

The DIP Lender's obligation to fund each Subsequent Advance requested by the Borrowers is subject to the satisfaction of or waiver by the DIP Lender of the following conditions precedent (the "**Subsequent Advance Conditions**");

- (a) All conditions precedent for the Initial Advance have been and continue to be satisfied by the Obligors unless specifically waived

for the purposes of this Section by the DIP Lender;

- (b) The DIP Approval Order shall not have been stayed, vacated or otherwise amended, restated or modified without the prior written consent of the DIP Lender;
- (c) There shall be no Liens ranking *pari passu* or in priority to the DIP Lender Charge in respect of the Collateral other than the Permitted Priority Liens;
- (d) The Borrowers shall have finalized the Stalking Horse APS with the Stalking Horse Purchaser, subject only to Court approval of the Borrower's authorization to execute such agreement;
- (e) The Sale Process shall have been approved by the Court, and the Stalking Horse APS shall have been approved as stalking horse bid for purposes of the Sale Process;
- (f) The Borrowers are diligently and in good faith continuing their restructuring efforts under the CCAA Proceedings;
- (g) As the case may be, where any Subsequent Advance draw requests are made after the determination of the Successful Bid, either:
 - (i) the Stalking Horse APS shall have been selected as the Successful Bid in the Sale Process; or
 - (ii) a bid other than the Stalking Horse APS, which bid provides for the purchase, refinancing, or recapitalization of the business of the Borrowers in form and substance acceptable to the DIP Lender that includes sufficient cash consideration on closing to repay the DIP Financing Obligations in full by no later than the Maturity Date is selected as the Successful Bid in the Sale Process (the transaction reflected in such bid, an "**Alternative Transaction**", and such Alternative Transaction or the Stalking Horse APS, as the case may be, the "**Accepted Sale Process Bid**");
- (h) The Accepted Sale Process Bid is in form and substance acceptable to the DIP Lender, and in the case of an Alternative Transaction, provides for sufficient funding resources to, in the opinion of the DIP Lender, complete the CCAA Proceedings and consummate an Alternative Transaction which fully satisfies the DIP Financing Obligations on terms and conditions acceptable to the DIP Lender;
- (i) The Accepted Sale Process Bid shall not have been terminated by any of the parties thereto;
- (j) The DIP Lender shall have received a drawdown request from the Borrowers in form and content acceptable to the DIP Lender which

shall include officer certificate(s) from officers of each of the Borrowers in form and substance satisfactory to the DIP Lender, certifying that each of the representations and warranties made by any Borrowers under this Agreement are true and correct on and as of the date of the subsequent advance;

- (k) By no later than July 18, 2025, the Court shall have granted an order, in form and substance acceptable to the DIP Lender, approving the Accepted Sale Process Bid (the "**AVO**") and the AVO shall not have been stayed, vacated or otherwise amended, restated or modified without the prior written consent of the DIP Lender;
- (l) All representations and warranties contained in this DIP Financing Term Sheet shall be true and correct in all material respects on the date of such requested Subsequent Advance with the same effect as if made on and as of such date (except where expressly made with reference to a specified prior date);
- (m) No Event of Default shall have occurred for any reason on or after the Initial Advance that has not been fully cured prior to the applicable Subsequent Advance; and
- (n) All DIP Lender Expenses incurred and invoiced in connection with the DIP Facility shall have been paid in full as and to the extent required under Section 7 (which expenses may be deducted from the Subsequent Advance).

11. DIP FACILITY SECURITY:

All DIP Financing Obligations shall be secured by the DIP Lender Charge and such other documents in connection with the DIP Facility as may be reasonably required by the DIP Lender from time to time (collectively, the "**Loan Documents**"), which DIP Lender Charge shall have priority over all Liens in respect of the Collateral other than the Permitted Priority Liens.

This DIP Financing Term Sheet and the DIP Approval Order shall create valid and enforceable security interests in, and Liens on, the Collateral purported to be covered thereby, which security interests and Liens shall be perfected security interests and Liens, ranking prior to all other Liens in respect of the Collateral other than the Permitted Priority Liens.

12. TERM & REPAYMENT:

The DIP Facility shall be repayable in full on the earlier of (called the "DIP Termination Date"): (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured or waived in writing, and a demand for repayment in writing having been made in accordance with Section 21 in respect thereof; (ii) the effective date of any Plan, (iii) the closing or consummation date of the Accepted Sale Process Bid; (iv) the date that an Alternative Transaction is terminated or fails to close and there is no binding backup bid in existence within three (3) Business Days thereof, (v) August 15, 2025 (the earliest of such dates being the "**Maturity Date**"), (vi) any refinancing of the DIP Facility, (vii) the termination,

expiration or conversion of the CCAA Proceedings, and (viii) such other date as may be agreed to by the DIP Lender and the Borrowers. The Maturity Date may be extended from time to time at the request of the Borrowers, and with prior written consent of the DIP Lender for such period and on such terms and conditions as the Borrowers and the DIP Lender may agree.

Amounts outstanding under the DIP Facility, including all principal, accrued interest, fees and other amounts then unpaid with respect thereto, shall be due and payable in full on the DIP Termination Date, and the DIP Facility shall be automatically terminated, without any further notice.

13. DIP BUDGET AND VARIANCE REPORTING:

The Borrowers may update and propose a revised DIP Budget to the DIP Lender no more frequently than every two (2) weeks (unless otherwise consented to in writing by the DIP Lender), in each case to be delivered to the DIP Lender and to the Monitor, no earlier than the Friday of the second week following the date of the delivery of the prior DIP Budget. If the DIP Lender has any concerns or questions about the proposed revised DIP Budget it may deliver its written request for further information or documentation (the "**DIP Information Request**") to the Borrowers, with a copy to the Monitor, within five (5) Business Days of its receipt of the proposed revised DIP Budget relating to such concerns, written answers to which (the "**Information Response**") are to be delivered by the Borrowers to the DIP Lender within two (2) Business Days following their receipt of the DIP Information Request (called the "**Information Response Date**"). If, following its review of the proposed revised DIP Budget and any Information Response, the DIP Lender determines that the proposed revised DIP Budget is not acceptable, it shall, within five (5) Business Days following its receipt of the latter of either the proposed revised DIP Budget or the Information Response Date, provide written notice ("**Refusal Notice**") to the Borrowers and the Monitor, with its reasons, stating that the proposed revised DIP Budget is refused. Until the Borrowers have delivered a revised DIP Budget acceptable to the DIP Lender, the most current prior DIP Budget accepted or deemed accepted by the DIP Lender (or which has not been subject to a Refusal Notice), shall be in effect under this DIP Financing Term Sheet.

On the last Business Day of every week following the date of the DIP Approval Order, the Borrowers shall deliver to the DIP Lender a variance report with respect to the period ending on the last Business Day immediately preceding week (the "**Variance Report**") setting forth net cash flow, actual cash receipts and disbursements and net collections on a weekly and cumulative basis since the beginning of the period covered by the then-current DIP Budget, in each case as against the then-current DIP Budget, and setting forth all the variances in comparison to the amounts set forth in respect thereof in the DIP Budget. Each Variance Report shall be explained by the Borrowers in fulsome communications with the DIP Lender promptly, but in any event no later than five (5) Business Days of delivery thereof, or such later date as may be agreed in writing by the DIP

Lender.

**14. MANDATORY &
VOLUNTARY
PREPAYMENTS:**

The Borrowers may, without any premium or penalty, prepay any amount outstanding under the DIP Facility at any time prior to the Maturity Date. Any amount prepaid or repaid under the DIP Facility may not be reborrowed.

The following amounts shall be immediately applied to repay the Facility Amount: (i) 100% of the net cash proceeds of all asset sales or other dispositions outside of the ordinary course of business by any Obligor, and (ii) 100% of any insurance or condemnation proceeds received by any Obligor.

**15. CCAA PLAN OF
ARRANGEMENT:**

Any plan of compromise or arrangement under the CCAA ("**Plan**" or "**Plan of Arrangement**") advanced by an Obligor or all of them in the CCAA Proceedings shall (i) have the result of paying in full in cash all amounts owing under this DIP Financing Term Sheet and the Bridge Financing and Security Documents, (ii) not treat the DIP Lender as an unaffected creditor in the CCAA Proceedings; (iii) provide for the exclusion of the DIP Lender from any stay of proceedings in respect of any advances; (iii) otherwise be acceptable to the DIP Lender.

**16. CASH
MANAGEMENT &
CURRENCY:**

If any payment is received by the DIP Lender hereunder in a currency other than Canadian dollars, or, if for the purposes of obtaining judgment in any court it is necessary to convert a sum due in Canadian dollars (the "**Original Currency**") into another currency (the "**Other Currency**"), the parties hereby agree, to the fullest extent permitted by Applicable Law, that the rate of exchange used shall be the rate at which the DIP Lender is able to purchase the Original Currency with the Other Currency after any premium and costs of exchange on the Business Day preceding that on which such payment is made or final judgment is given.

Subject to the terms of the Initial Order:

- a) Each Borrower shall, at its own expense, collect enforce and receive all amounts owing on its accounts in the ordinary course of its business, and any proceeds it so receives shall be subject to the terms hereof;
- b) All cheques, cash receipts, credit card sales and receipts, all collections of accounts receivable and all other proceeds, notes, instruments, or property received by a Borrower (including all amounts payable to any Borrower from a credit card issuer or credit card processor) shall be deposited into such additional and new bank accounts of the Borrowers as are approved in writing by the DIP Lender (the "**Operating Accounts**") held with a Canadian bank or financial institution approved by the DIP Lender.
- c) All commercial banking accounts with any bank or financial institution of the Borrowers in existence as of the date of the Initial

Advance shall be listed and disclosed with full particulars to the DIP Lender;

- d) The DIP Lender shall be granted access to all information available in the administration or operations of the Operating Accounts on a 'current time' basis, and the financial institution maintaining Operating Accounts shall have the irrevocable written direction of the Borrowers granting full and timely access to all information regarding Operating Accounts to and in favour of the DIP Lender;
- e) Each Borrower shall in respect of cash payments made or to be made in respect of amounts due or owing due in amounts exceeding \$1,000 that are not in-store or online customer payments: (a) direct all account debtors to deposit any and all proceeds into the Operating Accounts, (b) indicate on all of its invoices that payment should be delivered or made to the Operating Accounts, and (c) irrevocably authorize and direct any bank that maintains any Borrower's initial receipt of cash, cheques or other items to promptly wire transfer all available fund to one or more of the Operating Accounts;
- f) All Advances made under the DIP Facility shall be deposited into one of the Operating Accounts. After the occurrence and during the continuance of an Event of Default (a) the DIP Lender shall at all times have the sole authority to provide instructions regarding the disposition of funds on deposit in the Operating Accounts; (b) the Borrower authorizes and directs the DIP Lender, in the DIP Lender's sole discretion, to automatically debit the Operating Accounts for all amounts payable by the Borrower to the DIP Lender hereunder on account of the DIP Financing Obligations; (c) the Borrowers shall have no right of withdrawal from the Operating Accounts; and (d) the funds on deposit in the Operating Accounts shall at all times be subject to the DIP Lender Charge;
- g) Any Borrower who receives or otherwise has control of any such proceeds or collections, such proceeds and collections shall be held in trust by such Borrower for the DIP Lender, shall not be deposited in any account of such Borrower (other than the Operating Accounts) and shall, no later than the Business Day after receipt thereof, be deposited into the Operating Accounts or dealt with in such other fashion as such Borrower may be instructed by the DIP Lender;
- h) Without limiting the foregoing, so long as no Event of Default shall have occurred and be continuing, and subject to the DIP Budget, the Borrowers may direct, and shall have sole authority over, the manner of disposition of funds in the Operating Accounts;
- i) The DIP Lender shall record the principal amount of the

obligations owing to the DIP Lender under DIP Facility and the payment of principal and interest and all other amounts becoming due to the DIP Lender. The DIP Lender's accounts and records shall constitute, in the absence of manifest error, prima facie evidence of the amount of the obligations owing to the DIP Lender under the DIP Facility; and

- j) The Borrowers jointly acknowledge that the implementation of the foregoing cash management provisions is required for the DIP Lender to manage and monitor its Collateral and that the DIP Lender is relying on the Borrowers' acknowledgements with respect to such cash management arrangements in making the DIP Facility available to the Borrowers.

**17. REPRESENTATIONS
& WARRANTIES:**

Each Obligor represents and warrants to the DIP Lender and each Obligor acknowledges that the DIP Lender is relying upon such representations and warranties in entering into this DIP Financing Term Sheet:

- (a) The transactions contemplated by this DIP Financing Term Sheet:
 - (i) are within the corporate power of such Obligor;
 - (ii) have been duly authorized, executed and delivered by such Obligor;
 - (iii) shall constitute legal, valid and binding obligations of such Obligor, enforceable against such Obligor in accordance with their terms;
 - (iv) upon the granting of the DIP Approval Order, do not require any authorization from, the consent or approval of, registration or filing with, or any other action by, any governmental authority or any third party; and
 - (v) will not violate the organizational documents of such Obligor or any Applicable Law.
- (b) The Collateral is free and clear of all Liens other than the Permitted Liens;
- (c) None of the reports, financial statements, certificates or other written information furnished by or on behalf of the Obligors to the DIP Lender or its advisors in connection with the negotiation of this DIP Financing Term Sheet or delivered with respect thereto (as modified or supplemented by other information so furnished), contains any misstatement of material fact or omits to state any material fact necessary to make the statements therein, taken as a whole, in the light of the circumstances under which it was made, not materially misleading; provided that to the extent any such reports, financial statements, certificates or other written information therein was based upon or constitutes a forecast or

projection, each Obligor represents only that it has acted in good faith and utilized assumptions believed by it to be reasonable at the time made (it being understood that any such forecasts or projections are subject to significant uncertainties and contingencies, many of which are beyond such Obligor's control, that no assurance can be given that any such forecasts or projections will be realized and that actual results may differ from any such forecasts or projections and such differences may be material);

- (d) Such Obligor acknowledges and confirms that the Bridge Financing and Security Documents are enforceable obligations and the amounts due and owing thereunder are, as of the date of this DIP Financing Term Sheet and as the case may be, properly due and owing and the security interests granted thereunder continue to create valid and perfected security interests in the Collateral, subject in all cases to the stay of proceedings in the CCAA Proceedings;
- (e) Each Obligor is duly incorporated and validly existing under the laws of its jurisdiction of incorporation and each is qualified to carry on business in each jurisdiction in which it owns property or assets or carries on business. The business operations of each such Obligor have been and will continue to be conducted in compliance with Applicable Law. Each Obligor has the power and authority to own or lease its property, carry on business and enter into, execute, deliver and perform its obligations under this Agreement and the other Loan Documents;
- (f) Each Obligor has good and marketable title to its property and assets, and no person has any agreement, option, or right to acquire an interest in such property other than in the ordinary course of business of the Obligors other than as disclosed to the DIP Lender in writing;
- (g) The DIP Lender Charge is effective to create, in favour of the DIP Lender, a legal, valid, binding, and enforceable perfected security interest in the collateral and the proceeds and products noted therein, without the necessity of the execution of mortgages, security agreements, pledge agreements, financing statements, or other agreements or documents;
- (h) None of the Obligors, nor any of their affiliated entities, nor, to the knowledge of such individual Obligor or its affiliated entities, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) the subject or target of any Sanctions or (ii) located, organized or resident in a Designated Jurisdiction;
- (i) Subject to the obtaining of the Initial Order and the terms thereof,

all consents, notices and approvals necessary for each Obligor to enter into the transactions contemplated by this Agreement and the other Loan Documents to which it is a party have been obtained;

- (j) The DIP Budget and any forward-looking statements, estimates, and pro forma financial information furnished to the DIP Lender pursuant to any Loan Document, are based on good faith estimates and assumptions believed by the Obligors to be reasonable at the time made;
- (k) Except as otherwise disclosed to the DIP Lender, such Obligor has obtained all material licences and permits required for the operation of its business, which licences and permits remain in full force and effect and no proceedings have been commenced or threatened to revoke or amend any of such licences or permits;
- (l) Except as otherwise disclosed to the DIP Lender, such Obligor owns, or possesses the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights that are reasonably necessary for the operation of its business;
- (m) Except as otherwise disclosed to the DIP Lender, such Obligor maintains adequate insurance coverage, as is customary with companies in the same or similar business (except with respect to directors' and officers' insurance in respect of which no representation is made regarding adequacy of coverage) of such type, in such amounts and against such risks as is prudent for a business of its nature with financially sound and reputable insurers and that contain reasonable coverage and scope;
- (n) No Obligor is in default under or with respect to any Material Contract other than as disclosed in writing to the DIP Lender prior to the date hereof that individually or in the aggregate could reasonably be expected to be a Material Adverse Effect;
- (o) Subject to the terms of the Initial Order, each Obligor has filed in a timely fashion all required tax returns and reports (except in respect of any prior fiscal period for which the due date for filing the applicable tax return has not yet occurred) and paid all required taxes and remittances, including all employee source deductions (including income taxes, employment insurance and Canada pension plans), harmonized taxes, goods and services taxes, sales taxes (both federal and provincial), payroll taxes and workers compensation payments, except for any taxes that are not yet due and payable or that are in dispute, in which case appropriate reserves have been made Except as otherwise disclosed to the DIP Lender, such Obligor has maintained and paid current its obligations for payroll, source deductions, harmonized, goods and services and retail sales tax, and all other applicable taxes, and is not in arrears of its statutory obligations to pay or remit any

amount in respect of these obligations;

- (p) All payments to shareholders, directors and senior executives of the Borrowers, whether under contract or otherwise, including bonus payments, transaction payments, management fees, consulting or advisory fees or amounts payable in respect of reimbursement, in each case occurring between January 21, 2025 and the date of this Agreement, have been disclosed to the DIP Lender in writing and, to the extent known and contemplated for future payments, have been included and specified in the DIP Budget;
- (q) Such Obligor is not aware of any introduction, amendment, repeal or replacement of any Applicable Law being made or proposed which could reasonably be expected to have a material adverse effect on such Obligor or its businesses;
- (r) Except as otherwise disclosed to the DIP Lender, there is not now pending or, to the knowledge of any of the senior officers or directors of such Obligor, threatened against such Obligor, nor has such Obligor received notice in respect of, any material claim, potential claim, litigation, action, suit, arbitration or other proceeding by or before any court, tribunal, Governmental Authority or regulatory body;
- (s) All material contracts to which such Obligor is a party are in full force and effect and are valid, binding and enforceable in accordance with their terms and, other than with respect to the Bridge Financing Credit Agreement, and, except as disclosed to the DIP Lender, such Obligor has no knowledge of any default that has occurred and is continuing thereunder (other than those defaults arising as a result of the commencement of the CCAA Proceedings);
- (t) Except as disclosed to the DIP Lender, such Obligor does not have any defined benefit pension plans or similar plans providing for defined post-retirement payments, and any such plans as have been disclosed have no current or anticipated funding deficiencies over the tenure of such plans; and
- (u) Such Obligor has not entered into any material transaction or other written contractual relationship with any related party except as permitted under the Bridge Financing Credit Agreement or as otherwise disclosed to the DIP Lender.

**18. AFFIRMATIVE
COVENANTS:**

For so long as the DIP Financing Obligations remain outstanding, each Obligor agrees to do, or cause to be done on a joint and several basis, the following, unless otherwise consented to or waived in writing by the DIP Lender, acting reasonably:

- (a) Serve its court materials for the DIP Approval Order on all parties

reasonably requested by the DIP Lender's legal counsel;

- (b) (i) Provide representatives of the DIP Lender with reasonable access to its books, records, and financial information that are within its control, and (ii) cause management, the Sale Advisor and legal counsel of the Obligors (or any one of them), to cooperate with reasonable requests for information by the DIP Lender and its advisors, in each case subject to solicitor-client privilege, all Court orders and applicable privacy laws and the Obligors' confidentiality obligations to third parties, in connection with matters reasonably related to the DIP Facility, or compliance by the Obligors with their obligations under this DIP Financing Term Sheet;
- (c) Without duplication, deliver to the DIP Lender the reporting and other information required pursuant to this DIP Financing Term Sheet including, without limitation, the Variance Reports at the times set out herein;
- (d) Keep the DIP Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Obligors, the CCAA Proceedings and the Sale Process, subject to any restrictions specified in the Sale Process;
- (e) Use the proceeds of the DIP Facility only in accordance with Section 8 and in accordance with the restrictions set out herein and consistent with the DIP Budget (subject to the Permitted Variance);
- (f) Comply with the provisions of the DIP Approval Order and all other orders of the Court entered in connection with the CCAA Proceedings (collectively, the "**Court Orders**" and each a "**Court Order**");
- (g) Promptly notify the DIP Lender upon becoming aware of the occurrence or anticipated occurrence of any Event of Default;
- (h) Comply in all material respects with Applicable Law in relation to their business and in all respects with respect to the Initial Order, except if otherwise required or permitted in accordance with any Court Order;
- (i) Take all actions necessary or available to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or vacating to the extent that such appeal, reversal, modification, amendment, stay, or vacating might materially adversely affect the rights and interests of the DIP Lender;
- (j) Comply with the DIP Budget (subject to the Permitted Variance);
- (k) Provide the DIP Lender's legal counsel with draft copies of all

court materials (including motions, applications and proposed orders) that any Obligor intends to file in the CCAA Proceedings at least three (3) Business Days (or as soon as is reasonably practicable in the relevant circumstances) in advance of the service of such materials to the service list in respect of the CCAA Proceedings; provided that all such filings by the Obligors shall be in form and substance reasonably acceptable to the DIP Lender and its legal counsel;

- (l) Take all actions necessary or available to defend the Court Orders from any appeal, reversal, modifications, amendment, stay or being vacated, to the extent, if successful, such appeal reversal, modification, amendment, stay or vacation would reasonably be expected to be adverse to the interests of the DIP Lender;
- (m) Adhere in all material respects to the Sale Process;
- (n) At all times maintain adequate insurance coverage of such kind and in such amounts and against such risks as is customary for the business of such Obligor with financially sound and reputable insurers, in such amounts and against such risks as is prudent for a business of its nature with financially sound and reputable insurers and that contain reasonable coverage and scope with the DIP Lender noted as first loss payee on property insurance policies and additional insured on liability insurance policies;
- (o) Allow the DIP Lender to have access, on reasonable notice, to the Collateral, the premises upon which the Collateral is located, for the Obligors (and their respective officers and employees) to inspect, conduct appraisals and field examinations of any or all of the Collateral, and obtain information about the Collateral set out in subparagraph (b) herein, at the expense of the Borrowers.
- (p) Execute and deliver, and cause each other Obligor to execute and deliver such loan and ancillary security documentation including, without limitation, such security agreements, financing statements, discharges, opinions or other documents and information, if required or desirable in the DIP Lender's and its counsel's reasonable discretion, upon the DIP Lender's request, it being acknowledged that no such documentation or other actions are required in connection with the Initial Advance (all of which are included as Loan Documents); and
- (q) Promptly provide notice to the DIP Lender and its counsel, and keep them otherwise apprised, of any material developments in respect of any material contract, and of any material notices, orders, decisions, letters, or other documents, materials, information or correspondence received from any regulatory authority having jurisdiction over such Obligor.

19. NEGATIVE

For so long as any Advances remain outstanding, each Obligor covenants

COVENANTS:

and agrees not to do, or cause not to be done, the following, unless otherwise consented to or waived in writing by the DIP Lender, acting reasonably:

- (a) Enter into any sale and leaseback agreement, transfer, convey or dispose of all or any part of its property, assets or undertaking outside of the ordinary course of business, except such asset sales or dispositions as are permitted pursuant to the Court Orders;
- (b) Permit the transfer of any funds advanced in connection with this DIP Financing Term Sheet to any third person, officer, director, shareholder or affiliate of an Obligor without the prior written consent of the DIP Lender;
- (c) Enter into, renew, amend, modify or assume any employment, consulting, management, service or analogous agreement or arrangement with any director, senior or executive officer or senior management of the Obligors or any related party, or make any payment to any such Person in respect of any bonus, severance package or other payment of any kind whatsoever other than (a) as consented to in writing and in advance by each of the Monitor and the DIP Lender; or (b) as set out in the DIP Budget or the Initial Order;
- (d) Make any payment, including, without limitation, (i) any payment of principal, interest or fees, in respect of pre-filing indebtedness, (ii) in respect of any other pre-filing liabilities, or (iii) in respect of any management, consulting, advisory or similar fee, commission or distribution, in each case, other than with the consent of the Monitor and the DIP Lender, in such amounts as are set out in the DIP Budget;
- (e) Re-activate or use Other Accounts for any purpose without the prior written consent of the DIP Lender;
- (f) Create or permit to exist any indebtedness other than (A) the indebtedness existing as of the date hereof, (B) the DIP Financing Obligations and (C) post-filing trade payables or other obligations incurred in the ordinary course of business in accordance with the DIP Budget (subject to the Permitted Variance);
- (g) Request or receive any Subsequent BF Advances under the Bridge Financing Credit Agreement;
- (h) Make any loans, provide any guarantees, grants of financial assistance, distribution, dividend, return of capital or other distribution in respect of, or any redemption of, equity securities (in cash, securities or other property or otherwise) and for clarity shall not make or give any financial assurances;
- (i) Make any investments or acquisitions whether direct or indirect in

any business or otherwise;

- (j) Cease (or threaten to cease) to carry on their business or activities as currently being conducted or modify or alter in any material manner the nature and type of their operations, business or the manner in which such business is conducted;
- (k) Challenge, or support any other Person's challenge of, the Bridge Financing and Security Documents, the DIP Lender Charge and claims of the DIP Lender under and in connection with this DIP Financing Term Sheet;
- (l) Commence, continue or seek court approval of any Plan involving liquidation of the Collateral;
- (m) Create or permit to exist any Liens on any of its properties or assets other than the Permitted Liens;
- (n) Amalgamate, consolidate with or merge into or sell all or substantially all of its assets to another person or entity, or change its corporate or capital structure (including their organizational documents) or enter into any agreement committing to such actions except with the prior written consent of the DIP Lender;
- (o) Apply for, or consent to, any court order or any change or amendment to any order, issued in the CCAA Proceedings, including to seek, obtain, support, make or permit to be made any Court Order or any change, amendment or modification to any Court Order, except with the prior written consent of the DIP Lender;
- (p) Without the prior written consent of the DIP Lender, cease to carry on their business or activities or any material component thereof as currently being conducted or modify or alter in any material manner the nature and type of their operations or business;
- (q) Terminate or amend any Material Contract if the effect of such termination or amendment would be a Material Adverse Effect
- (r) Amend any of its organizational documents, its name, fiscal year end or accounting standards, except pursuant to a Court Order; or
- (s) Seek, or consent to the appointment of, a receiver or trustee in bankruptcy or any similar official in any jurisdiction.

**20. EVENTS OF
DEFAULT:**

The occurrence of any one or more of the following events shall constitute an event of default (each an "**Event of Default**") under this DIP Financing Term Sheet:

- (a) Failure by the Borrowers to pay: (i) principal within two (2) Business Days of such amounts becoming due under this DIP Financing Term Sheet; (ii) interest or other amounts within two (2) Business Days of such amounts becoming due under this DIP Financing Term Sheet; or (iii) costs, fees and expenses of the DIP Lender in accordance with Section 7 hereof within five (5) Business Days of receiving an invoice therefor;
- (b) Failure by the Borrowers to (i) enter into the Accepted Sale Process Bid by July 18, 2025, or such later date as may be determined by the DIP Lender in its sole discretion; (ii) close the Accepted Sale Process Bid by August 14, 2025 or such later date as may be determined by the DIP Lender in its sole discretion, (iii) deliver any Variance Report within one (1) Business Day of the date set out therefor in Section 13 or (iv) perform or comply with any of the other covenants set out herein;
- (c) Any representation or warranty by the Obligor made in this DIP Financing Term Sheet is or proves to be incorrect or misleading in any material respect as of the date made;
- (d) Any Obligor fails to perform or observe any of its obligations or covenants under this Agreement or the other Loan Documents in any material respect;
- (e) If a proceeding is commenced or consented to by any Obligor challenging the validity, priority, perfection or enforceability of any of the Loan Documents;
- (f) Unless otherwise consented to in writing by the DIP Lender, an application is brought for the expiry or termination of the CCAA Proceedings, or the termination or expiration of the stay issued thereunder or the granting of relief from such stay in favour of any Person not agreed to in advance and in writing by the DIP Lender;
- (g) Issuance of a Court Order: (i) dismissing the CCAA Proceedings or lifting the stay in the CCAA Proceedings to permit the enforcement of any security against any Obligor or the Collateral, the appointment of a receiver, interim receiver or similar official, an assignment in bankruptcy, or the making of a bankruptcy order against or in respect of any Obligor, in each case which order is not stayed pending appeal thereof, and other than in respect of a non-material asset not required for the operations of the Obligor's business; (ii) granting any other Lien in respect of the Collateral that is senior in priority to or *pari passu* with the DIP Lender Charge other than as permitted pursuant to this DIP Financing Term Sheet (including, for greater certainty, any Permitted Priority Liens), or (iii) that contravenes or is inconsistent with this Agreement or the other Loan Documents that adversely affect the interests of the DIP Lender, as determined by the DIP Lender in its sole discretion staying, including the reversal, vacating or other

modification of this DIP Financing Term Sheet or the DIP Lender Charge, (iv) that stays, reverses, appeals, vacates, discharges, terminates or amends the Initial Order (or the Monitor's appointment thereunder), without the prior written consent of the DIP Lender, and (v) which varies priority of the DIP Lender Charge set out in the Initial Order without the prior written consent of the DIP Lender;

- (h) As at the due date of any Variance Report, there shall exist a negative variance from the DIP Budget in excess of 15% (excluding from such calculation any variance in the DIP Lender Expenses and/or the fees and expenses payable to the Monitor and its counsel) (the "**Permitted Variance**") in either (i) consolidated receipts or (ii) consolidated disbursements, in each case on a cumulative basis since the beginning of the period covered by the then-current DIP Budget;
- (i) The denial or repudiation by the Borrowers or any other Obligor of the legality, validity, binding nature or enforceability of this DIP Financing Term Sheet;
- (j) The DIP Approval Order is not granted on or before May 15, 2025 or such later date as acceptable to the DIP Lender in its sole discretion;
- (k) If there occurs, in the reasonable judgment of the DIP Lender, a Material Adverse Effect since the date of making of the Initial Order;
- (l) The AVO is not granted on or before July 18, 2025, or such later date as acceptable to the DIP Lender in its sole discretion; or
- (m) Either of the DIP Approval Order or the AVO is stayed, vacated or otherwise amended, restated or modified without the prior written consent of the DIP Lender in its sole discretion.

21. REMEDIES:

Upon the occurrence of an Event of Default, the DIP Lender may (i) immediately terminate its commitments hereunder, and (ii) upon not less than two (2) Business Days' prior written notice to the Obligors and the Monitor, and otherwise subject to the provisions of the Court Orders, declare the DIP Financing Obligations to be immediately due and payable and may thereafter, exercise any and all of its rights and remedies against the Obligors or the Collateral under or pursuant to this DIP Financing Term Sheet and the DIP Lender Charge, including, without limitation:

- (a) apply to the Court for appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against any Obligor and for the appointment of a trustee in bankruptcy of any Obligor;
- (b) set off or consolidate any amounts then owing by the DIP Lender

to the Obligors against the obligations of any such Obligor to the DIP Lender (in its capacity as such) hereunder; and

(c) exercise all such other rights and remedies under Applicable Law.

22. GUARANTEES:

The Guarantor hereby absolutely and unconditionally guarantees and agrees to be liable for the full and indefeasible payment and performance when due of the DIP Financing Obligations. The guarantee contained in this Section 22 is a guarantee of payment and not of collection.

The Guarantor agrees that, following an Event of Default, and subject to Section 21, the DIP Lender need not attempt to collect any DIP Financing Obligations from the Borrowers or any other Person or to realize upon any Collateral, but may require a Guarantor to make immediate payment of all of the DIP Financing Obligations to the DIP Lender when due.

The liability of the Guarantor under the guarantee contained in this Section 22 is continuing, absolute and unconditional and will not be affected by any act, omission, event or circumstance that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the liability of such Guarantor hereunder, other than the indefeasible payment in full of the DIP Financing Obligations, and any and all such legal and equitable defences (other than the indefeasible payment in full of the DIP Financing Obligations) are hereby expressly waived by the Guarantor.

23. INDEMNITY AND RELEASE:

The Obligors absolutely and unconditionally, jointly and severally, agree to indemnify and hold harmless the DIP Lender, the Monitor and their respective directors, officers, employees, advisors (including legal counsel) and agents (all such persons and entities being referred to hereafter as "**Indemnified Persons**") from and against any and all actions, suits, proceedings, claims, losses, damages and liabilities of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against any Indemnified Person as a result of or arising out of or in any way related to the DIP Facility or this DIP Financing Term Sheet and, upon demand, to pay and reimburse any Indemnified Person for any reasonable legal or other reasonable out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding or claim; provided, however, the Obligors shall not be obligated to indemnify any Indemnified Person against any loss, claim, damage, expense or liability (x) to the extent it resulted from the gross negligence or willful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction, or (y) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Obligors. The Obligors shall not be responsible or liable to any Indemnified Person or any other person for consequential damages, loss of profits or punitive damages.

24. FURTHER

The Obligors shall, at their sole expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further

- ASSURANCES:** acts, documents and things as the DIP Lender may reasonably request for the purpose of giving effect to this DIP Financing Term Sheet.
- 25. ENTIRE AGREEMENT;
CONFLICT:** This DIP Financing Term Sheet, including the schedules hereto, constitutes the entire agreement between the parties relating to the subject matter hereof.
- 26. AMENDMENTS,
WAIVERS, ETC.:** No amendment of any provision of this DIP Financing Term Sheet shall be effective unless agreed to in writing by the Obligors and the DIP Lender and, in the case of any material amendment, the Monitor.
- 27. ASSIGNMENT:** The DIP Lender may absolutely and without restriction assign all rights and obligations it has under this DIP Financing Term Sheet and its rights and obligations hereunder, in whole or in part, to any Person or affiliate entity including the Stalking Horse Purchaser or such other affiliate as it may designate in its sole discretion, provided that in no event shall the DIP Lender (or any of them) be relieved of its obligations hereunder as a result of such assignment unless such assignee agrees in writing to become party to and become bound hereunder as a DIP Lender.
- The DIP Lender may otherwise assign this DIP Financing Term Sheet and its rights and obligations hereunder in whole or in part to another person or entity on notice to the Monitor and the Borrowers, subject in all cases to providing the Monitor and Borrowers with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of such assigning DIP lender hereunder. Notice to the Borrowers and Monitor shall constitute deemed notice on all Obligors.
- Neither this DIP Financing Term Sheet nor any right or obligation hereunder may be assigned by the Borrowers.
- 28. SEVERABILITY:** Any provision in this DIP Financing Term Sheet, which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.
- 29. NO THIRD-PARTY BENEFICIARY:** No person, other than the Obligors and the DIP Lender is entitled to rely upon this DIP Financing Term Sheet and the parties expressly agree that this DIP Financing Term Sheet does not confer rights upon any other party.
- 30. COUNTERPARTS AND ELECTRONIC SIGNATURES:** This DIP Financing Term Sheet may be executed in any number of counterparts and by electronic transmission including "pdf", DocuSign or other electronic format, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall

constitute one and the same instrument.

31. NOTICES:

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the such Person at its address set out on its signature page hereof, provided that any notice to the Guarantor shall be well and sufficiently given if delivered personally or sent to the Borrowers at the addresses set out on the signature page hereof. Any such notice, request or other communication hereunder shall be concurrently sent to the Monitor.

Any such notice, request or other communication shall be deemed to be given and received when received, unless received after 5:00 Eastern Time or on a day other than a Business Day, in which case the notice shall be deemed to be received the next Business Day.

32. GOVERNING LAW:

This DIP Financing Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[Signature pages follow]

IN WITNESS HEREOF, the parties hereby execute this DIP Financing Term Sheet as at the date first mentioned above.

DIP LENDER

Address: 4 Wheeler Drive, Bolton,
Ontario, L7E 4H8

Attention: Ali Azad

Email: rightcapitalgroup@gmail.com

100112855 ONTARIO INC.

Per: _____



Name:

Title:

With a copy to:

Loopstra Nixon LLP
2800-130 Adelaide St. W
Toronto, Ontario
M5H 1P9

Attention: Maurice V. Fleming

Email: mfleming@ln.law

BORROWERS:

Address: 3430 Lawrence Avenue East,
Toronto, ON M1H 1A9

Attention: Doug Robertson

Email: douglas.r@hakimoptical.ca

With a copy to:

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario

Attention: Jesse Mighton
(mightonj@bennettjones.com)

Address: 3430 Lawrence Avenue East,
Toronto, ON M1H 1A9

Attention: Doug Robertson

Email: douglas.r@hakimoptical.ca

With a copy to:

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario

Attention: Jesse Mighton
Email: mightonj@bennettjones.com

HAKIM OPTICAL LABORATORY LIMITED

Per: _____

Name: Karim Hakimi

Title: President

Per: _____

Name: Karim Hakimi

Title: President

LAWRENCE OPHTHALMIC LAB INC.

GUARANTOR:

605529 ONTARIO INC.

Address: 3430 Lawrence Avenue East,
Toronto, ON M1H 1A9

Per: _____

Name: Karim Hakimi

Title: President

Attention: Doug Robertson

Email: douglas.r@hakimoptical.ca

With a copy to:

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario

Attention: Jesse Mighton

Email: mightonj@bennettjones.com

SCHEDULE "A"

DEFINED TERMS

"Accepted Sale Process Bid" has the meaning ascribed thereto in Section 10.

"Administration Charge" means an administration charge in an aggregate amount not to exceed \$250,000 pursuant to the DIP Approval Order, which shall rank in priority to the DIP Lender Charge.

"Advance" means the Initial Advance and each Subsequent Advance.

"Applicable Law" means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations and all applicable official directives, orders, judgments and decrees of any Governmental Authority having the force of law and binding on such Person.

"BF Lender" means 1001112855 Ontario Inc., as lender in the Bridge Financing and Security Documents.

"Borrower" and **"Borrowers"** have the meanings ascribed thereto in the Recitals.

"Bridge Financing and Security Documents" means, collectively, the Bridge Financing Credit Agreement, the other Loan Documents (as defined in the Bridge Financing Credit Agreement), including any other document or agreement delivered in connection therewith and all amendments, modifications, schedules, and addenda thereto to the date hereof.

"Bridge Financing Credit Agreement" means the amending agreement to the HOLL credit agreement dated as of January 21, 2025, between, *inter alios*, the Hakim Optical Laboratory Limited, as borrower, Lawrence Ophthalmic Lab Inc., as a guarantor, and the BF Lender, as lender, including any other document or agreement delivered in connection therewith and all amendments, modifications, schedules, and addenda thereto to the date hereof.

"Business Day" means any day other than a Saturday, Sunday or any other day in which banks in Toronto, Ontario are not open for business.

"CCAA" has the meaning ascribed in the Recitals.

"CCAA Proceedings" has the meaning ascribed thereto in the Recitals.

"Collateral" means all of the Obligors' now owned or existing or hereafter acquired, created or arising and wherever located, assets and property and their estate, real or personal, tangible or intangible, now owned or hereafter acquired, whether arising before or after the DIP Approval Order, including, without limitation, all Operating Accounts, permits, contracts, general intangibles, instruments, equipment, accounts, and documents, all goods, inventory and fixtures, all documents, cash, cash equivalents, chattel paper, letters of credit and letter of credit rights, investment property, money, insurance, receivables, receivables records, deposit accounts, collateral support, supporting obligations and instruments, all interests in leaseholds and real properties, all patents, copyrights, trademarks, tradenames and other intellectual property, all equity interests, all books and records relating to the foregoing, all other personal and real property of each Obligor, and all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing.

"Court" has the meaning ascribed thereto in Section 9.

"Court Order" and **"Court Orders"** have the meanings ascribed thereto in Section 18(f).

"Designated Jurisdiction" means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

"DIP Approval Order" has the meaning ascribed thereto in Section 9.

"DIP Budget" means the weekly financial projections prepared by the Borrowers and approved by the Monitor, in form and substance acceptable to the DIP Lender, for the 13-week period following the commencement of the CCAA Proceedings containing, among other things, anticipated cash flow, cash receipts and disbursements, and sales, the initial form of which is attached as Schedule "B", and which may be amended from time to time in accordance with Section 13.

"DIP Facility" has the meaning ascribed thereto in Section 5.

"DIP Financing Obligations" has the meaning ascribed thereto in Section 9.

"DIP Lender" has the meaning ascribed thereto in Section 3.

"DIP Lender Charge" has the meaning ascribed thereto in Section 9(f).

"DIP Termination Date" has the meaning ascribed thereto in Section 12.

"Event of Default" has the meaning ascribed thereto in Section 20.

"Facility Amount" has the meaning ascribed thereto in Section 5.

"Filing Date" means the date of commencement of the CCAA Proceedings.

"Governmental Authority" means any federal, provincial, state, municipal, local or other government, governmental or public department, commission, board, bureau, agency or instrumentality, domestic or foreign and any subdivision, agent, commission, board or authority of any of the foregoing.

"Initial Advance" has the meaning ascribed thereto in Section 5.

"Initial Advance Conditions" has the meaning ascribed thereto in Section 9.

"Initial Order" means an order issued by the Court at the commencement of the CCAA Proceedings granting relief to the Borrowers under the CCAA.

"Liens" means all liens, hypothecs, charges, mortgages, trusts, deemed trusts (statutory or otherwise), encumbrances and security interests of every kind and nature whatsoever.

"Loan Documents" has the meaning ascribed thereto in Section 11.

"Material Adverse Effect" means any matter, event or circumstance that, individually, or in the aggregate could, in the opinion of the DIP Lender, acting reasonably, be expected to have a material adverse effect on: (a) the business, assets, properties, liabilities (actual or contingent), operations or condition (financial or otherwise) of the Obligors, taken as a whole; (b) the validity or enforceability of the Loan Documents; (c) the perfection or priority of any encumbrance granted by any Obligor or any other Person pursuant to the Loan Documents; (d) the rights or remedies of the DIP Lender under any Loan Document; or (e) the ability of any Obligor to perform any of its material payment obligations under any Loan Document to which it is a party.

"Material Contract" means any contract, licence or agreement: (i) to which any Obligor is a party or is bound; (ii) which is material to, or necessary in, the operation of the business of any Obligor; and (iii) which an Obligor cannot promptly replace by an alternative and comparable contract with comparable commercial terms.

"Maturity Date" has the meaning ascribed thereto in Section 12.

"Monitor" has the meaning ascribed thereto in Section 9.

"Obligors" means, collectively, the Borrowers and the Guarantor and **"Obligor"** means each of them individually.

"Operating Accounts" has the meaning ascribed thereto in Section 16(b).

"Original Currency" has the meaning ascribed thereto in Section 16.

"Other Accounts" means any inactive accounts maintained by a Borrower with any bank or other financial institution within five (5) years preceding the Initial Advance.

"Other Currency" has the meaning ascribed thereto in Section 16.

"Permitted Liens" means (i) the DIP Lender Charge; (ii) validly perfected Liens existing prior to the date hereof; (iii) inchoate statutory Liens arising after the Filing Date in respect of any accounts payable arising after the Filing Date in the ordinary course of business, subject to the obligation to pay all such amounts as and when due; and (iv) the Permitted Priority Liens.

"Permitted Priority Liens" means the Administration Charge.

"Permitted Variance" has the meaning ascribed thereto in Section 20(h).

"Person" means an individual, partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan of Arrangement" or **"Plan"** has the meaning ascribed thereto in Section 15.

"Sale Advisor" means KSV Restructuring Inc. or such replacement advisor appointed by the Obligors.

"Sale Process" means the court-supervised sale process to be conducted by the Sale Advisor on behalf of the Obligors, subject to the approval of the Court, seeking bids for the purchase and sale of the business of the Borrowers (or any one of them) and/or Collateral.

"Sanctions" means any sanction administered or enforced by the Government of Canada, including the United Nations Security Council, the European Union, Her Majesty's Treasury or other Governmental Authority or relevant sanctions authority.

"SHB Transaction" means the purchase and sale transaction(s) contemplated in the Stalking Horse APS.

"Stalking Horse APS" means a definitive agreement of purchase and sale entered into between the Borrowers and the Stalking Horse Purchaser for the purpose of acting as a stalking horse bid in connection with the Sale Process, subject to Court approval.

"Stalking Horse Purchaser" means an entity that is an affiliate of the DIP Lender formed for the purpose of executing the SHB Transaction through the Stalking Horse APS and Sale Process.

"Subsequent Advance" has the meaning ascribed thereto in Section 5.

"Subsequent Advance Conditions" has the meaning ascribed thereto in Section 10.

"Successful Bid" shall have the meaning set out in the Sale Process.

"Variance Report" has the meaning ascribed thereto in Section 13.

Appendix “G”

Schedule of Debtor-in-Possession Financing Terms
December 16, 2024 to April 8, 2025
(\$, millions)

Debtor	Lender	Proceeding Type	Trustee	Filing Date	Jurisdiction	Industry	Commitment (\$MM)	Fees	Interest Rate
Ecoation Innovative Solutions Inc.	1001199137 Ontario Limited	NOI	KPMG	8-Apr-25	British Columbia	Agriculture	1.00	Commitment fee of 2% (\$20,000)	12.0%
Synaptive Medical Inc.	Export Development Canada	CCAA	Richter	19-Mar-25	Ontario	Technology	7.00	Exit fee of \$350,000	15.0%
Pelican International Inc., Pelican US Topco LLC, Confluence Outdoor Inc.	NBC, BMO, Desjardins, TD Bank	CCAA	FTI	19-Mar-25	Quebec	Manufacturing	4.50	Commitment fee of \$20,000	12.0%
World Wide Carriers Ltd. et al	BMO	CCAA	B. Riley Farber	19-Mar-25	Ontario	Transportation	0.85	Commitment fee of \$25,000	Prime plus 5%
Erikson National Energy Inc.	Third Eye Capital	NOI	KSV	1-Oct-24	Alberta	Oil & Gas	0.25	Up front fee of 2% (\$5,000)	12.0%
Petromont Inc.	Ethylec Inc. and Dow Chemical Canada ULC	CCAA	Deloitte	11-Mar-25	Quebec	Oil & Gas	3.10		
Hudson's Bay Company ULC	Restore Capital	CCAA	A&M	7-Mar-25	Ontario	Retail	16.00	Exit fee of 3%	Term CORRA plus 11.5%
Nemori Farms Ltd.	RBC	CCAA	Grant Thornton	6-Mar-25	Newfoundland	Agriculture	0.60	Commitment fee of \$15,000	Prime plus 6%
Joriki Inc.	BNS as agent	CCAA	A&M	28-Jan-25	Ontario	Food Manufacturing	1.20	Upfront fee of \$30,000	12.5%
JBT Transport Inc. et al.	Randy Bowman	NOI / CCAA	Dodick Landau	24-Jan-25	Ontario	Transportation	0.25		10.0%
2744364 Ontario Limited (o/a True North Cannabis Co.), 2668905 Ontario Inc. (o/a Bamboo Blaze), AND 2767888 Ontario Inc.	The Vancor Group	CCAA	Deloitte	24-Jan-25	Ontario	Cannabis	2.00	Commitment fee of 2% (\$40,000)	12.0%
Royal Helium Ltd. (TSX:HRL) et al.	Companies and Energy & Specialty Gases DIP, LLC	NOI	Grant Thornton	17-Jan-25	Ontario	Oil and Gas	1.50	Commitment fee of 1.5%	10.0%
Westphalia Dev. Corp.	Walton Global Investments Ltd.	CCAA	FTI	14-Jan-25	Alberta	Real Estate	0.75		RBC prime rate plus 4%
KMC Mining	ATB Financial as agent	NOI/CCAA	FTI	10-Jan-25	Alberta	Mining	6.00	Closing fee of \$300,000; agency fee of \$40,000; undrawn amount fee of 2%	Prime plus 5%
Comark Holdings Inc.	CIBC	CCAA	A&M	7-Jan-25	Ontario	Retail	18.00	Commitment fee of 1.5%	10.0%
Microb Resources Inc. o/a Salt Spring Coffee	Maynbridge Capital	NOI	KPMG	2-Jan-25	British Columbia	Food Manufacturing	0.25	Standby fee of 2.5%	14.0%
Brands International Corporation	AMG Global Holdings ULC	NOI	KPMG	24-Dec-24	Ontario	Manufacturing	0.50	Commitment fee of 2% (\$10,000)	12.0%
Industries RAD Inc. and Rocky Mountain Bikes Inc.	Wells Fargo	CCAA	EY	19-Dec-24	Quebec	Manufacturing	The lower of \$6 million and \$15 million in excess of the borrowing base	Closing fee of \$100,000; unused line fee of 0.25% times the result of (i) the amount of the Cap, less (ii) the average daily principal amount of the outstanding advances plus the outstanding Existing Obligations during the immediate preceding month	Canadian dollar advances: CORRA plus 5%; US dollar advances: SOFR plus 5%
The Lion Electric Company	A syndicate of lenders including National Bank of Canada, Bank of Montreal and Federation des Caisses Desjardins du Quebec	CCAA	Deloitte	18-Dec-24	Quebec	Manufacturing	10.00	2.4% of the commitments as and when made	Prime plus 7%
Pluribus Technologies Inc. et al.	Evergreen Gap Debt GP Inc., as Agent for itself and on behalf of Evergreen Gap Debt LP	CCAA	B. Riley Farber	17-Dec-24	Ontario	Technology	2.50	Commitment fee of 3.5%	18.0%
UCG Canada Holdings Inc. dba Frank & Oak	UGC Holdings	NOI	PwC	16-Dec-24	Quebec	Retail	4.00	Engagement fee of 2.5% for each advance	Prime plus 7%

Appendix “H”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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 UNDER THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS AMENDED, OF
HAKIM OPTICAL LABORATORY LIMITED

AFFIDAVIT OF MITCH VININSKY IN SUPPORT OF
THE PROPOSAL TRUSTEE'S FEES AND DISBURSEMENTS

(Sworn May 9, 2025)

I, **MITCH VININSKY**, MBA, CIRP, of the City of Toronto, in the Province of Ontario, **MAKE
OATH AND SAY AS FOLLOWS:**

1. I am a Managing Director of KSV Restructuring Inc. ("KSV").
2. On April 16, 2025 (the "Filing Date"), Hakim Optical Laboratory Limited (the "Company") filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4 (1) of the *Bankruptcy and Insolvency Act*. KSV was appointed the proposal trustee (the "Proposal Trustee") in the Company's proposal proceedings.
3. I have been involved in the management of this mandate since the proceedings commenced. As such, I have knowledge of the matters to which I hereinafter depose.
4. On May 9, 2025, the Proposal Trustee issued its First Report to Court in which it outlined its activities with respect to the Company's NOI proceedings and provided information with respect to its fees.

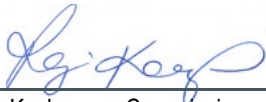
5. Attached as Exhibit "A" hereto are true copies of the accounts of KSV for the periods indicated and I confirm that these accounts accurately reflect the services provided by KSV with respect to the Company's NOI proceedings and the fees and disbursements claimed by it.

6. Additionally, attached hereto as Exhibit "B" is a summary of the time expended by various employees of the Proposal Trustee through April 30, 2025. The summary includes the employees' hours and rates, and I hereby confirm that the list represents an accurate account of such information.

7. I consider the accounts to be fair and reasonable considering the circumstances connected with this administration.

8. I also confirm that the Proposal Trustee has not received, nor expects to receive, nor has the Proposal Trustee been promised any remuneration or consideration other than the amount claimed in the accounts.

SWORN BEFORE ME at the City of
Toronto, on May 9, 2025.



Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for KSV Restructuring Inc.
Expires February 23, 2027



Mitch Vininsky

This is Exhibit "A" referred to in the
Affidavit of Mitch Vininsky sworn before
me, this 9th day of May, 2025



Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for KSV Restructuring Inc.
Expires February 23, 2027

**ksv advisory inc.**

220 Bay Street, Suite 1300, Box 20

Toronto, Ontario, M5J 2W4

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INVOICE

Hakim Optical Laboratory Limited
3430 Lawrence Ave East
Toronto, ON M1H 1A9

May 9, 2025

Invoice No: 4389
HST #: 818808768RT0001

Re: Hakim Optical Laboratory Limited (the “Company”)

For professional services rendered between for the period ended April 30, 2025 by KSV Restructuring Inc., as proposal trustee (the “**Proposal Trustee**”), in respect of the Company’s proceedings (the “**NOI Proceedings**”) commenced on April 16, 2025 (the “**Filing Date**”) under subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (“**BIA**”), including:

General

- Corresponding extensively and speaking regularly with Doug Robertson, the Company’s Senior Controller, Bennett Jones LLP (“**Bennett Jones**”), the Company’s legal counsel, and Chaitons LLP (“**Chaitons**”), the Proposal Trustee’s counsel, concerning all matters related to the NOI Proceedings including preparing for the NOI Proceedings, responding to creditor and landlord inquiries and preparing a communications plan;
- Assisting the Company to file a Notice of Intention to Make a Proposal (the “**NOI**”) under the BIA, including:
 - preparing all statutory documents required to file the NOI;
 - assisting the Company to prepare its initial cash flow projection (the “**Cash Flow Forecast**”);
 - working with the Company to prepare a creditor list; and
 - preparing the statutory notice (the “**Notice**”) to the Company’s creditors and sending the Notice on April 21, 2025;
- Making numerous information requests of the Company for, among other things, financial statements and the Company’s general ledger records, creditor lists, leases, bank statements and agreements with third parties, and reviewing the information provided;

- Attending numerous calls with Mr. Robertson regarding the information provided by the Company, including on April 14, 15 and 16, 2025;
- Corresponding with 1001112855 Ontario Inc. ("**100 Ontario**"), the Company's senior secured lender, and Loopstra Nixon LLP ("**Loopstra**"), 100 Ontario's counsel, regarding the NOI Proceedings generally;
- Discussing with Loopstra and Bennett Jones an interim financing credit facility (the "**DIP Facility**") to be provided by an affiliate of 100 Ontario, and an asset purchase agreement, to be entered into with 100 Ontario, to act as a stalking horse bid (the "**Stalking Horse APA**") for the Company's business;

Communications Plan

- Drafting a communication plan for the NOI Proceedings, including letters and scripts for the Company's landlords, employees, customers and suppliers;
- Corresponding extensively with the Company and Bennett Jones regarding the communication plan;
- Attending a call on April 21, 2025 with certain of the Company's employees to discuss the communication plan and dealing with stakeholders;

Creditors

- Reviewing a notice of garnishment from Canadian Imperial Bank of Commerce, the Company's bank, and corresponding with Bennett Jones and the Company regarding same;
- Responding to and attending calls with numerous creditors and current and former landlords regarding the NOI Proceedings;
- Corresponding with Bennett Jones to prepare responses to certain creditors and landlords;
- Attending numerous calls with two critical suppliers and discussing the terms of continued supply;
- Reviewing the Company's letters to the two critical suppliers regarding the terms of continued supply;
- Reviewing disconnection notices from certain of the Company's utility providers;
- Attending numerous calls with and sending numerous emails to the Company's utility providers to arrange for continued service and discuss go-forward payment arrangements;
- Corresponding extensively, including attending numerous calls, with the Company regarding dealing with creditors, including current and former landlords;
- Reviewing Bennett Jones' letters responding to certain creditors and landlords;
- Attending a call on April 23, 2025 with 100 Ontario, Loopstra and Bennett Jones regarding the Cash Flow Forecast, DIP Facility, the Stalking Horse APA and next steps in the restructuring proceedings;

- Attending a call on April 25, 2025 with Bennett Jones and Daoust Vukovich LLP, counsel to one of the Company's landlords, regarding the NOI Proceedings and considerations regarding the Company's lease;
- Attending a call on April 29, 2025 with Torys LLP, counsel to Cadillac Fairview, regarding the NOI Proceedings and the Company's leases;

Cash Flow Forecast

- Attending numerous calls with Mr. Robertson including on April 2, 8, 10, 14, 15, 21, 25 and 28, 2025 in respect of the Cash Flow Forecast and operational and financial matters impacting the Cash Flow Forecast;
- Reviewing and commenting on several versions of the Cash Flow Forecast and reviewing supporting information provided by the Company;
- Reviewing the Company's bank statements;
- Monitoring the Company's receipts and disbursements;
- Corresponding with Bennett Jones regarding the Cash Flow Forecast;
- Corresponding Bennett Jones, 100 Ontario and Loopstra regarding a draw request under 100 Ontario's bridge loan in early May 2025;
- Filing the Cash Flow Forecast with the Office of Superintendent of Bankruptcy on April 25, 2025;

DIP Facility

- Reviewing and commenting on a draft interim financing term sheet (the "**DIP Term Sheet**") between the Company and an affiliate of 100 Ontario;
- Attending a call on April 7, 2025 with Bennett Jones regarding the DIP Term Sheet;

Other

- Attending a call on April 25, 2025 with Davies Ward Philips & Vineberg LLP, counsel to an interested party, regarding the timing of a sale process for the Company's business and assets;
- Responding to inquiries from parties that expressed interest in acquiring the Company's business and/or assets, including attending calls on April 21, 2025;
- Maintaining and updating the list of creditors and landlords, including their contact information;
- Maintaining the Proposal Trustee's case website;
- Convening internal meetings; and

- To all other meetings, correspondence and other activities related to this matter not specifically detailed above.

Total fees and disbursements as per attached summary	\$ 89,327.33
HST	<u>11,612.55</u>
Total due	\$ <u><u>100,939.88</u></u>

KSV Restructuring Inc.
Hakim Optical Laboratory Limited
Time Summary
For the period ended April 30, 2025

Staff member	Rate	Hours	Total
Mitch Vininsky	850.00	41.00	34,850.00
Jordan Wong	575.00	53.25	30,618.75
Nathalie El-Zhakem	475.00	34.40	16,340.00
Other	210-260	28.00	7,242.00
			<hr/> 89,050.75
Add: Out of Pocket Disbursements			<hr/> 276.58
Total Fees and disbursements			<hr/> <hr/> 89,327.33

This is Exhibit "B" referred to in the
Affidavit of Mitch Vininsky sworn before
me, this 9th day of May, 2025



Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for KSV Restructuring Inc.
Expires February 23, 2027

Hakim Optical Laboratory Limited
Schedule of Professionals' Time and Rates
For the Period April 1, 2025 to April 30, 2025

Personnel	Title	Role	Hours	Billing Rate (Per Hour)	Amount (\$)
Mitch Vininsky	Managing Director	Overall responsibility	41.00	\$ 850	34,850.00
Jordan Wong	Director	All aspects of mandate	53.25	\$ 575	30,618.75
Nathalie El-Zakhem	Manager	Aspects of mandate	34.40	\$ 475	16,340.00
Administration and other			28.00	\$ 210 - 260	7,242.00
Total Fees					89,050.75
Total Disbursements					276.58
Total Fees and Disbursements					<u>89,327.33</u>
Total Hours					156.65
Average Hourly Rate					568.47

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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 UNDER THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS AMENDED, OF
LAWRENCE OPHTHALMIC LAB INC.

AFFIDAVIT OF MITCH VININSKY IN SUPPORT OF
THE PROPOSAL TRUSTEE'S FEES AND DISBURSEMENTS

(Sworn May 9, 2025)

I, **MITCH VININSKY**, MBA, CIRP, of the City of Toronto, in the Province of Ontario, **MAKE
OATH AND SAY AS FOLLOWS:**

1. I am a Managing Director of KSV Restructuring Inc. ("KSV").
2. On April 22, 2025 (the "Filing Date"), Lawrence Ophthalmic Lab Inc (the "Company") filed a Notice of Intention to Make a Proposal ("NOI") pursuant to Section 50.4 (1) of the *Bankruptcy and Insolvency Act*. KSV was appointed the proposal trustee (the "Proposal Trustee") in the Company's proposal proceedings.
3. I have been involved in the management of this mandate since the proceedings commenced. As such, I have knowledge of the matters to which I hereinafter depose.
4. On May 9, 2025, the Proposal Trustee issued its First Report to Court in which it outlined its activities with respect to the Company's NOI proceedings and provided information with respect to its fees.

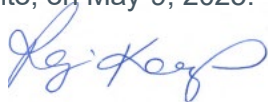
5. Attached as Exhibit "A" hereto are true copies of the accounts of KSV for the periods indicated and I confirm that these accounts accurately reflect the services provided by KSV with respect to the Company's NOI proceedings and the fees and disbursements claimed by it.

6. Additionally, attached hereto as Exhibit "B" is a summary of the time expended by various employees of the Proposal Trustee through April 30, 2025. The summary includes the employees' hours and rates, and I hereby confirm that the list represents an accurate account of such information.

7. I consider the accounts to be fair and reasonable considering the circumstances connected with this administration.

8. I also confirm that the Proposal Trustee has not received, nor expects to receive, nor has the Proposal Trustee been promised any remuneration or consideration other than the amount claimed in the accounts.

SWORN BEFORE ME at the City of
Toronto, on May 9, 2025.



Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for KSV Restructuring Inc.
Expires February 23, 2027



Mitch Vininsky

This is Exhibit "A" referred to in the
Affidavit of Mitch Vininsky sworn before
me, this 9th day of May, 2025



Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for KSV Restructuring Inc.
Expires February 23, 2027

**ksv advisory inc.**

220 Bay Street, Suite 1300, Box 20

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INVOICE

Lawrence Ophthalmic Lab Inc.
3430 Lawrence Ave East
Toronto, ON M1H 1A9

May 9, 2025

Invoice No: 4390
HST #: 818808768RT0001

Re: Lawrence Ophthalmic Lab Inc. (the "Company")

For professional services rendered between for the period ended April 30, 2025 by KSV Restructuring Inc., as proposal trustee (the "**Proposal Trustee**"), in respect of the Company's proceedings (the "**NOI Proceedings**") commenced on April 22, 2025 (the "**Filing Date**") under subsection 50.4(1) of the *Bankruptcy and Insolvency Act* ("**BIA**"), including:

General

- Corresponding extensively and speaking regularly with Doug Robertson, the Company's Senior Controller, Bennett Jones LLP ("**Bennett Jones**"), the Company's legal counsel, and Chaitons LLP ("**Chaitons**"), the Proposal Trustee's counsel, concerning all matters related to the NOI Proceedings including preparing for the NOI Proceedings, responding to creditor inquiries and preparing a communications plan;
- Assisting the Company to file a Notice of Intention to Make a Proposal (the "**NOI**") under the BIA, including:
 - preparing all statutory documents required to file the NOI;
 - assisting the Company to prepare its initial cash flow projection (the "**Cash Flow Forecast**");
 - working with the Company to prepare a creditor list; and
 - preparing the statutory notice (the "**Notice**") to the Company's creditors and sending the Notice on April 23, 2025;
- Corresponding with Mr. Robertson regarding information provided by the Company;

Creditors

- Attending calls with a critical supplier and discussing the terms of continued supply;
- Reviewing the Company's letters to its critical suppliers regarding the terms of continued supply;

Cash Flow Forecast

- Attending numerous calls with Mr. Robertson including on April 21, 25 and 28, 2025 in respect of the Cash Flow Forecast and operational and financial matters impacting the Cash Flow Forecast;
- Reviewing and commenting on the Cash Flow Forecast and reviewing supporting information provided by the Company;
- Reviewing the Company's bank statements;
- Monitoring the Company's receipts and disbursements;
- Corresponding with Bennett Jones regarding the Cash Flow Forecast;
- Filing the Cash Flow Forecast with the Office of Superintendent of Bankruptcy on April 25, 2025;

Other

- Maintaining and updating the list of creditors, including their contact information;
- Maintaining the Proposal Trustee's case website;
- Convening internal meetings; and
- To all other meetings, correspondence and other activities related to this matter not specifically detailed above.

Total fees and disbursements per attached summary	\$	5,911.00
HST		768.43
Total due	\$	<u>6,679.43</u>

KSV Restructuring Inc.
Lawrence Ophthalmic Lab Inc.
Time Summary
For the period ended April 30, 2025

Staff member	Rate	Hours	Total
Mitch Vininsky	850.00	1.50	1,275.00
Jordan Wong	575.00	3.00	1,725.00
Other	240-260	10.40	2,691.00
			<hr/> 5,691.00
Add: Out of Pocket Disbursements			<hr/> 220.00
Total Fees and Disbursements			<hr/> <hr/> 5,911.00

This is Exhibit "B" referred to in the
Affidavit of Mitch Vininsky sworn before
me, this 9th day of May, 2025



Rajinder Kashyap, a Commissioner, etc.,
Province of Ontario, for KSV Restructuring Inc.
Expires February 23, 2027

Lawrence Ophthalmic Lab Inc.
Schedule of Professionals' Time and Rates
For the Period April 1, 2025 to April 30, 2025

Personnel	Title	Role	Hours	Billing Rate (Per Hour)	Amount (\$)
Mitch Vininsky	Managing Director	Overall responsibility	1.50	\$ 850	1,275.00
Jordan Wong	Director	All aspects of mandate	3.00	\$ 575	1,725.00
Administration and other			10.40	\$ 240 - 260	2,691.00
Total Fees					5,691.00
Total Disbursements					220.00
Total Fees and Disbursements					5,911.00
Total Hours					14.90
Average Hourly Rate					381.95