

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

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

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

**MOTION RECORD
(Returnable August 8, 2025)**

August 5, 2025

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario M5X 1A4

Sean Zweig (LSO# 57307I)
Tel: (416) 777-6254
Email: zweigs@bennettjones.com

Jesse Mighton (LSO# 62291J)
Tel: (416) 777-6255
Email: mightonj@bennettjones.com

Jamie Ernst (LSO# 88724A)
Tel: (416) 777-6124
Email: ernstj@bennettjones.com

Linda Fraser-Richardson (LSO# 89718B)
Tel: (416) 777-7869
Email: fraserrichardsonl@bennettjones.com

Lawyers for the Applicants

TO: THE ATTACHED SERVICE LIST

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LAWRENCE OPHTHALMIC LAB INC. AND HAKIM OPTICAL
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Applicants

**SERVICE LIST
(as at July 14, 2025)**

<p>BENNETT JONES LLP 100 King Street West 1 First Canadian Place, Suite 3400 Toronto, ON M5X 1A4</p> <p>Sean Zweig Tel: 416.777.6254 Email: zweigs@bennettjones.com</p> <p>Jesse Mighton Tel: 416.777.623 Email: mightonj@bennettjones.com</p> <p>Jamie Ernst Tel: 416.777.7867 Email: ernstj@bennettjones.com</p> <p>Linda Fraser-Richardson Tel: 416.777.7869 Email: fraserrichardsonl@bennettjones.com</p> <p><i>Counsel for the Applicants</i></p>	<p>KSV RESTRUCTURING INC. 220 Bay Street, 13th Floor Toronto, ON M5J 2W4</p> <p>Mitch Vininsky Tel: 416.932.6013 Email: mvininsky@ksvadvisory.com</p> <p>Jordan Wong Tel: 416.932.6025 Email: jwong@ksvadvisory.com</p> <p>Nathalie El-Zakhem Tel: 416.932.6009 Email: nelzakhem@ksvadvisory.com</p> <p><i>The Monitor of the Applicants</i></p>
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<p>CHAITONS LLP 5000 Yonge Street, 10th Floor Toronto, ON M2N 7E9</p> <p>George Benchetrit Tel: 416.218.1141 Email: george@chaitons.com</p> <p>David Im Tel: 416.218.1124 Email: dim@chaitons.com</p> <p><i>Counsel for the Monitor</i></p>	<p>LOOPSTRA NIXON LLP 135 Queens Plate Dr #600 Etobicoke, ON M9W 6V7</p> <p>Maurice V. Fleming Tel: 289.815.5015 Email: mfleming@ln.law</p> <p>Shahrzad Hamraz Tel: 416.748.5116 Email: shamraz@ln.law</p> <p><i>Counsel for 1001112855 Ontario Inc.</i></p>
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GOVERNMENT AUTHORITIES	
<p>ATTORNEY GENERAL OF CANADA DEPARTMENT OF JUSTICE – INSOLVENCY UNIT Ontario Regional Office, Tax Law Section 120 Adelaide Street West, Suite 400 Toronto, ON M5H 1T1</p> <p>Email: AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca</p> <p>Edward Park Email: edward.park@justice.gc.ca</p> <p>Fozia Chaudary Email: fozia.chaudary@justice.gc.ca</p> <p>Chris VanBerkum Email: Christopher.VanBerkum@justice.gc.ca</p>	<p>CANADA REVENUE AGENCY 1 Front Street West Toronto, Ontario M5J 2X6</p> <p>Pat Confalone Tel: 1.866.668.8297 Email: pat.confalone@cra-arc.gc.ca</p> <p>Email: AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca</p> <p><i>Federal Taxation Authority</i></p>
<p>MINISTRY OF FINANCE (ONTARIO) Legal Services Branch 33 King Street West, 6th Floor Oshawa, ON L1H 8H5</p> <p>Steven Groeneveld Email: steven.groeneveld@ontario.ca</p> <p>General Enquiries Email: insolvency.unit@ontario.ca</p>	<p>MINISTRY OF LABOUR, IMMIGRATION, TRAINING AND SKILLS DEVELOPMENT (ONTARIO) Provincial Claims Centre 70 Foster Drive, Suite 410 Sault Ste. Marie, ON P6A 6V4</p> <p>Nadia Cerullo Tel: 647.505.2516 Email: nadia.cerullo@ontario.ca</p>
<p>MINISTRY OF LABOUR, EMPLOYMENT STANDARDS BRANCH (BRITISH COLUMBIA) PO Box 9570, Stn Prov Govt Victoria, BC V8W 9K1</p> <p>Albert Hirya Email: albert.hirya@gov.bc.ca</p>	<p>GOVERNMENT OF ALBERTA, ALBERTA JUSTICE, LEGAL SERVICES DIVISION 9th Floor, Peace Hills Trust Tower 10011 109 Street NW Edmonton, Alberta T5J 3S8</p> <p>General Enquiries: Tel: 780.427.2711 Email: jsg.servicehmk@gov.ab.ca</p>

<p>MINISTRY OF FINANCE (ALBERTA) Tax and Revenue Administration 9811-109 St NW Edmonton, AB T5K 2L5</p> <p>General Enquiries: Tel: 780.427.3044 Email: tra.revenue@gov.ab.ca</p>	<p>DEPARTMENT OF JUSTICE (MANITOBA) Civil Legal Services 301-310 Broadway Avenue Winnipeg, MB R3C 3L6</p> <p>Shelley Haner Email: shelley.haner@gov.mb.ca</p>
<p>DEPARTMENT OF FINANCE (MANITOBA) Taxation Division 101- 401 York Avenue Manitoba, MB R3C 0P8</p> <p>General Enquiries: Email: mbtax@gov.mb.ca</p>	

LANDLORDS	
<p>OPTICAL PROPERTIES INC. 260 Spadina Avenue, Suite 300 Toronto, Ontario M5T 2E4</p> <p>Email: Info.northerncapitalgroup@bellnet.ca</p> <p><i>Landlord (Store #02, #04 & #22)</i></p>	<p>627092 ONTARIO INC. 2357 Finch Avenue West, Suite 201 Toronto, ON M9M 2W8</p> <p>Email: morsal2357@gmail.com Email: darbackrozen@gmail.com</p> <p><i>Landlord (Store #03)</i></p>
<p>MIHAJLO VUJCUF Email: mvujcuf@gmail.com</p> <p><i>Landlord (Store #08)</i></p>	<p>1000902135 ONTARIO INC. 95 Rivalda Road Toronto ON, M9M 2M6</p> <p><i>Landlord (Store #09)</i></p>

<p>CASSELS BROCK & BLACKWELL LLP Bay Adelaide Centre – North Tower 40 Temperance, St Suite 3200 Toronto, ON M5H 0B4</p> <p>Cory Sherman Tel: 416.869.5346 Email: csherman@cassels.com</p> <p><i>Counsel to Hammer LP (Store #14)</i></p>	<p>379003 ONTARIO LIMITED 83 Woodbridge Ave. Suite 511 Woodbridge, ON L4L 0C8</p> <p>Maria Gallo Tel: 416.523.6290 Email: yong.kwon@vcataxconsultants.ca</p> <p><i>Landlord (Store #29)</i></p>
<p>1714166 ONTARIO INC. 545 I Highway 7, Suite 200 Woodbridge, ON LAL 082</p> <p>Marco Tirone Tel: 905.856.3031 Email: marco@firstavenue.ca</p> <p><i>Landlord (Store #31)</i></p>	<p>NORTHRIDGE PROPERTIES LTD. C/O THE PROPERTIES GROUP 236 Metcalfe Street, Ottawa, ON K2P 1R3</p> <p>Stephanie Lerou Tel: 613.369.5487 Email: sleroux@prpgrp.com</p> <p>Jules Sigler Tel: 613.369.5490 Email: jules@prpgrp.com</p> <p><i>Landlord (Store #33)</i></p>
<p>1383266 ONTARIO LIMITED</p> <p>Phuong Pham Email: ppham@rogers.com</p> <p><i>Landlord (Store #37)</i></p>	<p>GGFI LAW LLP 515 Riverbend Dr Suite 200 Kitchener, ON N2K 3S3</p> <p>Jennifer Mohomed-Indarsingh Tel: 519.579.4300 Email: jmohomed@ggfilaw.com</p> <p><i>Counsel to 2472847 Ontario Inc. Landlord (Store #43)</i></p>

<p>ZORAN PROPERTIES INC. 75 International Blvd., Suite 400 Etobicoke, ON M9W 6L9</p> <p>Maureen Cayer Tel: 416.620.5696 ext. 228 Email: maureen_cayer@zoranproperties.com</p> <p><i>Landlord (Store #44)</i></p>	<p>VALENTE CONSTRUCTION LTD. 16B - 25 Amy Croft Drive Tecumseh, ON N9K 1C7</p> <p>Michael Valente Tel: 519.735.2237 Email: michaelv@valentegroup.com</p> <p><i>Landlord (Store #50)</i></p>
<p>CAMELINO GALESSIERE LLP 65 Queen St West, Suite 440 Toronto, ON M5H 2M5</p> <p>Linda Galessiere Tel: 416.306.3827 Email: lgalessiere@clegal.ca</p> <p><i>Counsel to Salthill Property Management Inc. (Store #199), Smart Real Estate Investment Trust (Stores #52, #95, #136, #148, #166, #217), RioCan, NADG, Cushman & Wakefield - Commercial Real Estate Services and Ivanhoe Cambridge</i></p>	<p>A. SVADJIAN Email: arto.svadjian@gmail.com</p> <p><i>Landlord (Store #53B)</i></p>
<p>HAROUTIOUN KAZANDJIAN Email: haroutioun.kazandjian@gmail.com</p> <p><i>Landlord (Store #53C)</i></p>	<p>WESTDELL DEVELOPMENT CORP. 1701 Richmond St. Ste. 38 London, ON N5X 3Y2</p> <p>Stephanie Lauersen Tel: 519.850.000 Email: slauersen@westdellcorp.com</p> <p><i>Authorized Representative of Richmond Hyland Centre Inc. (Store #54)</i></p>

<p>S. GALLAGHER LAW Professional Corporation 155 - 759 Hyde Park Road London, ON N6H 3S2</p> <p>Scott Gallagher Email: scott@sgallagherlaw.com</p> <p><i>Counsel to Richmond Hyland Centre Inc. (Store #54)</i></p>	<p>TONY GRAHAM MOTORS LIMITED 1855 Merivale Road Ottawa, ON K2G 1E3</p> <p>Chris Pereira Tel: 613.225.1212 ext 781 Email: cpereira@tonygraham.com</p> <p><i>Landlord (Store #55)</i></p>
<p>HIGHLAND PARK SHOPPING CENTRE LTD. 12 David Street Markham, Ontario, L3P 1Z9</p> <p>Linda Duncan Tel: 905.472.7732 x422 Email: linda@dgfgroup.ca</p> <p><i>Landlord (Store #60)</i></p>	<p>BERKOW YOUD LEV-FARRELL DAS LLP 141 Adelaide Street West, Suite 400 Toronto, ON M5H 3L5</p> <p>John Jeyaratnam Tel: 416.364.4900 Email: jjeyaratnam@byldlaw.com</p> <p><i>Counsel for HOOPP Realty Inc. (Store #61)</i></p>
<p>KIPLING REALTY MANAGEMENT INC. ITF 1579909 ONTARIO LIMITED 65 Queen Street West, Suite 700 Toronto, ON M5H 2M5</p> <p>Andrew Turner Tel: 647.954.9590 Email: aturner@kiplingrealty.com</p> <p>Debbie Quattrin Tel: 289.813.9478 Email: dquattrin@kiplingrealty.com</p> <p><i>Landlord (Store #62)</i></p>	<p>TANBAY HOLDING INC. 128A Sterling Road, Suite 203 Toronto Ontario M6R 2B7</p> <p>Melanie Yorke Tel: 416.619.4278 Email: melanie@tanurb.com</p> <p><i>Landlord (Store #63)</i></p>

<p>DAOUST VUKOVICH LLP 20 Queen Street West, Suite 3000 Toronto, ON M5H 3R3</p> <p>Dina Peat Tel: 416.598.7055 Email: dpeat@dv-law.com</p> <p><i>Counsel for Finchdale Plaza Ltd. (Store #65), Kaneff Properties Limited (Store #75), Mic Mac Mall Limited Partnership, Sitzer Group Holdings No.2 Limited (Store #79), Canada Life Assurance Company (formerly The Great West Life Assurance Company and London Life Insurance Company) (Store #140)</i></p>	<p>LETITIA DI-BELLONIA 8444 Lundy's Lane Niagara Falls, ON, L2H 1H4</p> <p>Tish DiBellonia Email: tishd@americananiagara.com</p> <p><i>Landlord (Store #66)</i></p>
<p>2590875 ONTARIO LTD</p> <p>Pat Haghgoo Email: pathaghgoo@hotmail.com</p> <p><i>Landlord (Store #67)</i></p>	<p>DENTONS CANADA LLP King St W Suite 400 Toronto, ON M5K 0A1</p> <p>Sheldon L. Disenhouse Tel: 416.863.4376 Email: sheldon.disenhouse@dentons.com</p> <p><i>Counsel for Lanterra Commercial Holdings Inc. (Store #69)</i></p>
<p>CENTRECORP MANAGEMENT SERVICES LTD. 1615 Orleans Blvd., Suite 113 Ottawa, ON K1C 7E2</p> <p>General Enquiries Email: ndegasperis@nadg.com</p> <p><i>Landlord (Store #71)</i></p>	<p>LLF LAWYERS LLP 3430 Lawrence Avenue East Scarborough, ON M1H 1A9</p> <p>Phil Aldrich Tel: 705.742.1674 Email: paldrich@llf.ca</p> <p><i>Counsel for Sunralf Holdings Inc. (Store #72)</i></p>

<p>PALLET VALO LLP 77 City Centre Drive West Tower, Suite 3000 Mississauga, ON L5B 1M5</p> <p>Murray T. Box Tel: 289.805.4467 Email: mbox@pallettvalo.com</p> <p><i>Counsel for Au Ngan Leng Lo (Store #73)</i></p>	<p>BNN HOLDINGS C/O SUBLINE</p> <p>Napoleon Economou Email: bnnholdings@hotmail.com</p> <p><i>Landlord (Store #74)</i></p>
<p>KENNY ALWYN WHENT INC. 739 Harold Crescent Thunder Bay, ON P7C 5H8</p> <p>Delma Ftajkowi Tel: 807.623.5572 Email: whent@shaw.ca <i>Landlord (Store #80)</i></p>	<p>1000485574 ONTARIO INC. 200B-2760 Victoria Park Ave North York, ON M2J 4A8</p> <p>Amanda Burke Email: midland1375@rogers.com</p> <p><i>Landlord (Store #81)</i></p>
<p>1304372 ONTARIO LTD.</p> <p>Henry Goldberg Email: henry@henrygoldberg.ca</p> <p><i>Landlord (Store #82)</i></p>	<p>AVISON YOUNG ITF WOODBINE MALL HOLDINGS INC. C/O Avison Young Real Estate Management Services, LP 222 Bay Street, Suite 2500, Box 245 Toronto, ON M5K 1J5</p> <p>Beverly Relph Tel: 647.453.6532 Email: beverly.relph@avisonyoung.com</p> <p><i>Landlord (Store #83)</i></p>

<p>ORMSTON BARRISTERS 71 Eastbourne Avenue Toronto, ON M5P 2G1</p> <p>John P. Ormston Tel: 416.617.9840 Email: jormston@ormstonbarristers.com</p> <p><i>Counsel for Topostar Yorkville Inc. and Topostar Corporation (Stores #85 & #193)</i></p>	<p>SHINDICO REALTY INC. 200 – 1355 Taylor Avenue Winnipeg, MB R3M 3Y9</p> <p>General Inquiries: Email: inquire@shindico.com</p> <p><i>Property Manager of Garland, Lyon and Wilkinson Partners Ltd. And R.W. Shindleman (Store #89)</i></p>
<p>MAXNER REAL ESTATE LTD.</p> <p>Ashley Seetner Email: avieseetner@rogers.com</p> <p><i>Landlord (Store #92)</i></p>	<p>KEVIN P. VON BARGEN, BARRISTER AND SOLICITOR 8700 Dufferin Street Concord, ON l4K 4S6</p> <p>Kevin P. von Bargaen Tel: 416.661.5989 Email: kevin.vonbargaen@kvb-law.com</p> <p><i>Counsel for Amville Developments Inc. (Store #93)</i></p>
<p>1067 ONTARIO ST LTD. 2 Water St. North, Cambridge ON, N1R 3B1</p> <p>Allison Vallantine Tel: 519.273.6724 Email: management@stratfordmall.ca</p> <p><i>Landlord (Store #94)</i></p>	<p>65 KINGSTON ROAD DEVELOPMENTS LTD. 545 I Highway 7, Suite 200 Woodbridge, ON LAL 082</p> <p>Marco Tirone Tel: 905.856.3031 Email: marco@firstavenue.ca</p> <p><i>Landlord (Store #97)</i></p>

<p>MCMILLAN LLP Brookfield Place 181 Bay St. Suite 4400 Toronto, ON M5J 2T3</p> <p>Christina Kobi Tel: 416.945.8033 Email: christina.kobi@mcmillan.ca</p> <p><i>Counsel to Landlord (Store #100 & #128)</i></p>	<p>1900 WALKERS LINE DEVELOPMENTS INC. 5451 Highway #7 Suite 200 Woodbridge, ON L4L 0B2</p> <p>Marco Tirone Tel: 905.856.3031 Email: marco@firstavenue.ca</p> <p><i>Landlord (Store #101)</i></p>
<p>WILD COUNTRY DEVELOPMENTS INC. 351 King Street E. 13th Floor Toronto ON, M5A 0L6</p> <p>Rachael Kitchen Tel: 416.991.8552 Email: rkitchen@firstgulf.com</p> <p>Email: jlemi@firstgulf.com</p> <p><i>Landlord (Store #102)</i></p>	<p>A & L INVESTMENTS LIMITED 25 Imperial Street Suite 200 Toronto, ON M5P 1B9</p> <p>Stephen Podolsky Tel: 416.484.1230 Email: aandlinvestments@thehirisegroup.com</p> <p><i>Landlord (Store #103)</i></p>
<p>CAPITOL MANAGEMENT CORP (NURIT)</p> <p>Catherine Ip Email: catherineip@rogers.com</p> <p><i>Landlord (Store #104)</i></p>	<p>THE VALIANT GROUP OF COMPANIES 177 Nonquon Road 20th Floor Oshawa, ON L1G 3S2</p> <p>Jane Laurie Tel: 905.443.3402 Email: accountsreceivable@valiantgroup.ca</p> <p>Email: melissa@valiantgroup.ca</p> <p><i>Landlord (Store #105)</i></p>

<p>SKYLINE MANAGEMENT 5 Douglas Street Suit 301 Guelph, ON N1H 2S8</p> <p>Nicola Robinson Tel: 437.913.9014 Email: nrobinson@primerealestategroup.ca</p> <p><i>Landlord (Store #111)</i></p>	<p>3476847 CANADA INC. 6395 Ch. de la Côte-de-Liesse Montreal, QC, H4T 1E5</p> <p>Fayex Elian Tel: 514.781.1413 Email: felian@consumercentres.com</p> <p><i>Landlord (Store #115)</i></p>
<p>JIM KAFENZAKIS C/O LUNA RESTAURANT 365 Stewart Blvd Brockville, ON K6V 4W9</p> <p>Jim Kafenzakis Tel. 613.342.8333 Email: jimkafenzakis@hotmail.com</p> <p><i>Landlord (Store #116)</i></p>	<p>425 UNIVERSITY AVENUE INC.</p> <p>Emil A. Vertes Email: evertes2017@gmail.com</p> <p><i>Landlord (Store #118)</i></p>
<p>ORLANDO CORPORATION 6205 Airport Road Mississauga, ON L4V 1E3</p> <p>Paola Caldaroni Tel: 905.677.5480 ext. 262 Email: caldaronip@orlandocorp.com</p> <p><i>Landlord (Store #124)</i></p>	<p>LUXOR MANAGEMENT INC., IN TRUST 128 Pine Street, Suite 300 Sudbury, ON P3C 1X3</p> <p>John Hastie Tel: 705.673.3000 ext. 229 Email: johnh@luxormanagement.ca</p> <p><i>Landlord (Store #125)</i></p>

<p>RANJOY SALES & LEASING 1400 McPhillips Street Winnipeg, Manitoba R2V 4G6</p> <p>Crystal Monkman Tel: 204.697.1400 ext. 1291 Email: chevpayables@gauthierautogroup.com</p> <p><i>Landlord (Store #137)</i></p>	<p>GARDINER ROBERTS LLP 22 Adelaide St W #3600 Toronto, ON M5H 4E3</p> <p>Alexander Melfi Tel: 416.865.6712 Email: amelfi@grllp.com</p> <p>Christina Tassopoulos Tel: 416.865.3328 Email: ctassopoulos@grllp.com</p> <p><i>Counsel for Paradise Lifetime Rogers Inc. (Store #142)</i></p>
<p>TRIBUTE (QUEENSWAY) LIMITED Briarlane Rental Property Management Inc. 85 Spy Court, Suite 100 Markham, ON, L3R 4Z4</p> <p>Nelson Nguyen Tel: 905.944.9406 ext: 275 Email: nnguyen@briarlane.ca</p> <p>Jenny Nguyen Tel: 905.943.4865 Email: jnguyen@briarlane.ca</p> <p><i>Landlord (Store #143)</i></p>	<p>BROADWAY VILLAGE INC. 9-41 Broadway Orangeville, ON, L9W 1J7</p> <p>Tom Gillies Tel: 519.939.7175 Email: tgillies@bell.net</p> <p><i>Landlord (Store #144)</i></p>
<p>LINMAC INC. 1005 Elgin St., W Suite 208 Cobourg, ON K9A 5J4</p> <p>Angela Turpin Tel: 905.372.3338 Email: accounting@linmac.ca</p> <p>Marla Butters Tel: 905.376.7885 Email: maintenance@linmac.ca</p> <p><i>Landlord (Store #145)</i></p>	<p>WEIRFOULDS LLP 66 Wellington St W Suite 4100 Toronto, ON M5K 1B7</p> <p>Wojtek Jaskiewicz Tel: 416.947.5094 Email: wjaskiewicz@weirfoulds.com</p> <p><i>Counsel for Tuckernut Management Services Inc. (Store #146)</i></p>

<p>RMI-ITF 404 TOWN CENTRE 157 Harwood Avenue North, Unit C4 Ajax, ON L1Z 0A1</p> <p>Nada Radevski-Elliott Tel: 905.426.6535 Email: nradevski@riocan.com</p> <p>Tony Stevens Email: tostevens@riocan.com</p> <p><i>Landlord (Store #149)</i></p>	<p>SKYLINE RETAIL REAL ESTATE HOLDINGS INC. 5 Douglas Street, Suite 301 Guelph, ON N1H 2S8</p> <p>Dan Chapman Email: dchapman@skylinegrp.ca</p> <p><i>Agent and Manager for Skyline Commercial Management Inc. (Store #153)</i></p>
<p>KENNEDY AGRIOS OSHRY LAW 1325 Manulife Place 10180-101 St. Edmonton, AB T5J 3S4</p> <p>Mark S.R. Tookey Tel: 780.801.3994 Email: mtookey@kaolawyers.com</p> <p><i>Counsel for Kreta Holdings Ltd. (Store #157)</i></p>	<p>MILLER THOMSON LLP Commerce Place 10155 102 St NW #2700 Edmonton, AB T5J 4G8</p> <p>Bryan A. Hosking Tel. 780.429.9773 Email: bhosking@millerthomson.com</p> <p>Dakota Bailey Tel. 780.429.9777 Email: dbailey@millerthomson.com</p> <p><i>Counsel for Landlord (Store #158)</i></p>
<p>SOLOWAY WRIGHT LLP 700-427 Laurier Avenue West Ottawa, ON K1R 7Y2</p> <p>Ryan D. Garrett Tel: 613.236.0111 Email: garretr@solowaywright.com</p> <p><i>Counsel for 2175604 Ontario Inc. (Store #161)</i></p>	<p>AVISON YOUNG ITF 1501662 ONTARIO LIMITED C/O AVISON YOUNG PROPERTY ADVISORS 222 Bay Street, Suite 2500 PO Box 245 Toronto, ON M5K 1J5</p> <p>Steve Cai Tel: 416.479.3979 Email: steve.cai@avisonyoung.com</p> <p><i>Landlord (Store #162)</i></p>

<p>CONSOLIDATED HOMES LTD. 400 Airport Road, Suite #6 North Bay, ON P1B 0A6</p> <p><i>Landlord (Store #163)</i></p>	<p>2243 BLOOR ST. WEST INC. C/O CAROM MANAGEMENT 2489 Bloor St. W. #200 Toronto, ON M6S 1R6</p> <p>Email: mazevedo.pm2024@gmail.com</p> <p><i>Landlord (Store #164)</i></p>
<p>PRIMARIS MANAGEMENT INC. MARLBOROUGH MALL Marlborough Mall (HOOPP) c/o Cushman & Wakefield Asset Services Inc. 433 Marlborough Way N.E. #310 Calgary, Alberta T2A 5H5</p> <p><i>Landlord (Store #170)</i></p>	<p>FORUM LAW LLP 11835-149 Street NW Edmonton, AB T5L 2J1</p> <p>Mazen Al-Badran Tel: 780.665.0889 Email: albadran@forumlaw.ca</p> <p>Dolly Mikhael Tel: 780.443.0278 Email: mikhael@forumlaw.ca</p> <p><i>Counsel for Albadry Holdings Inc. (Store #172)</i></p>
<p>CALGARY CO-OPERATIVE ASSOCIATION LTD. Attn: Damon Tanzola, Senior Vice President - Real Estate and Health & Wellness</p> <p>Email: DTanzola@calgarycoop.com</p> <p><i>Landlord (Store #173)</i></p>	<p>CARBERT WAITE LLP 645 7 Ave SW #2300 Calgary, AB T2P 4G8</p> <p>Blair R. Carbert, K.C. Tel: 403.705.3304 Email: carbert@carbertwaite.com</p> <p>Noah Thompson Tel: 403.705.3694 Email: thompson@carbertwaite.com</p> <p><i>Counsel for Market Mall Leaseholds Inc. (Store #176)</i></p>

<p>FIMA DEVELOPMENT 313 Horner Ave Toronto, ON M8W 1Z5</p> <p>Kara Haas Tel: 416.252.2226 Email: khaas@bellnet.ca</p> <p><i>Landlord (Store #179)</i></p>	<p>DICKINSON WRIGHT LLP 199 Bay Street, Suite 2200 P.O. Box 447 Commerce Court Postal Station, Toronto, ON M5L 1G4</p> <p>Stephen Posen Tel: 416.369.4103 Email: sposen@dickinson-wright.com</p> <p>David. P. Preger Tel: 416.646.4606 Email: dpreger@dickinson-wright.com</p> <p>Blair G. McRadu Tel: 416.777.4039 Email: bmcradu@dickinson-wright.com</p> <p><i>Counsel for Fima Development (Store #179)</i></p>
<p>RINGWOOD PROPERTIES LTD. C/O STERLING KARAMAR PROPERTY MGT. 53 The Links Road Toronto, ON M2P 1T7</p> <p>Selina Bharat Tel: 289.329.1497 Email: sbharat@sterlingkaramar.com</p> <p><i>Landlord (Store #192)</i></p>	<p>NEWHON INC.</p> <p>Email: 861Lansdowne@gmail.com</p> <p><i>Landlord (Store #194)</i></p>
<p>AQUILINI PROPERTIES 400-1245 West Broadway Vancouver, BC, V6H 1G7</p> <p>David Stark Tel: 604.899.5380 Email: david.stark@aquilini.com</p> <p>Suzan El-Khatib Email: suzan.elkhatib@aquilini.com</p> <p><i>Landlord (Store #200)</i></p>	<p>UNION DEVELOPMENTS (CANADA) GROUP INC.</p> <p>Azeem Hassanali Tel: 604.889.4551 Email: azeemh@shaw.ca</p> <p><i>Landlord (Store #201)</i></p>

<p>VALUE INDUSTRIES LTD. #400-1245 West Broadway Vancouver, BC V6H 1G7</p> <p>General Enquiries Email: info@valueindustries.com</p> <p><i>Representative of Newton Community Capital Inc. (Store #205)</i></p>	<p>ANTHEM MINETT CARLINGWOOD HOLDINGS LP 2121 Carling Ave., Suite 18A Ottawa ON K2A 1H2</p> <p>Rob Cadwell Tel: 613.725.1551 ext. 229 Email: rcadwell@anthemproperties.com</p> <p><i>Landlord (Store #210)</i></p>
<p>BERKOW YOUD LEV-FARRELL DAS LLP 141 Adelaide St W #400 Toronto, ON M5H 3L5</p> <p>Alexandra Lev-Farrell Tel: 416.364.4900 ext. 205 Email: alev-farrell@byldlaw.com</p> <p>Rena Gao Email: rgao@byldlaw.com</p> <p><i>Counsel to Stone Road Mall Holdings Inc. (Store #211) and RioCan PS Inc. and Sun Life Assurance Company of Canada, by its agent Riocan Property Services Inc., as trustee for Riocan Property Services Trust</i></p>	<p>SALTHILL CAPITAL 269 Riverside Drive, Unit 144 Ottawa, ON K1H 8K2</p> <p>Lucy Richardson Tel: 613.523.2068 Email: lrichardson@salthillcapital.com</p> <p><i>Landlord (Store #213)</i></p>
<p>ONTREA INC. Polo Park Shopping Centre 233-1485 Portage Avenue Winnipeg, MB, R3G 0W4</p> <p>Ian Nurse Tel: 204.784.2508 Email: ian.nurse@cadillacfairview.com</p> <p><i>Landlord (Store #215)</i></p>	<p>EMTC HOLDINGS INC. Cushman & Wakefield Asset Services ULC 5100 Erin Mills Parkway Management Office, PO Box "A" Mississauga, ON L5M 4Z5</p> <p>Lorelie Lontoc Tel: 905.569.1985 ext.233 Email: lorelie.lontoc@cushwake.com</p> <p><i>Landlord (Store #216)</i></p>

<p>MAJOR WESTON CENTRES LIMITED 3200 Highway 7 Vaughan, ON, L4K 5Z5</p> <p>Janet Rosenthal Email: jrosenthal@smartcentres.com</p> <p><i>Property Manager for Landlord (Store #217)</i></p>	<p>TORYS LLP 79 Wellington St W #3300 Toronto, ON M5K 1N2</p> <p>David Bish Tel: 416.865.7353 Email: dbish@torys.com</p> <p><i>Counsel to Cadillac Fairview Corporation Limited (Store #218)</i></p>
<p>BENTALLGREENOAK (CANADA) LLP ITF OPB Realty Inc. 86-1225 St. Mary's Rd. Winnipeg, MB R2M 5E5</p> <p>Katherine Vicedo Tel: 204.258.7027 Email: katherine.vicedo@bgo.com</p> <p>Kyle Waterman Tel: 204.258.7024 Email: kyle.waterman@bgo.com</p> <p><i>Landlord (Store #231)</i></p>	<p>KILDONAN PLACE 1555 Regent Ave W Winnipeg, MB R2C 4J2</p> <p>Dianne Candaele Tel: 204.661.6116 ext. 223 Email: dcandaele@primarisreit.com</p> <p><i>Landlord (Store #232)</i></p>
<p>MURLEE HOLDINGS LIMITED 45 Gordon Mackay Road Toronto, ON M9N 3X3</p> <p>Rod Fortune Tel: 416.243.4063 Email: rod.fortune@leons.ca</p> <p><i>Landlord (Store #250)</i></p>	<p>IFTIKHAR KHAN Email: iftikharmaha@hotmail.com</p> <p><i>Previous Landlord</i></p>

ACTIVE LITIGATION PARTIES	
<p>TYR LLP 300-302 488 Wellington St W Toronto, ON M5V 1E3</p> <p>James Bunting Tel: 416.598.7050 Email: jbunting@tyrllp.com</p> <p><i>Counsel for Oshawa Centre Holdings Inc.</i></p>	<p>LEE LEGAL PC 501 - 234 Eglinton Avenue East Toronto, ON M4P 1K5</p> <p>Jason Lee Tel: 647.458.1233 Email: jason@leelegal.ca</p> <p><i>Counsel for Former Employee Signs Maker Inc. trading as Signmaker</i></p>
<p>FIELD LLP 2500 - 10175 101 ST NW Edmonton, AB T5J 0H3</p> <p>Paul Kolida Tel: 587.772.2493 Email: pkolida@fieldlaw.com</p> <p><i>Counsel for Supreme Capital Inc.</i></p>	<p>STARKMAN PROFESSIONAL CORPORATION AKA STARKMAN LAWYERS 510-675 Cochrane Dr., East Tower Markham, ON L3R 0B8</p> <p>Paul H. Starkman Tel: 905.477.3110 Email: paul@starkmanlawyers.com</p>
<p>MONKHOUSE LAW 220 Bay Street, Suite 900 Toronto, ON M5J 2W4</p> <p>Alisa Mirkovic Tel: 416.907.9249 Email: alisa.mirkovic@monkhouselaw.com</p>	<p>WHELTON HIUTIN LLP 15 Toronto St #200 Toronto, ON M5C 2E3</p> <p>Richard Macklin Tel: 647.847.3822 Email: rmacklin@whlawyers.ca</p> <p><i>Counsel for Flamborough South Centre Inc. and 1407945 Ontario Inc.</i></p>
<p>SARNFIRU TUMARKIN LLP 350 Bay Street, 10th Floor Toronto, ON M5H 2S6</p> <p>Jonathan H. Pinkus Tel: 416.361.0993 Email: jon.pinkus@stlawyers.ca</p> <p>Christophe Justice Tel: 844.661.9065 Email: chris.justice@stlawyers.ca</p>	<p>REEVES RICHARZ LLP 549A King Street East Toronto, ON M5A 1M4</p> <p>Robert McGlashan Tel: 416.365.0000 ext. 165 Email: rmcglashan@reevesricharz.com</p> <p><i>Counsel for Newcomer Women's Services Toronto</i></p>

Jeremy Herman Tel: 844.661.9065 Email: jeremy.herman@stlawyers.ca	
KORNBLUM LAW PROFESSIONAL CORPORATION Lawrence Plaza, 508 Lawrence Ave. W. Suite 200, Toronto, ON M6A 1A Ryan Kornblum Tel: 416.782.0007 Email: rkornblum@kornblumlaw.ca	RODNEY EMPLOYMENT LAW 8500 Leslie Street, Suite 265 Markham, ON L3T 7M8 Humera Rehman Tel: 905.695.5995 Email: humera@rodneyemploymentlaw.com

PPSA REGISTRANTS	
ENTERPRISE FLEET MANAGEMENT CANADA, INC. 77 Belfield Rd, Ste 100 Toronto, ON M9W 1G6 Email: david.t.gray@efleets.com	SHAPE LOUGHEED LIMITED PARTNERSHIP & LTC PROPERTIES LP 505 Burrard Street Vancouver, BC V7X 1M6 Email: info@shape.ca
MERIDIAN ONECAP CREDIT CORP. Suite 1500, 4710 Kingsway Burnaby, BC V5H 4M2 Tel: 604.646.2200 Email: client.service@meridianonecap.ca	

OTHER STAKEHOLDERS	
DAVIES WARD PHILLIPS & VINEBERG LLP 155 Wellington St West Toronto, ON M5V 3J7 Natalie Renner Tel: 416.367.7489 Email: nrenner@dwpv.com	

Elliot A. Greenstone Tel: 514.841.6581 Email: egreenstone@dpv.com <i>Counsel for Interested Third-Party</i>	
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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

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

Applicants

E-MAIL SERVICE LIST

zweigs@bennettjones.com; mightonj@bennettjones.com; ernstj@bennettjones.com;
fraserrichardsonl@bennettjones.com; mvininsky@ksvadvisory.com;
jwong@ksvadvisory.com; nelzakhem@ksvadvisory.com; george@chaitons.com;
dim@chaitons.com; mfleming@ln.law; shamraz@ln.law; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca; edward.park@justice.gc.ca; fozia.chaudary@justice.gc.ca;
Christopher.VanBerkum@justice.gc.ca; steven.groeneveld@ontario.ca;
insolvency.unit@ontario.ca; nadia.cerullo@ontario.ca; albert.hirya@gov.bc.ca;
jsg.servicehmk@gov.ab.ca; tra.revenue@gov.ab.ca; mbtax@gov.mb.ca;
shelley.haner@gov.mb.ca; Info.northerncapitalgroup@bellnet.ca; morsal2357@gmail.com;
darbackrozen@gmail.com; mvujcuf@gmail.com; vicky.waldram@cushwake.com;
csherman@cassels.com; yong.kwon@vcataxconsultants.ca; marco@firstavenue.ca;
sleroux@prpgrp.com; jules@prpgrp.com; ppham@rogers.com; jmohomed@ggfilaw.com;
maureen_cayer@zoranproperties.com; michaely@valentegroup.com; lgalessiere@cglegal.ca;
arto.svadjian@gmail.com; haroutioun.kazandjian@gmail.com; slauersen@westdellcorp.com;
cpereira@tonygraham.com; linda@dgfgroup.ca; jjeyaratnam@byldlaw.com;
aturner@kiplingrealty.com; dquattrin@kiplingrealty.com; melanie@tanurb.com; dpeat@dv-law.com;
tishd@americananiagara.com; pathaghgoo@hotmail.com;
sheldon.disenhouse@dentons.com; sruse@herefordshirecapital.com; ndegasperis@nadg.com;
paldrich@llf.ca; mbox@pallettvalo.com; bnnholdings@hotmail.com; whent@shaw.ca;
midland1375@rogers.com; henry@henrygoldberg.ca; beverly.relp@avisonyoung.com;
jormston@ormstonbarristers.com; inquire@shindico.com; avieseetner@rogers.com;
kevin.vonbargen@kvb-law.com; management@stratfordmall.ca; christina.kobi@mcmillan.ca;
rkitchen@firstgulf.com; jlemi@firstgulf.com; aandlinvestments@thehi-risegroup.com;
catherineip@rogers.com; accountsreceivable@valiantgroup.ca;
melissa@valiantgroup.ca; nrobinson@primerealestategroup.ca; felian@consumercentres.com;
jimkafenzakis@hotmail.com; evertes2017@gmail.com; caldaronip@orlandocorp.com;
johnh@luxormanagement.ca; chevpayables@gauthierautogroup.com; amelfi@grllp.com;
ctassopoulos@grllp.com; nguyen@briarlane.ca; jnguyen@briarlane.ca; tgillies@bell.net;
accounting@linmac.ca; maintenance@linmac.ca; wjaskiewicz@weirfoulds.com;
nradevski@riocan.com; tostevens@riocan.com; dchapman@skylinegrp.ca;

mtookey@kaolawyers.com; dbailey@millerthomson.com; [bhosing@millerthomson.com](mailto:bhosking@millerthomson.com);
garretr@solowaywright.com; steve.cai@avisonyoung.com; mazevedo.pm2024@gmail.com;
albadran@forumlaw.ca; mikhael@forumlaw.ca; DTanzola@calgarycoop.com;
carbert@carbertwaite.com; thompson@carbertwaite.com; khaas@bellnet.ca;
sposen@dickinson-wright.com; dpreger@dickinson-wright.com; bmcradu@dickinson-wright.com;
sbharat@sterlingkaramar.com; 861Lansdowne@gmail.com;
david.stark@aquilini.com; azeemh@shaw.ca; info@valueindustries.com;
rcaldwell@anthemproperties.com; alev-farrell@byldlaw.com; rgao@byldlaw.com;
ian.nurse@cadillacfairview.com; jrosenthal@smartcentres.com;
lrichardson@salthillcapital.com; lorelie.lontoc@cushwake.com; dbish@torys.com;
katherine.vicedo@bgo.com; kyle.waterman@bgo.com; dcandaele@primarisreit.com;
rod.fortune@leons.ca; jbunting@tyrllp.com; suzan.elkhatib@aquilini.com;
pkolida@fielddlaw.com; paul@starkmanlawyers.com; alisa.mirkovic@monkhouselaw.com;
jason@leelegal.ca; david.t.gray@efleets.com; client.service@meridianonecap.ca;
nrenner@dwpv.com; egreenstone@dwpv.com; scott@sgallagherlaw.com;
jon.pinkus@stlawyers.ca; chris.justice@stlawyers.ca; jeremy.herman@stlawyers.ca;
rkornblum@kornblumlaw.ca; humera@rodneyemploymentlaw.com; rmacklin@whlawyers.ca;
iftikharmaha@hotmail.com; info@shape.ca; rmcglashan@reevesricharz.com

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B	Exhibit "B" – Initial Order dated May 15, 2025
C	Exhibit "C" – Amended and Restated Initial Order dated June 27, 2025
D	Exhibit "D" – Stay Extension Order dated July 14, 2025
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3	Draft Stay Extension and DIP Amendment Order

TAB 1

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

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

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

Applicants

**NOTICE OF MOTION
(Returnable August 8, 2025)
(Stay Extension and DIP Amendment Order)**

Hakim Optical Laboratory Limited (“**HOLL**”), Lawrence Ophthalmic Lab Inc. (“**Lawrence Lab**”) and Hakim Optical Worldwide Lenses Inc. (also known as Hakim Optical Lenses Worldwide Inc. and Hakim Optical Worldwide Lenese Inc. [sic]) (collectively, the “**Applicants**” or the “**Company**”) will make a motion before the Honourable Justice J. Dietrich of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on **August 8, 2025 at 12:00 p.m. (Toronto Time)** or as soon after that time as the motion can be heard.

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

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

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

THIS MOTION IS FOR:

1. An order (the “**Stay Extension and DIP Amendment Order**”) substantially in the form of the draft order attached at Tab 3 of the Applicants’ Motion Record pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), among other things:
 - (a) abridging the time for and validating the service of this Notice of Motion and the Motion Record and dispensing with further service thereof;
 - (b) extending the Stay of Proceedings (as defined below) to and including August 29, 2025 (the “**Stay Extension**”);
 - (c) approving the First Amending Agreement dated August 5, 2025 (the “**DIP Amendment**”), which, among other things, increases the maximum principal amount which may be drawn under the DIP Facility (as defined below) from \$2.8 million to \$4.2 million; and
 - (d) approving the Supplement to the First Report of KSV Restructuring Inc. (“**KSV**”), in its capacity as the monitor of the Applicants (in such capacity, the “**Monitor**”) dated July 8, 2025 (the “**Supplemental Report**”), the Second Report of the Monitor, to be filed (the “**Second Report**”, and together with the Supplemental Report, the “**Reports**”), and the activities of the Monitor described therein.
2. Such other relief as this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

Background

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

4. Prior to filing for creditor protection, the Applicants were experiencing a dire liquidity crisis and unable to meet their financial obligations as they became due. The Applicants undertook various measures to reduce operating costs and identify a long-term solution for their financial challenges, including conducting an out-of-Court sale process and refinancing their senior secured debt with 1001112855 Ontario Inc. (“**855 Ontario**”).

5. Despite the Applicants’ restructuring efforts, enforcement actions were initiated against the Applicants and their property by certain stakeholders, ultimately leading HOLL and Lawrence Lab to file Notices of Intention to Make a Proposal pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, on April 16, 2025, and April 22, 2025, respectively (the proceedings related thereto, the “**NOI Proceedings**”).

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

7. The Initial Order, among other things:

- (a) authorized the continuation of the NOI Proceedings under the CCAA;
- (b) declared that the Applicants are parties to which the CCAA applies;
- (c) appointed KSV as the Monitor in these CCAA proceedings;
- (d) granted an initial stay of proceedings (the “**Stay of Proceedings**”) in favour of the Applicants and the Monitor, and in respect of any claims or proceedings against, or affecting, the Business or the Property (as defined in the Initial Order), until and including June 30, 2025;
- (e) approved the Applicants’ ability to borrow under a debtor-in-possession credit facility (the “**DIP Facility**”), up to a principal amount of \$2.8 million, pursuant to a binding commitment letter dated May 8, 2025 (the “**DIP Agreement**”), among HOLL and Lawrence Lab, as borrowers, an affiliate of the Applicants, as guarantor, and 855 Ontario, as lender (in such capacity, the “**DIP Lender**”), to finance the Company’s working capital requirements and other general corporate purposes, post-filing expenses and costs incurred during the CCAA proceedings; and
- (f) granted the Administration Charge and the DIP Lender’s Charge (each as defined in the Initial Order) over the Property.

8. Since prior to the commencement of these CCAA proceedings, the Applicants, the Monitor and an affiliate of the DIP Lender (the “**Stalking Horse Bidder**”) have been working towards finalizing the terms of a stalking horse asset purchase agreement (the “**Stalking Horse Agreement**”), which is intended to serve as the “stalking horse bid” in the Applicants’ forthcoming sale and investment solicitation process (the “**SISP**”). To continue discussions with the Stalking Horse Bidder and advance the Stalking Horse Agreement, the Applicants have obtained the following orders:

- (a) on June 27, 2025, the Applicants sought and obtained an amended and restated Initial Order (the “**ARIO**”), which, among other things, granted an extension of the Stay of Proceedings to and including July 14, 2025; and
- (b) on July 14, 2025, the Applicants obtained an additional extension of the Stay of Proceedings pursuant to an order (the “**Stay Extension Order**”), which, among other things, extended the Stay of Proceedings to and until August 8, 2025.

Extending the Stay of Proceedings

9. The Stay of Proceedings granted under the Stay Extension Order will expire on August 8, 2025. Pursuant to the proposed Stay Extension and DIP Amendment Order, the Applicants are seeking to extend the Stay of Proceedings to and including August 29, 2025.

10. On August 4, 2025, counsel to the Stalking Horse Bidder sent a revised draft of the proposed Stalking Horse Agreement to the Applicants’ counsel, the Monitor and the Monitor’s counsel, which addressed many of the outstanding issues between the parties. The Applicants and the Monitor are in the process of reviewing the draft. Accordingly, the Applicants require the Stay

Extension in the interim to maintain ordinary course operations, while the parties attempt to execute the final form of the Stalking Horse Agreement as soon as possible and finalize the SISP.

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

12. The Applicants intend to return to Court to seek approval of the Stalking Horse Agreement and the SISP later this month, and are requesting the proposed Stay Extension date of August 29, 2025 to facilitate this outcome. Since the issuance of the Stay Extension Order, the Applicants, with the assistance of the Monitor, have acted in good faith and with due diligence to, among other things, stabilize the Business and continue operations in the ordinary course, negotiate the terms of the Stalking Horse Agreement and, apprise their stakeholders of these proceedings.

13. The cash flow forecast (to be filed) prepared by the Applicants, with the assistance of the Monitor, forecasts that if the DIP Amendment is approved, the Applicants will have sufficient liquidity to fund their obligations and the costs of these CCAA proceedings through the end of the Stay Extension.

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

The DIP Amendment

15. Pursuant to the ARIO, the Court approved the DIP Agreement and authorized HOLL and Lawrence Lab to borrow from the DIP Lender up to \$2.8 million under the DIP Facility. Since the granting of the Initial Order, the total borrowings under the DIP Facility have been approximately \$2.0 million to-date, exclusive of interest and fees incurred subsequent to July 4, 2025, which continue to accrue.

16. The proposed DIP Amendment, among other things, provides for an increase in the maximum principal amount that may be drawn under the DIP Facility to \$4.2 million (representing an increase of \$1.4 million), a corresponding increase in the DIP Lender's Charge to reflect such amendment, and the extension of certain dates and other milestones set out in the DIP Agreement.

17. The DIP Amendment and the corresponding increase to the DIP Lender's Charge are based on the Applicants' go-forward funding requirements and will allow the Applicants to continue operating in the ordinary course while the SISP is conducted and to consummate any transaction arising thereunder.

18. The Monitor is of the view that the DIP Amendment and proposed amendments to the ARIO are reasonable and necessary in the circumstances

The Monitor's Reports and Activities

19. The proposed Stay Extension Order approves the Reports, as well as the activities of the Monitor described therein.

20. The activities of the Monitor set out in the Reports were undertaken in good faith and consistent with the Monitor's duties under the ARIO. The Monitor and its counsel have provided

valuable assistance to the Applicants and their stakeholders both prior to and throughout these CCAA proceedings, including in connection with the negotiations surrounding the Stalking Horse Agreement and DIP Amendment. As such, the Applicants believe that it is fair and reasonable in the circumstances to approve the Reports.

OTHER GROUNDS:

21. The provisions of the CCAA and the inherent and equitable jurisdiction of the Court.
22. Rules 1.04, 1.05, 2.03, 3.02, 16, 37, and 39 of the *Rules of Civil Procedure* R.R.O. 1990, Reg. 194, as amended and section 106 of the *Courts of Justice Act*, R.S.O. 190, c. C. 43, as amended.
23. Such further and other grounds as counsel may advise and this Court may permit.

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

24. The Affidavit of Douglas Robertson sworn August 5, 2025, and the exhibits attached thereto;
25. The Second Report of the Monitor, to be filed; and
26. Such further and other material as counsel may advise and this Honourable Court may permit.

August 5, 2025

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario M5X 1A4

Sean Zweig (LSO# 57307I)

Tel: (416) 777-6254

Email: zweigs@bennettjones.com

Jesse Mighton (LSO# 62291J)

Tel: (416) 777-6255

Email: mightonj@bennettjones.com

Jamie Ernst (LSO# 88724A)

Tel: (416) 777-6124

Email: ernstj@bennettjones.com

Linda Fraser-Richardson (LSO# 89718B)

Tel: (416) 777-7869

Email: fraserrichardsonl@bennettjones.com

Lawyers for the Applicants

TO: THE SERVICE 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.	
Court File No.: CV-25-00743383-00CL	
	ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) Proceeding commenced at Toronto
	NOTICE OF MOTION (Returnable August 8, 2025)
	BENNETT JONES LLP One First Canadian Place Suite 3400, P.O. Box 130 Toronto, Ontario M5X 1A4 Sean Zweig (LSO# 57307I) Tel: (416) 777-6254 Email: zweigs@bennettjones.com Jesse Mighton (LSO# 62291J) Tel: (416) 777-6255 Email: mightonj@bennettjones.com Jamie Ernst (LSO# 88724A) Tel: (416) 777-6124 Email: ernstj@bennettjones.com Linda Fraser-Richardson (LSO# 89718B) Tel: (416) 777-7869 Email: fraserrichardsonl@bennettjones.com Lawyers for the Applicants

TAB 2

**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**

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OF HAKIM OPTICAL LABORATORY LIMITED, LAWRENCE OPHTHALMIC
LAB INC. AND HAKIM OPTICAL WORLDWIDE LENSES INC.**

Applicants

**AFFIDAVIT OF DOUGLAS ROBERTSON
(Sworn August 5, 2025)**

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

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

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

Applicants

**AFFIDAVIT OF DOUGLAS ROBERTSON
(Sworn August 5, 2025)**

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

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

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

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

I. RELIEF REQUESTED

4. I swear this affidavit in support of a motion brought by the Applicants for an order (the “**Stay Extension and DIP Amendment Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), *inter alia*:

- (a) approving the First Amending Agreement dated August 5, 2025 (the “**DIP Amendment**”), which, among other things, increases the maximum principal amount which may be drawn under the DIP Facility (as defined below) from \$2.8 million to \$4.2 million;
- (b) extending the Stay of Proceedings (as defined below) to and including August 29, 2025 (the “**Stay Extension**”); and
- (c) approving the Supplement to the First Report of KSV Restructuring Inc. (“**KSV**”), in its capacity as the monitor of the Applicants (in such capacity, the “**Monitor**”) dated July 8, 2025 (the “**Supplemental Report**”), the Second Report of the Monitor, to be filed (the “**Second Report**”, and together with the Supplemental Report, the “**Monitor’s Reports**”) and the activities of the Monitor described therein.

5. All capitalized terms not otherwise defined herein have the meaning ascribed to them in the affidavit that I swore on May 8, 2025, in support of the Applicants’ motion to take up and continue the NOI Proceedings (as defined below) under the CCAA (the “**First Robertson**

Affidavit”). A copy of the First Robertson Affidavit (without exhibits) is attached hereto as **Exhibit “A”**.

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

II. INTRODUCTION AND BACKGROUND

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

8. As described in greater detail in the First Robertson Affidavit,¹ prior to filing for creditor protection, the Applicants were experiencing a dire liquidity crisis and unable to meet their financial obligations as they became due. The Applicants undertook various measures to reduce operating costs and identify a long-term solution for its financial challenges, including conducting an informal sales process and refinancing the business. These processes resulted in 1001112855 Ontario Inc. (“**855 Ontario**”) refinancing the senior secured debt facility previously held by Royal

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

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

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

10. On May 15, 2025, the Applicants obtained relief to take up and continue the NOI Proceedings under the CCAA pursuant to an initial order (the "**Initial Order**"). A copy of the Initial Order is attached hereto as **Exhibit "B"**. The Initial Order, among other things:

- (a) authorized the continuation of the NOI Proceedings under the CCAA;
- (b) declared that the Applicants are parties to which the CCAA applies and added Hakim Optical Worldwide Lenses Inc. as an applicant within the CCAA proceedings (the "**CCAA Proceedings**");
- (c) appointed KSV as the Monitor in the CCAA Proceedings;
- (d) extended the stay of proceedings (the "**Stay of Proceedings**") in favour of the Applicants and their property until and including June 30, 2025;
- (e) approved the Applicants' ability to borrow under a debtor-in-possession credit facility (the "**DIP Facility**"), up to a principal amount of \$2.8 million, pursuant to a binding commitment letter dated May 8, 2025 (the "**DIP Agreement**"), among HOLL and Lawrence Lab, as borrowers, certain affiliates of the Applicants, as

guarantors, and 855 Ontario, as lender (in such capacity, the “**DIP Lender**”), to finance the Company’s working capital requirements and other general corporate purposes, post-filing expenses and costs incurred during the CCAA Proceedings; and

- (f) granted the Administration Charge and the DIP Lender’s Charge (as defined below).

11. Since prior to the commencement of the CCAA Proceedings, the Applicants, the Monitor and an affiliate of the DIP Lender (the “**Stalking Horse Bidder**”) have been working towards finalizing the terms of a stalking horse asset purchase agreement (the “**Stalking Horse Agreement**”), which is intended to serve as the “stalking horse bid” in the Applicants’ forthcoming sale and investment solicitation process (the “**SISP**”). Despite the Applicants’ best efforts, and although the parties continue to make progress, the Stalking Horse Agreement continues to be negotiated between the parties and has not yet been finalized.

12. Accordingly, in order to continue discussions with the Stalking Horse Bidder and complete the Stalking Horse Agreement, the Applicants have obtained the following stay extensions:

- (a) on June 27, 2025, the Applicants sought and obtained an amended and restated Initial Order (the “**ARIO**”), which, among other things, granted an extension of the Stay of Proceedings to and including July 14, 2025; and
- (b) on July 14, 2025, the Applicants obtained an additional extension of the Stay of Proceedings pursuant to an order (the “**Stay Extension Order**”), which, among other things, extended the Stay of Proceedings to and until August 8, 2025.

13. A copy of the ARIO, the Stay Extension Order and the accompanying Endorsement of the Honourable Justice Black dated July 14, 2025, and my affidavit sworn on July 8, 2025 in connection with the Stay Extension Order (without exhibits) (the “**Third Robertson Affidavit**”) are attached hereto as **Exhibits “C” - “F”**, respectively.

III. STAY EXTENSION AND DIP AMENDMENT ORDER

A. The DIP Amendment

14. Pursuant to the Initial Order (as amended by the ARIO), the Court approved the DIP Agreement and authorized HOLL and Lawrence Lab to borrow from the DIP Lender up to \$2.8 million under the DIP Facility. Since the granting of the Initial Order, the total borrowings under the DIP Facility have been approximately \$2.0 million to-date, exclusive of interest and fees incurred subsequent to July 4, 2025, which continue to accrue. A copy of the DIP Agreement is attached hereto as **Exhibit “G”**.

15. The proposed DIP Amendment, among other things, increases the maximum principal amount that may be drawn under the DIP Facility to \$4.2 million (an increase of \$1.4 million) and extends certain dates and other milestones referenced in the DIP Agreement. The DIP Amendment also makes certain minor clean up changes to reflect agreed-upon deviations from the terms of the DIP Agreement – for example, addressing how certain fees owing to the DIP Lender will be paid.

16. Pursuant to the Stay Extension and DIP Amendment Order, the Applicants are also seeking approval of certain corresponding amendments to paragraphs 34 – 40 of the ARIO to reflect the increase to the DIP Facility and the DIP Lender’s Charge (as discussed below).

17. I am advised by Jesse Mighton of Bennett Jones LLP that the increase to the DIP Facility was confirmed in writing by the DIP Lender's counsel on July 31, 2025, and a draft of the DIP Amendment was circulated by the DIP Lender's counsel on August 4, 2025. I understand that an executed copy of the DIP Amendment will be attached to the Second Report.

18. The proposed increase to the DIP Facility reflects the go-forward needs of the Applicants during the CCAA Proceedings. As will be disclosed in the Revised Cash Flow Forecast (as defined below), the additional \$1.4 million accounts for the projected funding required to conduct the SISP, consummate a transaction, and enable the Company to continue paying critical operating costs, including payroll, rent and other business expenditures, in the ordinary course. The Applicants, with the assistance of the Monitor, estimate that approximately \$3.95 million in total funding will be required by the end of the Revised Cash Flow Forecast period, with the remaining balance to be incurred in connection with professional fees and other costs.

19. The increase in the Applicants' funding requirements is a direct result of the ongoing delays in seeking approval of and conducting the SISP. Under the DIP Agreement, it was originally contemplated that a successful bid would be selected for court-approval by no later than July 18, 2025.² However, as discussed in greater detail below, the Applicants have been unable to seek approval of the SISP. As a result, the SISP milestones in the DIP Agreement (and by extension, these CCAA Proceedings) must be extended.

20. The DIP Lender has agreed to extend the additional funding on the same terms as under the DIP Agreement. Borrowings under the DIP Facility are secured by a super priority charge (the **"DIP Lender's Charge"**) on all present and after-acquired assets, undertakings and properties of

² The deadline for transaction approval is October 22, 2025 under the proposed DIP Amendment.

the Applicants, granted in favour of the DIP Lender. The DIP Lender's Charge will continue to secure all obligations outstanding under the DIP Facility.

21. The Monitor is of the view that the DIP Amendment and proposed amendments to the ARIO are reasonable and necessary in the circumstances – as the Applicants require the additional liquidity to continue ordinary operations while they conduct the SISP (if ultimately approved) and work towards securing a going-concern outcome for their business.

B. The Stay Extension

22. The Stay of Proceedings is set to expire on August 8, 2025. Pursuant to the proposed Stay Extension and DIP Amendment Order, the Applicants are seeking to extend the Stay of Proceedings to and including August 29, 2025.

23. The next step in the CCAA Proceedings, subject to Court approval, is to commence the SISP with the objective of consummating a going-concern transaction for the benefit of the Applicants and their stakeholders. The Applicants and the Monitor remain engaged in regular conversations with the Stalking Horse Bidder and/or its counsel to advance the potential stalking horse bid.

24. On August 4, 2025, counsel to the Stalking Horse Bidder sent a revised draft of the proposed Stalking Horse Agreement to the Applicants' counsel, the Monitor and the Monitor's counsel, which addressed many of the outstanding issues between the parties. The Applicants and the Monitor are in the process of reviewing the draft. The Applicants remain optimistic that the Stalking Horse Agreement will be finalized in the near term.

25. Given the impending expiry of the Stay of Proceedings, the Applicants have determined that it will not be possible to seek approval of the Stalking Horse Agreement as part of the upcoming motion. Accordingly, while the parties continue to attempt to execute the Stalking Horse Agreement as soon as possible, the Applicants require the Stay Extension in the interim to maintain ordinary course operations, complete negotiations and finalize SISP preparations. The Applicants intend to return to court to seek approval of the Stalking Horse Agreement and the SISP later this month, and are requesting the proposed Stay Extension date of August 29, 2025 to facilitate this outcome.

26. As previously discussed in the Third Robertson Affidavit, the Applicants believe that implementing the SISP, with the Stalking Horse Agreement serving as the stalking horse bid, is still in the best interest of the Company and its stakeholders. The Stalking Horse Agreement will ensure a going-concern result for the Company, while also affording the Monitor the flexibility and time needed to canvass the market for superior offers, providing greater certainty for its stakeholders. The Applicants believe that including the Stalking Horse Agreement as a stalking horse bid will facilitate a competitive and comprehensive sales process, providing the best opportunity for the Applicants to maximize value for their stakeholders.

27. Since the granting of the Stay Extension Order, the Applicants, with the assistance of the Monitor, have acted in good faith and with due diligence to:

- (a) continue to operate their business in the ordinary course for the benefit of their stakeholders;
- (b) negotiate the terms of the DIP Amendment, the Stalking Horse Agreement and certain related milestones;

- (c) apprise 855 Ontario of operating and process developments;
- (d) in consultation with the Monitor, coordinate advances under the DIP Facility to fund the Company's capital expenditures, professional costs, and other operating expenses;
- (e) maintain ongoing communication with key stakeholders to apprise them of updates in the CCAA Proceedings; and
- (f) respond to enquiries from parties that contacted the Applicants' counsel to express an interest in participating in the SISP.

28. In connection with the proposed Stay Extension, the Applicants, with the assistance of the Monitor, prepared a revised cash flow forecast (the "**Revised Cash Flow Forecast**") to determine their funding requirements during the Stay Extension period. I understand that a copy of the Revised Cash Flow Forecast will be attached to the Second Report. Subject to typical assumptions, the Revised Cash Flow Forecast demonstrates that the Applicants will have sufficient liquidity to support their ordinary course business operations and the costs of the CCAA Proceedings through the end of the Stay Extension period, provided that the DIP Amendment is granted and the Applicants continue to have access to the DIP Facility.

29. The Monitor has reviewed the Revised Cash Flow Forecast and has advised that it is supportive of the proposed extension of the Stay of Proceedings and that it believes that such extension is reasonable in the circumstances.

30. The DIP Lender has continued to support the Applicants' restructuring through advances under the DIP Facility and has similarly advised that it is supportive of the proposed Stay Extension.

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

C. Approval of the Monitor's Reports and Activities

32. The proposed Stay Extension and DIP Amendment Order seeks approval of the Monitor's Reports and the activities of the Monitor described therein.

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

IV. CONCLUSION

34. The Applicants have and continue to act in good faith and with due diligence to, among other things, stabilize their business and advance the Stalking Horse Agreement, all with the assistance and oversight of the Monitor. I understand that the Monitor and the DIP Lender are supportive of the relief described herein and the Monitor does not believe that any stakeholder will be materially prejudiced by the granting of the Stay Extension and DIP Amendment Order.

Accordingly, I believe that the relief sought and described herein is appropriate in the circumstances.

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

SWORN REMOTELY by Douglas)
Robertson stated as being located in the)
City of Toronto, in the Province of Ontario,)
before me at the City of Toronto, in the)
Province of Ontario, on August 5, 2025 in)
accordance with O. Reg. 431/20,)
Administering Oath or Declaration)
Remotely.)

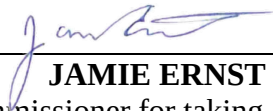


JAMIE ERNST
A Commissioner for Taking Affidavits in)
and for the Province of Ontario)



DOUGLAS ROBERTSON

THIS IS **EXHIBIT "A"** REFERRED TO IN THE AFFIDAVIT
OF DOUGLAS ROBERTSON, SWORN BEFORE ME
THIS 5TH DAY OF AUGUST, 2025.



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

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

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

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

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

AND

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

Applicants

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

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

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

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

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

AND

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

Applicants

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

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

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

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

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

I. RELIEF REQUESTED

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

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

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

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

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

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

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

II. OVERVIEW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

III. COMPANY BACKGROUND

A. Corporate Structure of the Applicants

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

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

1. Hakim Optical Laboratory Limited

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

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

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

2. Lawrence Ophthalmic Lab Inc.

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

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

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

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

3. Hakim Optical Worldwide Lenses Inc.

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

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

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

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

B. Business of the Company

1. Lens and Eyewear Products

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

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

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

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

2. Optical Services

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

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

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

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

3. Lens Manufacturing

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

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

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

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

C. Warranties

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

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

D. Online Billing and Customer’s Benefits

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

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

E. Merchandise and Supplier Agreements

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

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

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

F. Retail Locations

1. Retail Locations & Landlords

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

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

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

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

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

2. Lease Payments & Landlord Enforcement Actions

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

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

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

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

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

G. Equipment & Vehicles

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

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

H. Intellectual Property

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

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

I. Employees

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

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

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

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

J. Gift Cards

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

K. Banking and Cash Management System

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

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

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

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

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

L. Outstanding Litigation and Enforcement Actions

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

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

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

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

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

IV. FINANCIAL POSITION OF THE APPLICANTS

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

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

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

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

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

A. Secured Debt

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

1. The Credit Facility

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

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

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

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

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

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

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

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

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

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

2. Bridge Financing

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

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

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

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

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

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

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

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

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

3. Equipment Financiers and Other Secured Parties

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

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

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

B. Unsecured Liabilities

1. Taxes

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

2. Employee Liabilities

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

3. Other Unsecured Creditors

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

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

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

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

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

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

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

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

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

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

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

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

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

VI. URGENT NEED FOR RELIEF

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

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

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

VII. PROPOSED INTERIM FINANCING

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

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

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

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

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

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

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

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

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

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

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

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

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

VIII. RELIEF BEING SOUGHT AT THE INITIAL HEARING

A. Initial Order

1. Continuation under the CCAA

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

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

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

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

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

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

2. Stay of Proceedings

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

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

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

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

3. Proposed Monitor

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

4. Administration Charge

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

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

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

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

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

5. DIP Lender's Charge

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

6. Cash Flow Forecast

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

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

B. Discharge and Termination Orders

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

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

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

C. Alternative Relief

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

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

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

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

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

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

IX. CONCLUSION

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

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

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

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



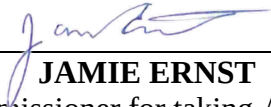
JAMIE ERNST

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



DOUGLAS ROBERTSON

THIS IS **EXHIBIT "B"** REFERRED TO IN THE AFFIDAVIT
OF DOUGLAS ROBERTSON, SWORN BEFORE ME
THIS 5TH DAY OF AUGUST, 2025.



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



Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

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

INITIAL ORDER
(Continuation under the CCAA)

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

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

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

SERVICE AND DEFINITIONS

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

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

CONTINUANCE UNDER THE CCAA

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

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

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RESTRUCTURING

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

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

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

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

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

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

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

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

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

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH RIGHTS

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

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

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

CONTINUATION OF SERVICES

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

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

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

APPOINTMENT OF MONITOR

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

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

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

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

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

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

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

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

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

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

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

ADMINISTRATION CHARGE

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

DIP FINANCING

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

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

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

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

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

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

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

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

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

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

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

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

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

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

SERVICE AND NOTICE

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

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

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

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

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

GENERAL

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

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

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

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

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

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

Jessica Kimmel

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

INITIAL ORDER

BENNETT JONES LLP

3400 One First Canadian Place
P.O. Box 130
Toronto, Ontario M5X 1A4

Sean Zweig (LSO# 57307I)

Tel: (416) 777-6254

Email: zweigs@bennettjones.com

Jesse Mighton (LSO# 62291J)

Tel: (416) 777-6255

Email: mightonj@bennettjones.com

Jamie Ernst (LSO# 88724A)

Tel: (416) 777-6124

Email: ernstj@bennettjones.com

Linda Fraser-Richardson (LSO#
89718B)

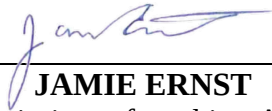
Tel: (416) 777-7869

Email:

fraserrichardsonl@bennettjones.com

Lawyers for the Applicants

THIS IS **EXHIBIT "C"** REFERRED TO IN THE AFFIDAVIT
OF DOUGLAS ROBERTSON, SWORN BEFORE ME
THIS 5TH DAY OF AUGUST, 2025.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)



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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

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

Applicants

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

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

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

SERVICE AND INTERPRETATION

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

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

CONTINUANCE UNDER THE CCAA

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

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

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

PLAN OF ARRANGEMENT

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

RESTRUCTURING

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

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

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

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

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

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

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

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH RIGHTS

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

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

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

CONTINUATION OF SERVICES

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

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

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

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

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

APPOINTMENT OF MONITOR

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

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

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

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

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

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

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

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

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

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

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

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

ADMINISTRATION CHARGE

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

DIP FINANCING

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

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

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

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

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

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

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

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

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

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

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

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

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

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

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

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

SERVICE AND NOTICE

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

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

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

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

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

APPROVAL OF THE MONITOR'S REPORTS AND ACTIVITIES

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

GENERAL

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

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

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

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

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

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



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

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

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

THIS IS **EXHIBIT "D"** REFERRED TO IN THE AFFIDAVIT
OF DOUGLAS ROBERTSON, SWORN BEFORE ME
THIS 5TH DAY OF AUGUST, 2025.



JAMIE ERNST

A Commissioner for taking Affidavits
(or as may be)



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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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

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

STAY EXTENSION ORDER

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

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

SERVICE

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

EXTENSION OF THE STAY PERIOD

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

GENERAL

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

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

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

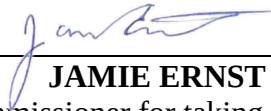


AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF HAKIM OPTICAL LABORATORY LIMITED, LAWRENCE OPTHALMIC LAB INC. AND HAKIM OPTICAL WORLDWIDE LENSES INC.

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

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

THIS IS **EXHIBIT "E"** REFERRED TO IN THE AFFIDAVIT
OF DOUGLAS ROBERTSON, SWORN BEFORE ME
THIS 5TH DAY OF AUGUST, 2025.



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



SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-25-00743383-00CL

DATE: July 14, 2025

NO. ON LIST: 1

TITLE OF PROCEEDING:

Hakim Optical Laboratory Limited / Lawrence Ophthalmic Lab Inc. / Hakim Worldwide Lenses Inc.

BEFORE: Justice W.D. Black

PARTICIPANT INFORMATION

For Plaintiff, Applicant:

Name of Person Appearing	Name of Party	Contact Info
Jamie Ernst Jesse Mighton	Hakim Optical Laboratory Limited / Lawrence Ophthalmic Lab Inc. / Hakim Worldwide Lenses Inc.	ernst@bennettjones.com mighton@bennettjones.com

For Defendant, Respondent:

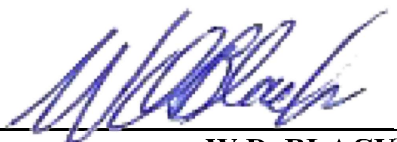
Name of Person Appearing	Name of Party	Contact Info

or Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Jordan Wong – Court Appointed Monitor Mitch Vininsky, Court Appointed Monitor	KSV Restructuring	jwong@ksvadvisory.com mvininsky@ksvadvisory.com
Maurice Fleming	DIP Lender	mfleming@LN.Law
George Benchetrit	Monitor	george@chaitons.com

ENDORSEMENT OF JUSTICE BLACK:

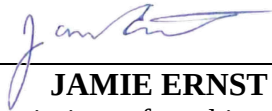
- [1] This was a motion by the Applicants for a further Stay Extension Order under the CCAA (all as defined in the materials; in this endorsement I will use other terms as defined in the materials submitted for today's hearing). Specifically, the Applicants now seek a stay to and including August 8, 2025.
- [2] Justice Kimmel granted the Initial Order in this matter, allowing the Applicants to take up and continue the NOI Proceedings under the CCAA, on May 15, 2025. That Initial Order granted, among other things, an initial Stay of Proceedings in favour of the Applicants and the Monitor until and including June 30, 2025.
- [3] On June 27, 2025, the Applicants sought and obtained an ARIO, which I granted, extending the Stay of Proceedings to and including July 14, 2025 (i.e. today), and approving KSV's Pre-Filing Report and First Report.
- [4] The reason for the further requested stay today is that since the commencement of the CCAA proceedings, the Applicants, an affiliate of the DIP Lender (the Stalking Horse Bidder), and the Monitor, have continued discussions to finalize the terms of the Stalking Horse Agreement which, when completed, is intended to serve as the Stalking Horse Bid in the Applicants' anticipated SISP.
- [5] On July 3, 2025, there was an in-person meeting among these parties and their respective legal counsel, during which the Stalking Horse Bidder advised that its team would be unable to execute the Stalking Horse Agreement until later in July "due to scheduling and travel conflicts involving its principal."
- [6] Although this explanation struck me as unusual, counsel for the Applicants and for the Stalking Horse Bidder/DIP Lender confirmed that discussions to date have been productive and that the parties continue to intend to finalize the Stalking Horse Agreement in the near term, and to seek approval of the Stalking Horse Agreement, once finalized, together with approval of the SISP.
- [7] Counsel for the Monitor confirmed that, in the circumstances, the Monitor supports the requested further extension, but noted a concern to ensure that the parties come to a landing in the near term, and not risk any further need for extensions (in circumstances in which the parties are already beyond the initially expected timeframe).
- [8] I note and echo that concern, but in the circumstances, I advised the parties that I am prepared to grant the further extension sought.
- [9] Accordingly, I am granting, and attach a signed copy of the further Stay Extension Order.
- [10] I have also booked a further hearing on August 8, 2025, at 11:00 a.m., for one hour.



W.D. BLACK J.

DATE: JULY 14, 2025

THIS IS **EXHIBIT "F"** REFERRED TO IN THE AFFIDAVIT
OF DOUGLAS ROBERTSON, SWORN BEFORE ME
THIS 5TH DAY OF AUGUST, 2025.

A handwritten signature in blue ink, appearing to read "Jamie Ernst", is positioned above a horizontal line.

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

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

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

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

Applicants

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

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

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

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

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

Applicants

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

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

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

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

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

I. RELIEF REQUESTED

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

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

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

II. INTRODUCTION AND BACKGROUND

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

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

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

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

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

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

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

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

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

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

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

III. STAY EXTENSION

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

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

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

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

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

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

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

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

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

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

all with the assistance of the Monitor.

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

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

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

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

IV. CONCLUSION

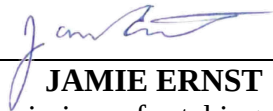
23. Since the granting of the ARIO, the Applicants have acted in good faith and with due diligence to, among other things, stabilize their business and advance the Stalking Horse Agreement, all with the assistance and oversight of the Monitor.

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

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

DOUGLAS ROBERTSON

THIS IS **EXHIBIT "G"** REFERRED TO IN THE AFFIDAVIT
OF DOUGLAS ROBERTSON, SWORN BEFORE ME
THIS 5TH DAY OF AUGUST, 2025.



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

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 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 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.

Per:

Name: Karim Hakimi

Title: President

GUARANTOR:

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

Attention: Doug Robertson

Email: douglas.r@hakimoptical.ca

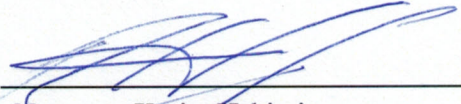
With a copy to:

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

Attention: Jesse Mighton

Email: mightonj@bennettjones.com

605529 ONTARIO INC.

Per: 

Name: Karim Hakimi

Title: President

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.

SCHEDULE "B"

DIP BUDGET

See attached.

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.

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

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

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

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

**AFFIDAVIT OF DOUGLAS ROBERTSON
(Sworn August 5, 2025)**

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario M5X 1A4

Sean Zweig (LSO# 57307I)

Tel: (416) 777-6254

Email: zweigs@bennettjones.com

Jesse Mighton (LSO# 62291J)

Tel: (416) 777-6255

Email: mightonj@bennettjones.com

Jamie Ernst (LSO# 88724A)

Tel: (416) 777-6124

Email: ernstj@bennettjones.com

Linda Fraser-Richardson (LSO# 89718B)

Tel: (416) 777-7869

Email: fraserrichardsonl@bennettjones.com

Lawyers for the Applicants

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY, THE 8 TH
	)	
JUSTICE J. DIETRICH	)	DAY OF AUGUST, 2025

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

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

ORDER
(Stay Extension and DIP Amendment)

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an Order, among other things, extending the Stay Period, approving the DIP Amendment and approving the Monitor's Reports and the activities of the Monitor described therein, was heard this day by way of judicial videoconference via Zoom.

ON READING the affidavit of Douglas Robertson sworn August [5], 2025, and the Exhibits thereto (the "**Fourth Robertson Affidavit**"), and the Second Report of KSV Restructuring Inc., in its capacity as the Court-appointed monitor of the Applicants (in such capacity, the "**Monitor**"), dated August [6], 2025 (the "**Second Report**"), and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, and such other counsel that were present, no one else appearing although duly served as appears from the affidavit of service of Jamie Ernst filed,

SERVICE AND DEFINITIONS

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

2. **THIS COURT ORDERS** that capitalized terms used but not otherwise defined herein shall have the meanings ascribed in the Fourth Robertson Affidavit or the Amended and Restated Initial Order granted by this Court on June 27, 2025 (the "**ARIO**"), as applicable.

EXTENSION OF THE STAY PERIOD

3. **THIS COURT ORDERS** that the Stay Period (as defined in the ARIO) be and is hereby extended until and including August 29, 2025.

DIP AMENDMENT

4. **THIS COURT ORDERS** that the Applicants' execution of the First Amending Agreement dated August [6], 2025, a copy of which is appended to the Second Report as Appendix "[●]" (the "**DIP Amendment**"), is hereby authorized and approved, *nunc pro tunc*, and that the Applicants are hereby authorized and empowered to borrow up to an additional \$1,400,000 (\$4,200,000 in the aggregate), plus accrued and unpaid interest, fees and expenses in accordance with the DIP Agreement, as amended by the DIP Amendment.

5. **THIS COURT ORDERS** that:

- (a) paragraphs 34 to 39 of the ARIO shall apply to the DIP Agreement, as amended by the DIP Amendment, and all references to the DIP Agreement contained in the ARIO shall be deemed to be references to the DIP Agreement as amended by the DIP Amendment;
- (b) the DIP Lender's Charge shall secure all amounts owing by the Applicants to the DIP Lender under the DIP Agreement, as amended by the DIP Amendment; and
- (c) for greater certainty, paragraphs 34 and 40(b) of the ARIO are hereby amended to replace the reference to "\$2,800,000" with "\$4,200,000".

APPROVAL OF THE MONITOR'S REPORTS AND ACTIVITIES

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

GENERAL

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

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

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

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

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

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

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

Proceeding commenced in Toronto

**ORDER
(Stay Extension and DIP Amendment)**

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario M5X 1A4

Sean Zweig (LSO# 57307I)

Tel: (416) 777-6254
Email: zweigs@bennettjones.com

Jesse Mighton (LSO# 62291J)

Tel: (416) 777-6255
Email: mightonj@bennettjones.com

Jamie Ernst (LSO# 88724A)

Tel: (416) 777-6124
Email: ernstj@bennettjones.com

Linda Fraser-Richardson (LSO# 89718B)

Tel: (416) 777-7869
Email: fraserrichardsonl@bennettjones.com

Lawyers for the Applicants

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

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

MOTION RECORD
(Returnable August 8, 2025)

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario M5X 1A4

Sean Zweig (LSO# 57307I)
Tel: (416) 777-6254
Email: zweigs@bennettjones.com

Jesse Mighton (LSO# 62291J)
Tel: (416) 777-6255
Email: mightonj@bennettjones.com

Jamie Ernst (LSO# 88724A)
Tel: (416) 777-6124
Email: ernstj@bennettjones.com

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Tel: (416) 777-7869
Email: fraserrichardsonl@bennettjones.com

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