

**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

June 12, 2026

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PART I: OVERVIEW

1. On June 5, 2026, Paystone Holdings Inc., Paystone Inc., Atom Growth Inc. and Atom Growth (USA), Inc. (collectively, the “**Applicants**” or the “**Company**”) sought and obtained an initial order (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. As described in the Applicants’ Application Record filed in support of the Initial Order (the “**Application Record**”), the Applicants had intended to seek, among other things, approval of a pre-packaged sale transaction (the “**Sale Transaction**”) with a newly incorporated company controlled by their principals at the Comeback Hearing (as defined below). However, in response to certain discussions with stakeholders, the Applicants have agreed to defer their motion seeking approval of the Sale Transaction and related ancillary relief to a later date.
3. The Applicants remain of the view that the Sale Transaction is in the best interests of the Company and its stakeholders. If approved, the Sale Transaction will right-size the Applicants’ balance sheet, maintain critical goodwill, preserve the jobs of substantially all of the Applicants’ employees, and allow the business to continue as a going concern for the benefit of the Applicants’ customers, vendors, and other stakeholders.
4. Given the adjournment, the only material relief being sought by the Applicants is a short stay extension until June 25, 2026 (the “**Stay Extension**”). While the Applicants have sufficient liquidity to fund these CCAA proceedings through the Stay Extension period, they continue to face significant liquidity constraints and require the implementation of the Sale Transaction in the near term to maintain operations as a going concern.

5. Accordingly, the Applicants intend to return prior to the expiry of the proposed Stay Extension to seek approval of the Sale Transaction, together with certain ancillary relief that will facilitate the efficient and orderly winddown of these CCAA proceedings.¹

PART II: FACTS

6. The facts underlying this application are more fully set out in the affidavit of Adam Zalev sworn June 5, 2026 (the “**Zalev Affidavit**”) and the First Report of the Monitor (as defined below) dated June 12, 2026 (the “**First Report**”).² Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Zalev Affidavit.

A. Background to these CCAA Proceedings

7. The Applicants operate in the fintech and software industry and provide payment processing and customer engagement platforms to approximately 38,000 small and medium-sized businesses.³ On June 5, 2026, the Applicants sought and obtained CCAA protection after struggling with prolonged liquidity issues.⁴

8. Shortly before their filing, the Applicants completed a transaction (the “**Loan Transaction**”) pursuant to which the obligations that they owed under a senior credit agreement (the “**Senior Credit Agreement**”) were acquired by Sandton Investments X (Luxembourg) S.à r.l. The Loan Transaction offered the Applicants an opportunity to materially improve their capital structure. However, it alone was not sufficient to right-size the Applicants’ balance sheet.⁵

¹ First Report of the Monitor dated June 12, 2026, s 1 at para 6 [*First Report*].

² Affidavit of Adam Zalev sworn June 5, 2026 [*Zalev Affidavit*], Application Record of the Applicants dated June 5, 2026, at Tab 2 [*Application Record*].

³ Zalev Affidavit, *ibid* at para 7, Application Record at Tab 2.

⁴ Zalev Affidavit, *ibid* at paras 8, 106-109, Application Record at Tab 2.

⁵ Zalev Affidavit, *ibid* at paras 9, 14-16, Application Record at Tab 2.

9. At the time of their filing, the Applicants were insolvent on both a balance sheet and cash-flow basis and were in default under various debt instruments, including the Senior Credit Agreement and their loan agreement with BDC Capital Inc.⁶

10. As such, the Applicants sought and obtained the Initial Order, which provided for the limited relief necessary to continue operations in the immediate term – namely, a stay of proceedings (the “**Stay of Proceedings**”) for an initial ten-day period (the “**Stay Period**”) and a super-priority charge in favour of the professionals who would be primarily involved in the restructuring.⁷ The Initial Order also appointed KSV Restructuring Inc. (now AlixPartners Restructuring, Inc.) as the monitor of the Applicants (in such capacity, the “**Monitor**”).⁸

11. The Applicants commenced these CCAA proceedings with the intention of ultimately completing the Sale Transaction for the benefit of their stakeholders.⁹ As set out in the Application Record, the Applicants had intended to seek the following relief at the comeback hearing (the “**Comeback Hearing**”):

- (a) an amended and restated Initial Order (the “**ARIO**”), which would, among other things, extend the Stay of Proceedings;¹⁰
- (b) an approval and vesting order (the “**AVO**”), which would, among other things: approve the Sale Transaction, the corresponding asset purchase agreement and certain releases; and

⁶ Zalev Affidavit, *ibid* at paras 8,11, 16, Application Record at Tab 2.

⁷ First Report, *supra* note 1, s 1 at para 2.

⁸ First Report, *ibid*, s 1 at para 1.

⁹ Zalev Affidavit, *supra* note 2 at para 8, Application Record at Tab 2.

¹⁰ The Applicants originally intended to seek an extension of the Stay of Proceedings until: (i) if the Sale Transaction closed on or before June 26, 2026 - August 15, 2026; or (ii) if the Sale Transaction did not close by such date - June 26, 2026; See First Report, *supra* note 1, s 1 at para 5(a).

- (c) an ancillary order (the “**Ancillary Order**”), which would, among other things, seal certain confidential information, authorize and empower the Monitor to exercise enhanced powers in respect of the Applicants, and approve a wind-up reserve.¹¹

B. Developments Since the Initial Order

12. As part of the Application Record, the Applicants previewed their intention to seek approval of the Sale Transaction. For example, the Zalev Affidavit included details regarding a pre-filing sale and investment solicitation process, the terms of the proposed Sale Transaction and a copy of the corresponding asset purchase agreement.¹² The Applicants also previewed that they would be seeking certain ancillary relief to facilitate the windup of these CCAA proceedings following the consummation of the Sale Transaction.¹³

13. Since the initial hearing on June 5, 2026, the Applicants have been diligently engaging with stakeholders regarding the proposed Sale Transaction and other related relief.¹⁴ Upon request, the Applicants have agreed to adjourn the approval of the AVO and Ancillary Order to provide stakeholders with additional time to review and, if required, respond to the proposed relief.¹⁵ Accordingly, the Applicants have limited the relief sought at the Comeback Hearing to approval of the ARIO, which is substantially the same as the Initial Order (except for the minor amendments discussed herein).

14. Notwithstanding the adjournment, the Applicants still intend to seek approval of the AVO and Ancillary Order as expeditiously as possible. The Sale Transaction remains the best available

¹¹ First Report, *supra* note 1, s 1 at para 5; Zalev Affidavit, *supra* note 2 at para 6, Application Record at Tab 2.

¹² See sections VI. B and VIII.B. of Zalev Affidavit, *ibid*, Application Record at Tab 2.

¹³ See section VIII.C. of Zalev Affidavit, *ibid*, Application Record at Tab 2.

¹⁴ First Report, *supra* note 1, s 1 at paras 5, 6.

¹⁵ First Report, *ibid*, s 1 at para 6.

means of right-sizing the Company's balance sheet and preserving a going-concern business for the benefit of all stakeholders.¹⁶ The Company is also projected to experience a liquidity shortfall in the week following the expiry of the proposed Stay Extension, underscoring the urgency of implementing the Sale Transaction.¹⁷

C. Stay of Proceedings

15. The Stay Period will expire on June 15, 2026.¹⁸ Pursuant to the proposed ARIO, the Applicants are seeking to extend the Stay Period to and including June 25, 2026.¹⁹

16. The cash flow forecast (the "**Cash Flow Forecast**") attached as Appendix "E" to the First Report demonstrates that the Applicants will have sufficient liquidity to fund their obligations and the costs of these CCAA proceedings throughout the Stay Extension.²⁰

D. Ancillary Relief

17. In addition to the Stay Extension, the proposed form of ARIO also includes the following changes from the Initial Order: (i) the Chief Restructuring Officer has been removed as a beneficiary under the Administration Charge; and (ii) the Administration Charge will now rank in priority to all other security interests, trusts, liens, charges and encumbrances (without the previous carve-out for parties that had not been served with the Application Record).²¹

¹⁶ Zalev Affidavit, *supra* note 2 at para 8, Application Record at Tab 2.

¹⁷ First Report, *supra* note 1, s 4 at para 3.

¹⁸ First Report, *ibid*, s 1 at para 2.

¹⁹ First Report, *ibid*, s 1 at para 4.

²⁰ First Report, *ibid*, s 4 at para 3.

²¹ First Report, *ibid*, s 5.

PART III: ISSUES

18. The sole issue to be determined is whether the Stay Period should be extended to and including June 25, 2026.

PART IV: LAW AND ANALYSIS

19. The Applicants are seeking a limited stay extension to and including June 25, 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.”²² 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.²³

20. An extension of a stay of proceedings will be appropriate where it maintains the *status quo* and provides applicants with the breathing room to arrange a “sale of assets in order to maximize recovery for stakeholders”.²⁴

21. The Stay Extension is required to maintain stability during this critical stage of the Applicants’ restructuring. It will afford the Applicants the breathing room necessary to continue operating the business in the ordinary course while seeking approval of the Sale Transaction and, if approved, implementing the transaction on an expedited basis. The Stay Extension will also provide stakeholders with additional time to review the materials filed in these CCAA proceedings.

²² *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, s 11.02(2).

²³ *CCAA*, *ibid* s 11.02(2); *Harte Gold Corp. (Re)*, 2022 ONSC 653 at para 87.

²⁴ *Target Canada Co. (Re)*, 2015 ONSC 303 at para 8; *Timminco Limited (Re)*, 2012 ONSC 2515 at para 15; *Re Clover Leaf Holdings Company*, 2019 ONSC 6966 at para 19.

22. 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;
- (b) as reflected in the Cash Flow Forecast, the Applicants are forecast to have sufficient liquidity through the Stay Extension to fund their ordinary course obligations and the costs of these CCAA proceedings;
- (c) the Monitor is not aware of any creditors who would be materially prejudiced by the proposed Stay Extension;
- (d) the Stay Extension will allow the Applicants to pursue their restructuring objectives, including approval of the Sale Transaction, in an effort to maximize value for the benefit of their stakeholders; and
- (e) the Stay Extension is supported by the Monitor.²⁵

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

²⁵ First Report, *supra* note 1, s 6.

PART V: RELIEF REQUESTED

24. The Applicants submit that the Stay Extension and the relief sought under the ARIO are 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 ARIO.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 12TH DAY OF JUNE, 2026.

Bennett Jones LLP

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SCHEDULE A – LIST OF AUTHORITIES

Cases Cited

1. *Re Clover Leaf Holdings Company*, [2019 ONSC 6966](#)
2. *Harte Gold Corp. (Re)*, [2022 ONSC 653](#)
3. *Target Canada Co. (Re)*, [2015 ONSC 303](#)
4. *Timminco Limited (Re)*, [2012 ONSC 2515](#)

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

Dated: June 12, 2026



JAMIE ERNST

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.

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Proceeding commenced at Toronto

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