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

June 29, 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**"). The Applicants have twice since returned to Court – first, on June 15, 2026, when they sought and obtained an Amended and Restated Initial Order that extended the stay of proceedings to June 25, 2026 (the "**Stay Period**"); and second, on June 22, 2026, when they sought an Approval and Vesting Order approving a pre-packaged asset sale transaction, along with an Ancillary Order granting related relief.

2. The relief sought on June 22 was opposed by BDC Capital Inc. ("**BDC**"), which instead sought approval of a sale process in respect of the Applicants. As set out in an endorsement dated June 24, 2026, the Court: (i) declined to grant the relief sought by the Applicants on June 22, 2026; (ii) declined to grant the relief sought by BDC; and (iii) extended the Stay Period to 11:59 p.m. on June 30, 2026.

3. Since the June 24 endorsement, the Applicants have engaged in discussions with various parties, including: (i) AlixPartners Restructuring, Inc., the Court-appointed monitor (in such capacity, the "**Monitor**"); (ii) Sandton Investments X (Luxembourg) S.à r.l. ("**Sandton**"), the Applicants' senior secured lender; (iii) BDC; and (iv) the Bank of Nova Scotia ("**BNS**"), which provides the Applicants' billing services.

4. The Applicants now seek a short extension of the Stay Period to and including July 6, 2026 (the "**Stay Extension**"). As set out herein, the Stay Extension will allow: (i) the Monitor to prepare an appropriate sale and investment solicitation process (a "**SISP**"); (ii) the Monitor and the

Applicants to negotiate and finalize a debtor-in-possession ("**DIP**") financing agreement while working toward a constructive solution with BNS; and (iii) the Monitor and the Applicants to return to Court to seek approval of same. The Applicants have been acting with good faith and due diligence since the June 24 endorsement was granted. No party will be materially prejudiced by the Stay Extension. The Applicants therefore submit that the relief sought is reasonable and appropriate in the circumstances.

PART II: FACTS

5. The facts underlying this application are more fully set out in the affidavit of Adam Zalev sworn June 29, 2026 (the "**Zalev Affidavit**").[1] Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Zalev Affidavit.

A. Developments Following June 24 Endorsement

6. As noted above, the Applicants, together with the CRO and counsel, have engaged in discussions with key stakeholders regarding the path forward in these CCAA Proceedings.[2] Those discussions have focused principally on the steps required to provide continued stability for the Applicants while a further, Court-supervised, sale and investment solicitation process is conducted.

7. The Monitor, in consultation with Sandton, BDC, and the Applicants, is in the process of designing a SISP for the Applicants' business and property.[3] The Applicants expect that the SISP

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[1] Affidavit of Adam Zalev sworn June 29, 2026 [*Zalev Affidavit*], Motion Record of the Applicants dated June 29, 2026, at Tab 2 [*Motion Record*].
[2] Zalev Affidavit, *ibid* at para 12, Motion Record at Tab 2.
[3] Zalev Affidavit, *ibid* at para 13, Motion Record at Tab 2.

will be Monitor-led and Court-supervised, which the Applicants support.[4] The Applicants understand that the Monitor intends to bring a motion seeking approval of same in the near term.

8. In parallel, the Applicants and the Monitor are working to secure DIP financing sufficient to fund the Applicants' continued operations during the SISP and the increased costs associated with same.[5] Sandton has advised that it is not prepared to be primed, and that it would oppose any motion seeking to prime it – neither the Applicants nor the Monitor has received a proposal for junior DIP financing.[6] The Applicants are therefore in advanced discussions with Sandton regarding the terms of a potential Sandton-sponsored DIP facility, which they expect to seek approval of concurrently with the Monitor's SISP motion.[7]

9. The Applicants have also engaged in discussions with BNS, their primary billing provider, regarding BNS's stated concern about potential customer chargeback exposure during the CCAA Proceedings – as previously noted by the Monitor, BNS has requested additional cash collateral or other protections beginning July 2, 2026.[8] Discussions are ongoing regarding a comprehensive resolution to this issue.[9]

10. Throughout this period, the Applicants and their management have continued to make significant efforts to preserve ordinary course operations and maintain constructive engagement with employees, customers, partners and other stakeholders.[10]

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[4] Zalev Affidavit, *ibid* at para 13, Motion Record at Tab 2.
[5] Zalev Affidavit, *ibid* at para 14, Motion Record at Tab 2.
[6] Zalev Affidavit, *ibid* at para 14, Motion Record at Tab 2.
[7] Zalev Affidavit, *ibid* at para 14, Motion Record at Tab 2.
[8] Zalev Affidavit, *ibid* at para 15, Motion Record at Tab 2.
[9] Zalev Affidavit, *ibid* at para 15, Motion Record at Tab 2.
[10] Zalev Affidavit, *ibid* at para 17, Motion Record at Tab 2.

B. Stay of Proceedings

11. The Stay Period will expire on June 30, 2026. Pursuant to the proposed Stay Extension Order, the Applicants are seeking to extend the Stay Period to and including July 6, 2026.

12. The cash flow forecast (the "**Cash Flow Forecast**") previously appended to the Second Report of the Monitor dated June 19, 2026 demonstrates that the Applicants will have sufficient liquidity to fund their obligations and the costs of these CCAA Proceedings throughout the Stay Extension.[11]

PART III: ISSUES

13. The sole issue to be considered on this motion is whether the Stay Extension should be granted.

PART IV: LAW AND ANALYSIS

A. The Stay Extension Should be Granted

14. The Applicants are seeking a limited stay extension to and including July 6, 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".[12] 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.[13]

15. The jurisdiction of courts to stay proceedings under section 11.02 "should be construed broadly to accomplish the legislative purposes of the CCAA".[14] These purposes include, among

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[11] Zalev Affidavit, *ibid* at paras 20-21, Motion Record at Tab 2.
[12] *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, s 11.02(2).
[13] CCAA, *ibid* s 11.02(2); *Harte Gold Corp. (Re)*, 2022 ONSC 653 at para 87.
[14] *Canwest Global Communications Corp.*, 2011 ONSC 2215 at paras 24-25 [***Canwest***].

others, enabling the continuation of the debtors' business and facilitating a value maximizing restructuring.[15] 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".[16]

16. The Stay Extension is required to maintain stability and provide continued breathing room during the short time before the Applicants and the Monitor return to Court to seek the substantive relief necessary to complete a restructuring in accordance with the Court's June 24 endorsement.

17. 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 Stay Extension will allow: (i) the Monitor to prepare an appropriate SISP; (ii) the Applicants and the Monitor to negotiate and finalize a DIP agreement while working toward a constructive solution with BNS; and (iii) the Monitor and the Applicants to return to Court to seek approval of same; and

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[15] *Canwest*, *ibid* at para 24; *Century Services Inc. v. Canada (Attorney General)*, 2010 SCC 60 at para 15; *Target Canada Co. (Re)*, 2015 ONSC 303 at para 8 [***Target***]; *Timminco Limited (Re)*, 2012 ONSC 2515 at para 15 [***Timminco***].
[16] *Target, ibid* at para 8; *Timminco, ibid*, at para 15; *Clover Leaf Holdings Company, Re*, 2019 ONSC 6966 (CanLII) at para 19.

(d) the Stay Extension is supported by the Monitor and Sandton, and the Applicants do not believe any creditors will be materially prejudiced by the proposed Stay Extension.[17]

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

PART V: RELIEF REQUESTED

19. The Applicants submit that the 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 Stay Extension Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 29TH DAY OF JUNE, 2026.

Bennett Jones LLP

BENNETT JONES LLP

[17] Zalev Affidavit, *supra* note 1 at paras 22-23, Motion Record at Tab 2.

SCHEDULE A – LIST OF AUTHORITIES

Cases Cited

1. *Canwest Global Communications Corp.*, 2011 ONSC 2215
2. *Century Services Inc. v. Canada (Attorney General*), 2010 SCC 60
3. *Clover Leaf Holdings Company, Re*, 2019 ONSC 6966 (CanLII)
4. *Harte Gold Corp. (Re)*, 2022 ONSC 653
5. *Target Canada Co. (Re)*, 2015 ONSC 303
6. *Timminco Limited (Re)*, 2012 ONSC 2515

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

Dated: June 29, 2026

Thomas Gray (LSO# 82473H)

SCHEDULE B – STATUTES AND REGULATIONS RELIED ON

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

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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