Court File No.: CL-26-00000261-0000

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 PAYSTONE HOLDINGS INC., PAYSTONE INC., ATOM GROWTH INC., and ATOM GROWTH (USA), INC.

FACTUM OF THE APPLICANTS

July 9, 2026

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PART I: OVERVIEW

1. Paystone Holdings Inc., Paystone Inc. ("**Paystone**"), Atom Growth Inc. and Atom Growth (USA), Inc. (collectively, the "**Applicants**" or the "**Company**") sought and obtained an initial order on June 5, 2026 (the "**Initial Order**") from the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granting certain relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

2. The intended purpose of these CCAA proceedings has been, and continues to be, the implementation of a going-concern transaction for the benefit of the Applicants and their stakeholders. On June 22, 2026, following a consensual adjournment, the Applicants sought approval of a pre-packaged asset transaction with a related entity controlled by the principals of the Applicants. That transaction was supported by AlixPartners Restructuring, Inc. ("**AlixPartners**"), in its capacity as monitor of the Applicants (in such capacity, the "**Monitor**") and Sandton Investments X (Luxembourg) S.à r.l. ("**Sandton**"), the Applicants' senior secured creditor, and was opposed by BDC Capital Inc. ("**BDC**"), the subordinate secured creditor of the Applicants. BDC brought a responding motion seeking approval of an immediate sale and investment solicitation process in respect of the Applicants.

3. The Court ultimately declined to approve the proposed asset transaction and the sale process proposed by BDC. Instead, it briefly extended the stay of proceedings to afford the Applicants, BDC, and other stakeholders additional time to consider alternatives. Following further discussions among the Applicants, the CRO,[1] the Monitor, Sandton and BDC, the Monitor has brought a motion seeking an order (the "**SISP Approval Order**") approving a Monitor-led,

[1] Reflect Advisors, LLC acts as the Chief Restructuring Officer of Paystone (the "**CRO**").

Court-supervised sale and investment solicitation process (the "**SISP**"). The Applicants support the Monitor-led SISP.

4. The Applicants do not have sufficient liquidity to continue these CCAA proceedings absent further relief from this Court – the implementation of the SISP will require additional funding. Accordingly, the Applicants are concurrently seeking approval of an interim debtor-in-possession financing facility (the "**DIP Facility**") to be provided by Sandton. If approved, the DIP Facility will be used to fund the SISP and the Applicants' working capital requirements during the pendency of the SISP.

5. The Applicants also seek approval of a super-priority charge (the "**BNS Charge**") in favour of the Bank of Nova Scotia ("**BNS**"), which provides essential customer billing services to the Applicants. The BNS Charge is intended to address BNS's concerns regarding its exposure to potential customer chargebacks and to facilitate the Applicants' continued use of its billing services while the SISP is being conducted.

6. Finally, the Applicants seek: (i) approval of an extension of the Stay Period (as defined below) to provide the breathing space necessary for the SISP to be conducted in an efficient manner; and (ii) approval of the Monitor's Reports (as defined below) and the activities and conduct of the Monitor described therein.

7. The Monitor-led SISP cannot proceed without the relief sought on this motion. The requested DIP Facility and proposed BNS Charge, together with the stay extension, are necessary to provide the Applicants with the liquidity and operational stability required to conduct the SISP and preserve enterprise value for the benefit of stakeholders. The Monitor and Sandton are supportive of the relief being sought.

PART II: FACTS

8. The facts underlying this motion are more fully set out in the affidavit of Adam Zalev sworn July 6, 2026 (the "**Zalev Affidavit**") and the Fourth Report of the Monitor dated July 6, 2026 (the "**Fourth Report**").[2] Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Zalev Affidavit.

A. Background to these CCAA Proceedings

9. On June 5, 2026, the Applicants sought and obtained the Initial Order, which provided for the limited relief necessary to continue operations in the immediate term, including a stay of proceedings (the "**Stay of Proceedings**") for an initial ten-day period (the "**Initial Stay Period**"), and a super-priority charge in favour of certain professionals (the "**Administration Charge**"). The Initial Order also appointed KSV Restructuring Inc. (now AlixPartners) as the Monitor.[3]

10. The Applicants commenced these CCAA proceedings with the intention of ultimately completing a sale transaction for the benefit of their stakeholders. They had originally planned to seek, among other things, approval of an asset transaction with 1001632600 Ontario Inc. ("**100 Ontario**"), an entity controlled by the principals of the Applicants, at the comeback hearing on June 15, 2026 (the "**Comeback Hearing**").[4] However, after discussions with certain stakeholders, including BDC, they consensually deferred seeking approval of that transaction to a later date.[5]

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[2] Affidavit of Adam Zalev sworn July 6, 2026 [*Zalev Affidavit*], Motion Record of the Applicants dated July 6, 2026, at Tab 2 [*Motion Record*]; Fourth Report of AlixPartners Restructuring, Inc., in its capacity of Monitor, dated July 6, 2026 [*Fourth Report*].
[3] Zalev Affidavit, *ibid* at para 6, Motion Record at Tab 2.
[4] Zalev Affidavit, *ibid* at para 7, Motion Record at Tab 2.
[5] Zalev Affidavit, *ibid* at para 8, Motion Record at Tab 2.

11. Accordingly, the Applicants only sought the ARIO at the Comeback Hearing, which did not grant any new material relief in favour of the Applicants beyond an extension of the Initial Stay Period to June 25, 2026 (the "**Stay Period**").[6]

12. On June 22, 2026, the Applicants sought an order approving the pre-packaged asset sale transaction with 100 Ontario, together with certain ancillary relief (the "**Requested Relief**").[7] The Requested Relief was opposed by BDC, which instead sought approval of a sale process in respect of the Applicants.[8] As set out in its endorsement dated June 24, 2026, the Court: (i) declined to grant the Requested Relief sought by the Applicants; (ii) declined to grant the sale process sought by BDC; and (iii) extended the Stay Period to 11:59 p.m. on June 30, 2026.[9]

13. To provide the Applicants with additional time to consult with stakeholders regarding next steps in the CCAA proceedings, on June 30, 2026, the Court issued an endorsement (the "**June 30 Endorsement**"), among other things: (i) extending the Stay Period to and including July 10, 2026; and (ii) increasing the quantum of the Administration Charge from $745,000 to $950,000.[10]

14. Following the release of the June 30 Endorsement and discussions with various stakeholders, including BDC and Sandton, the Monitor developed the Court-supervised SISP. Concurrently with the Applicants' motion returnable July 10, 2026, the Monitor is seeking the SISP Approval Order approving the SISP and certain related relief.[11]

15. To ensure that the Applicants have sufficient liquidity to fund the SISP (if approved) and their ordinary course operations, the Applicants now seek an order (the "**DIP Approval, BNS**

[6] Zalev Affidavit, *ibid*, Motion Record at Tab 2.
[7] Zalev Affidavit, *ibid* at para 10, Motion Record at Tab 2.
[8] Zalev Affidavit, *ibid* at para 9, Motion Record at Tab 2.
[9] Zalev Affidavit, *ibid* at para 10, Motion Record at Tab 2.
[10] Zalev Affidavit, *ibid* at para 11, Motion Record at Tab 2.
[11] Zalev Affidavit, *ibid* at para 14, Motion Record at Tab 2.

Charge and Stay Extension Order"), in parallel with the Monitor's motion, for the approval of, among other things, the DIP Facility and the BNS Charge.

B. DIP Facility

16. As illustrated in the Cash Flow Forecast (as defined below), the Applicants urgently require debtor-in-possession financing to fund the SISP and their ordinary course working capital requirements (including the payment of professional fees incurred during the CCAA proceedings).[12]

17. The Applicants, as borrowers, and Sandton, as lender (in such capacity, the "**DIP Lender**"), have agreed to the terms of a DIP Financing Term Sheet in respect of the DIP Facility (the "**DIP Term Sheet**").[13] Pursuant to the DIP Term Sheet, the DIP Lender has agreed to extend a super-priority, debtor-in-possession, non-revolving credit facility up to a maximum principal amount of $2,600,000 (as such amount may be reduced from time to time pursuant to the terms of the DIP Term Sheet).[14] The DIP Facility accrues interest at a rate of 10% per annum.[15]

18. In accordance with the DIP Term Sheet, the DIP Facility is to be used for the following purposes and in the following order, in each case in accordance with the DIP Budget:

(a) to pay the reasonable and documented professional and advisory fees and expenses of (i) the Applicants, (ii) the CRO, (iii) the Monitor, and (iv) the DIP Lender;

(b) to pay the fees, expenses and other amounts owing to the DIP Lender under the DIP Term Sheet; and

[12] Fourth Report, *supra* note 1, s. 5.0(1)(b).
[13] Zalev Affidavit, *ibid* at para 17, Motion Record at Tab 2.
[14] Zalev Affidavit, *ibid* at para 18, Motion Record at Tab 2.
[15] Zalev Affidavit, *ibid* at para 19, Motion Record at Tab 2.

(c) to fund (i) the SISP, solely in accordance with the SISP Approval Order; and (ii) the working capital requirements of the Applicants during the term of the SISP.[16]

19. The DIP Facility is conditional upon, among other things, the issuance of the proposed SISP Approval Order, the approval of the DIP Facility, and the granting of a Court-ordered charge over the Property (as defined in the ARIO) in favour of the DIP Lender to secure all amounts advanced under the DIP Facility (the "**DIP Lender's Charge**").[17] The DIP Facility is subject to customary covenants, conditions precedent, and representations and warranties made between borrowers and DIP lenders.[18]

20. The DIP Lender's Charge is proposed to be subordinate to the Administration Charge and the BNS Charge, but in priority to all other encumbrances or charges.[19] The DIP Lender's Charge does not secure any obligations incurred prior to the date of the Initial Order.[20]

21. Sandton, as the Applicants' senior secured creditor, advised that it would not consent to a priming DIP loan. As of the date hereof, the Applicants have not received any DIP financing proposals that contemplate funding being advanced on a junior basis.[21] The DIP Facility is therefore the only DIP proposal received by the Applicants that would not result in contentious litigation. It is also the DIP proposal containing the best commercial terms, according to the Monitor.[22]

[16] Zalev Affidavit, *ibid* at para 21, Motion Record at Tab 2.
[17] Zalev Affidavit, *ibid* at para 20, Motion Record at Tab 2.
[18] Zalev Affidavit, *ibid*, Motion Record at Tab 2.
[19] Zalev Affidavit, *ibid* at para 20, Motion Record at Tab 2.
[20] Zalev Affidavit, *ibid* at para 24, Motion Record at Tab 2.
[21] Zalev Affidavit, *ibid* at para 15, Motion Record at Tab 2.
[22] Fourth Report, *supra* note 1, s. 5.1(1)(a).

C. BNS Charge

22. The Applicants maintain certain bank and deposit accounts with BNS, which, in addition to providing certain cash management services, is also the Applicants' primary billing provider. The Applicants have $250,000 of restricted cash with BNS that is used as collateral for chargebacks on the Applicants' billings.[23]

23. On June 18, 2026, BNS advised the Monitor that, due to concerns regarding its exposure to potential customer chargebacks during these CCAA proceedings (which BNS estimates to be up to approximately $5 million per month), BNS would require additional cash collateral and potentially other protections starting on July 2, 2026.[24] The Monitor has led recent discussions with BNS in an attempt to resolve this issue.

24. To address BNS' concerns, the Applicants propose that the Court grant a priority charge in the maximum amount of $5,000,000 to cover BNS's potential exposure.[25] The Monitor and Sandton are supportive of the quantum and priority of the proposed BNS Charge.[26]

D. Stay of Proceedings

25. The Stay Period will expire after July 10, 2026.[27] Pursuant to the proposed DIP Approval, BNS Charge and Stay Extension Order, the Applicants are seeking to extend the Stay Period to and including August 31, 2026 (the "**Stay Extension**").[28] The Applicants require the additional

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[23] Zalev Affidavit, *ibid* at para 25, Motion Record at Tab 2.
[24] Zalev Affidavit, *ibid*, Motion Record at Tab 2.
[25] Zalev Affidavit, *ibid* at para 26, Motion Record at Tab 2.
[26] Zalev Affidavit, *ibid* at para 27, Motion Record at Tab 2; Fourth Report, *supra* note 1, s. 3.
[27] Zalev Affidavit, *ibid* at para 28, Motion Record at Tab 2.
[28] Zalev Affidavit, *ibid*, Motion Record at Tab 2.

time afforded by the proposed Stay Extension to advance their restructuring objectives, including allowing the Monitor to implement and conduct the SISP.[29]

26. The cash flow forecast (the "**Cash Flow Forecast**") appended to the Fourth Report demonstrates that, if the proposed DIP Facility is approved, the Applicants are projected to have sufficient liquidity to fund their obligations and the costs of these CCAA proceedings throughout the Stay Extension.[30]

E. Monitor's Reports

27. The proposed DIP Approval, BNS Charge and Stay Extension Order seeks approval of the Pre-Filing Report of the Proposed Monitor dated June 5, 2026, the First Report of the Monitor dated June 12, 2026, the Second Report of the Monitor dated June 19, 2026, the Supplement to the Second Report of the Monitor dated June 22, 2026, the Third Report of the Monitor dated June 30, 2026 and the Fourth Report (collectively, the "**Monitor's Reports**") and the activities and conduct of the Monitor described therein.

28. The Monitor has carried out the activities described in the Monitor's Reports in good faith, with due diligence, and in a manner consistent with the CCAA and the Orders granted in these CCAA proceedings.[31]

PART III: ISSUES

29. The issues to be considered on this motion are whether:

(a) the proposed DIP Facility and the DIP Lender's Charge should be approved;

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[29] Zalev Affidavit, *ibid* at para 30, Motion Record at Tab 2.
[30] Zalev Affidavit, *ibid* at para 31, Motion Record at Tab 2; Fourth Report, *supra* note 1, s. 8.0(2)(b).
[31] Zalev Affidavit, *ibid* at para 33, Motion Record at Tab 2; Fourth Report, *ibid*, s. 9.0.

(b) the proposed BNS Charge should be approved;

(c) the extension of the Stay of Proceedings should be granted; and

(d) the Monitor's Reports and the activities described therein should be approved.

PART IV: LAW AND ANALYSIS

A. The Proposed DIP Financing Should be Approved

30. Subsection 11.2(1) of the CCAA authorizes this Court to approve DIP financing and grant a corresponding charge in an amount the Court considers appropriate having regard to the debtor company's cash flow statement, provided that notice has been given to the secured creditors likely to be affected by the charge.[32] A charge granted pursuant to Subsection 11.2(1) of the CCAA may not secure an obligation that exists before the proposed order is made.[33]

31. When determining whether to grant a charge securing DIP financing, Subsection 11.2(4) directs Courts to consider the following non-exhaustive factors:

(a) the period during which the applicants are expected to be subject to the CCAA proceedings;

(b) how the applicants' business and financial affairs are to be managed during the CCAA proceedings;

(c) whether the applicants' management has the confidence of their major creditors;

[32] *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, s. 11.2(1) [CCAA]; *Boreal Capital Partners Ltd et al. (Re)*, 2021 ONSC 7802 at para 23 [*Boreal*]; *Re Just Energy Corp*, 2021 ONSC 1793 at para 52 [*Just Energy*].
[33] CCAA, *ibid*; *Boreal*, *ibid*.

(d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the applicants;

(e) the nature and value of the applicants' property;

(f) whether any creditor would be materially prejudiced as a result of the security or charge; and

(g) the monitor's report, if any.[34]

32. Having regard to the foregoing factors and the requirements of Subsection 11.2(1) of the CCAA,[35] the following considerations support the approval of the DIP Facility and the granting of the DIP Lender's Charge:

(a) without access to the DIP Facility, the Applicants will be unable to fund their ordinary course operations and the professional fees associated with these CCAA proceedings, including the professional costs related to conducting the SISP;

(b) the amount to be funded under the DIP Facility is appropriate having regard to the Cash Flow Forecast;

(c) the proposed DIP Facility will provide the stability necessary for the Applicants to continue operating in the ordinary course while the SISP is conducted and a value-maximizing transaction is pursued for the benefit of the Applicants and their stakeholders;

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[34] CCAA, *ibid,* s 11.2(4); *Just Energy*, *supra* note 32 at para 61.
[35] *In Re Hudson's Bay Company*, 2025 ONSC 1530 at para 86.

(d) the DIP Facility is conditional on the granting of the DIP Lender's Charge, which does not secure any obligations incurred prior to these CCAA proceedings;

(e) the Monitor has reviewed proposed DIP terms from each of Sandton, BDC and a third-party potential lender (the latter two of which declined to provide a proposal contemplating a DIP facility subordinate to Sandton's existing security), and the Monitor is of the view that the terms of the DIP Term Sheet are the most favourable of the three;

(f) based on the Monitor's review of other DIP facilities approved by Canadian courts in CCAA and other restructuring proceedings, the cost of the proposed DIP Facility is within the range of comparable facilities of a similar size; and

(g) the Monitor is supportive of the DIP Facility and the DIP Lender's Charge.[36]

33. As such, the DIP Facility and the corresponding DIP Lender's Charge are necessary to advance the Applicants' restructuring objectives and are appropriate in the circumstances.

B. The BNS Charge Should be Granted

34. Section 11 of the CCAA vests this Court with broad discretion to make "any order that it considers appropriate in the circumstances."[37] This discretion has been characterized as the "engine that drives" the CCAA's flexible statutory scheme, allowing Courts to make orders responsive to the circumstances of each case.[38]

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[36] Zalev Affidavit, *supra* note 1 at para 24, Motion Record at Tab 2; Fourth Report, *supra* note 1, s. 5.1(1).
[37] CCAA, supra note 32, s. 11.
[38] *9354-9186 Québec inc v Callidus Capital Corp*, 2020 SCC 10 at para 48 [*Callidus*].

35. The exercise of this Court's discretion under Section 11 of the CCAA must "further the remedial objectives of the CCAA and be guided by the baseline considerations of appropriateness, good faith, and due diligence."[39] An order under Section 11 of the CCAA will be appropriate where it "advances the policy objectives underlying the CCAA," including, among others, avoiding the social and economic losses resulting from liquidation of an insolvent company, maximizing creditor recovery and preserving going-concern value.[40]

36. In furtherance of the CCAA's remedial objectives, Courts have granted protections in favour of financial institutions to ensure that debtor companies retain access to cash management and billing services necessary to maintain their ordinary course operations. For example, in *Nelson Education*, this Court granted a "cash management charge" in favour of the Royal Bank of Canada to secure obligations arising in connection with the debtor company's cash management system, including "chargebacks or similar liabilities".[41]

37. The BNS Charge is also comparable to critical supplier charges granted by this Court under Section 11.4 of the CCAA. Pursuant to Subsection 11.4(3), if the court declares a person to be a critical supplier, the Court may order that all or part of the debtor company's property be subject to a charge in favour of such critical supplier in an amount equal to the value of the goods or services supplied under the applicable order – provided that notice was given to all secured creditors likely to be affected by the charge or security.[42]

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[39] *Callidus*, *ibid* at paras 49, 67, 70; *Century Services Inc v Canada (Attorney General)*, 2010 SCC 60 at paras 59, 70 [*Century Services*]; *Re ENTREC Corporation*, 2020 ABQB 751 at para 3.

[40] *Callidus*, *ibid* at paras 40, 42; *Century Services*, *ibid* at paras 15, 70.

[41] *In the Matter of a Plan of Compromise or Arrangement of Nelson Education Ltd. and Nelson Education Holdings Ltd.*, (June 8, 2015), Toronto, ONSC, CV-15-10961-00CL (Amended and Restated Initial Order) at para 5; *First Report of FTI Consulting Canada Inc*., in its capacity as monitor of Nelson Education Ltd et al. dated June 4, 2015 at para 21; See also *AbitibiBowater inc. (Arrangement relatif à)*, 2009 QCCS 6453 at paras 92.1, 92.2.

[42] CCAA, *supra* note 32, s. 11.4.

38. This Court has determined that a supplier is considered "critical" where the particular goods or services are "sufficiently integrated into the operations of the debtor company that it would be materially disruptive to the operations and restructuring of the debtor for the particular supplier to cease providing such services and/or it would be difficult or impossible to secure an alternate supplier."[43]

39. While the Applicants are not currently seeking a declaration from the Court that BNS is a critical supplier, the power to grant a critical supplier's charge found in Section 11.4 does not remove this Court's inherent jurisdiction to grant other (or similar) critical supplier protections.[44]

40. Consistent with *Nelson Education* and the considerations under Section 11.4, the following factors support the granting of the BNS Charge in this case:

(a) the Monitor is of the view that the amount and priority of the BNS Charge are reasonable and appropriate in the circumstances;

(b) the continued and uninterrupted billing services by BNS are essential to the operations of the Applicants;

(c) it would be extremely difficult for the Company to secure an alternate billing service provider during the CCAA proceedings, and efforts to switch the billing provider would be particularly disruptive during the SISP;

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[43] *Pride Group Holdings Inc et al*, 2024 ONSC 2026 at para 46 [Pride Group]; *Soccer Express Trading Corp (Re)*, 2020 BCSC 749 at para 67.

[44] *Pride Group*, *ibid*, at para 45.

(d) notice was provided to all secured creditors likely to be affected by the BNS Charge and the BNS Charge does not secure any obligations incurred prior to these CCAA proceedings;

(e) if approved, the proposed BNS Charge is intended to eliminate the need to return to Court for a potentially contested motion regarding chargeback security, thereby reducing professional fees and conserving judicial resources; and

(f) Sandton is supportive of both the quantum and the priority of the BNS Charge.[45]

41. Accordingly, the Applicants submit that the BNS Charge is appropriate in the circumstances.

C. Stay Extension Should be Granted

42. The Applicants are seeking a stay extension to and including August 31, 2026. Subsection 11.02(2) of the CCAA expressly authorizes this Court to grant an extension of the stay of proceedings for "any period that the court considers necessary."[46] To grant such an extension, this Court must be satisfied that circumstances exist that make the order appropriate and that the Applicants have acted, and are acting, in good faith and with due diligence.[47]

43. The jurisdiction vested in Courts to stay proceedings under Section 11.02 "should be construed broadly to accomplish the legislative purposes of the CCAA".[48] For example, an extension of a stay of proceedings will be appropriate where it maintains the *status quo* and

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[45] Zalev Affidavit*, ibid* at para 27, Motion Record at Tab 2; Fourth Report, *supra* note 1 at s. 4.2(3).
[46] CCAA, *supra* note 32, s 11.02(2).
[47] CCAA, *ibid* s 11.02(2); *Harte Gold Corp. (Re)*, 2022 ONSC 653 at para 87.
[48] *Canwest Global Communications Corp*, 2011 ONSC 2215 at para 24.

provides applicants with the breathing room to restore solvency and arrange a "sale of assets in order to maximize recovery for stakeholders."[49]

44. The Applicants submit that the Stay Extension is appropriate in the circumstances given that:

(a) the Applicants have acted, and continue to act, in good faith and with due diligence in these CCAA proceedings, including to, among other things, negotiate the DIP Term Sheet with the assistance of the Monitor, provide feedback on the SISP, and prepare documents for the data room to be made available to potential bidders in connection therewith, all while continuing operations in the ordinary course for the benefit of their stakeholders;[50]

(b) as reflected in the Cash Flow Forecast, if the DIP Facility is approved, the Applicants are forecast to have sufficient liquidity through the Stay Extension to fund their ordinary course obligations and the costs of the SISP and these CCAA proceedings;[51]

(c) the Monitor is not aware of any creditors who would be materially prejudiced by the proposed Stay Extension;[52]

(d) the Stay Extension will allow the Monitor to implement and conduct the SISP, with a view to maximizing value for the benefit of the Applicants' stakeholders;[53] and

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[49] *Century Services*, *supra* note 39 at para 14; *Target Canada Co. (Re)*, 2015 ONSC 303 at para 8; *Re Clover Leaf Holdings Company*, 2019 ONSC 6966 at para 19.
[50] Zalev Affidavit, *ibid* at para 29, Motion Record at Tab 2.
[51] Zalev Affidavit, *ibid* at para 31, Motion Record at Tab 2; Fourth Report, *supra* note 1, s. 8.0(2)(b).
[52] Fourth Report, *supra* note 1, s 8 (1).
[53] Zalev Affidavit, *supra* note 1 at para 30, Motion Record at Tab 2.

(e) the Stay Extension is supported by the Monitor and Sandton.[54]

45. The proposed Stay Extension is therefore in the best interests of the Applicants and their stakeholders and should be approved by the Court.

D. The Monitor's Reports and Activities Should be Granted

46. The approval of a monitor's reports and the corresponding activities set out therein is a standard and ordinary course request in insolvency proceedings.[55]

47. This Court has previously noted that there are good policy and practical reasons why such a request should be granted. These include: (a) allowing a monitor to bring its activities before the Court; (b) allowing an opportunity for stakeholders' concerns to be addressed; (c) enabling the Court to satisfy itself that a monitor's activities have been conducted in a prudent and diligent manner; (d) providing protection for a monitor not otherwise provided by the CCAA; and (e) protecting creditors from delay that may be caused by re-litigation of steps or potential indemnity claims by a monitor.[56]

48. The Monitor's Reports and activities should be approved, as the Monitor has acted reasonably, diligently, and prudently in carrying out its mandate in these CCAA proceedings.[57] The Monitor and its legal counsel have provided significant assistance and expertise to the Applicants and their stakeholders.

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[54] Fourth Report, *supra* note 1, s 8 (2); Zalev Affidavit, *ibid* at para 32, Motion Record at Tab 2.
[55] *Target Canada Co (Re)*, 2015 ONSC 7574 at para 2 [*Target*]; *In Re Hudson's Bay Company*, 2025 ONSC 4535 at para 22.
[56] *Target*, *ibid* at paras 2, 22–23; *Laurentian University of Sudbury*, 2022 ONSC 5850 at para 17.
[57] Zalev Affidavit, *supra* note 1 at para 33, Motion Record at Tab 2.

PART V: RELIEF REQUESTED

49. The Applicants submit that the relief sought pursuant to the DIP Approval, BNS Charge and Stay Extension Order is in the best interests of the Applicants and their stakeholders, consistent with the purposes of the CCAA, and appropriate in the circumstances. The Applicants respectfully request that this Court grant the proposed form of DIP Approval, BNS Charge and Stay Extension Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 9TH DAY OF JULY, 2026.

Bennett Jones LLP

BENNETT JONES LLP

SCHEDULE A – LIST OF AUTHORITIES

Cases Cited

1. *9354-9186 Québec inc v Callidus Capital Corp*, 2020 SCC 10
2. *AbitibiBowater inc. (Arrangement relatif à)*, 2009 QCCS 6453
3. *Boreal Capital Partners Ltd et al. (Re)*, 2021 ONSC 7802
4. *Canwest Global Communications Corp*, 2011 ONSC 2215
5. *Century Services Inc v Canada (Attorney General)*, 2010 SCC 60
6. *Re Clover Leaf Holdings Company*, 2019 ONSC 6966
7. *Re ENTREC Corporation*, 2020 ABQB 751
8. *Harte Gold Corp. (Re)*, 2022 ONSC 653
9. *In Re Hudson's Bay Company*, 2025 ONSC 1530
10. *In Re Hudson's Bay Company*, 2025 ONSC 4535
11. *In the Matter of a Plan of Compromise or Arrangement of Nelson Education Ltd. and Nelson Education Holdings Ltd.,* (June 8, 2015), Toronto, ONSC, CV-15-10961-00CL (Amended and Restated Initial Order)
12. *Re Just Energy Corp*, 2021 ONSC 1793
13. *Laurentian University of Sudbury*, 2022 ONSC 5850
14. *Pride Group Holdings Inc et al*, 2024 ONSC 2026
15. *Soccer Express Trading Corp (Re)*, 2020 BCSC 749
16. *Target Canada Co. (Re),* 2015 ONSC 303
17. *Target Canada Co (Re)*, 2015 ONSC 7574

I certify that I am satisfied as to the authenticity of every authority.

Dated: July 9, 2026

THOMAS GRAY

SCHEDULE B – STATUTES AND REGULATIONS RELIED ON

***Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36**

Section 11

General Power of Court
Despite anything in the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*, if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

Section 11.001

Relief reasonably necessary
An order made under section 11 at the same time as an order made under subsection 11.02(1) or during the period referred to in an order made under that subsection with respect to an initial application shall be limited to relief that is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that period.

Section 11.02

Stays, etc. – initial application
(1) A court may, on an initial application in respect of a debtor company, make an order on any terms that it may impose, effective for the period that the court considers necessary, which period may not be more than 10 days,

> **(a)** staying, until otherwise ordered by the court, all proceedings taken or that might be taken in respect of the company under the Bankruptcy and Insolvency Act or the Winding-up and Restructuring Act;
>
> **(b)** restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and
>
> **(c)** prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Stays, etc. — other than initial application
(2) A court may, on an application in respect of a debtor company other than an initial application, make an order, on any terms that it may impose,

(a) staying, until otherwise ordered by the court, for any period that the court considers necessary, all proceedings taken or that might be taken in respect of the company under an Act referred to in paragraph (1)(a);

(b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and

(c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Burden of proof on application
(3) The court shall not make the order unless

(a) the applicant satisfies the court that circumstances exist that make the order appropriate; and

(b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

Restriction
(4) Orders doing anything referred to in subsection (1) or (2) may only be made under this section.

Section 11.2

Interim financing
(1) On application by a debtor company and on notice to the secured creditors who are likely to be affected by the security or charge, a court may make an order declaring that all or part of the company's property is subject to a security or charge — in an amount that the court considers appropriate — in favour of a person specified in the order who agrees to lend to the company an amount approved by the court as being required by the company, having regard to its cash-flow statement. The security or charge may not secure an obligation that exists before the order is made.

Priority — secured creditors
(2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the company.

Priority — other orders
(3) The court may order that the security or charge rank in priority over any security or charge arising from a previous order made under subsection (1) only with the consent of the person in whose favour the previous order was made.

Factors to be considered
(4) In deciding whether to make an order, the court is to consider, among other things,

(a) the period during which the company is expected to be subject to proceedings under this Act;

(b) how the company's business and financial affairs are to be managed during the proceedings;

(c) whether the company's management has the confidence of its major creditors;

(d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;

(e) the nature and value of the company's property;

(f) whether any creditor would be materially prejudiced as a result of the security or charge; and

(g) the monitor's report referred to in paragraph 23(1)(b), if any.

Additional factor — initial application
(5) When an application is made under subsection (1) at the same time as an initial application referred to in subsection 11.02(1) or during the period referred to in an order made under that subsection, no order shall be made under subsection (1) unless the court is also satisfied that the terms of the loan are limited to what is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that period.

Section 11.4

Critical supplier
11.4 (1) On application by a debtor company and on notice to the secured creditors who are likely to be affected by the security or charge, the court may make an order declaring a person to be a critical supplier to the company if the court is satisfied that the person is a supplier of goods or services to the company and that the goods or services that are supplied are critical to the company's continued operation.

Obligation to supply
(2) If the court declares a person to be a critical supplier, the court may make an order requiring the person to supply any goods or services specified by the court to the company on any terms and conditions that are consistent with the supply relationship or that the court considers appropriate.

Security or charge in favour of critical supplier
(3) If the court makes an order under subsection (2), the court shall, in the order, declare that all or part of the property of the company is subject to a security or charge in favour of the person declared to be a critical supplier, in an amount equal to the value of the goods or services supplied under the terms of the order.

Priority
(4) The court may order that the security or charge rank in priority over the claim of any secured creditor of the company.

Court File No.: CL-26-00000261-0000

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

AND IN THE MATTER OF PAYSTONE HOLDINGS INC., PAYSTONE INC., ATOM GROWTH INC., and ATOM GROWTH (USA), INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

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