



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO: CL-26-00000261-0000

**DATE: August 27, 2026
NO. ON LIST: 5**

TITLE OF PROCEEDING:

PLAN OF COMPROMISE OR ARRANGEMENT OF PAYSTONE HOLDINGS INC.

BEFORE: JUSTICE DUNPHY

PARTICIPANT INFORMATION

For Applicant:

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For Other:

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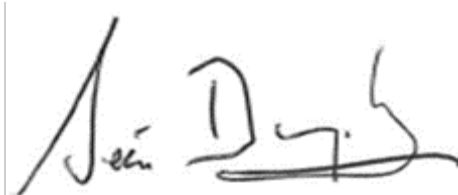
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ENDORSEMENT OF JUSTICE DUNPHY:

- [1] This motion represents the all but final step in a lengthy but thorough restructuring process of the applicants conducted both inside the CCAA and in the months leading up to the commencement of this process in June of this year.
- [2] Three weeks following the commencement of this CCAA process, the applicants sought approval of a transaction with many parallels to the transaction before me for approval today including a proposed purchase by 1001632600 Ontario Inc. (or “100 Ontario”) who is also the purchaser proposed in the transaction before me today. That initial transaction was itself the product of a thorough solicitation of the market conducted with the aid of professional financial and legal advisors. Approval of this transaction, in which principals of the applicant were involved as the proposed purchaser, was opposed by among others a subordinate secured creditor. This initial transaction having failed to secure approval, the Court approved a SISP process to be conducted by the Monitor. The time frame was relatively abbreviated due to the liquidity constraints of the applicants but also in light of the extensive canvassing of the marketplace that had already been undertaken.
- [3] The Monitor conducted the sales process in accordance with the Court’s order. Bids were solicited, interested parties conducted due diligence and nine parties entered into non-disclosure agreements. Three of the interested parties ultimately submitted bids by the bid deadline. None of the other proposals would have resulted in the senior secured creditor being paid in full. The next best alternative bid would have required the senior secured creditor to agree to the assumption of its secured debt instead of its repayment and by an entity did not agree to extend credit to. Ultimately, the proposal by 100 Ontario was selected as providing the greatest overall recovery to creditors including the senior secured creditor and is recommended by the Monitor to this court for approval.
- [4] Under the proposed purchase agreement, 100 Ontario will satisfy all priority payables and identified cure costs for assigned contracts, will assume identified assumed liabilities, will fund a wind-up reserve to complete the winding up of this CCAA process and pay the senior secured creditor in full (in part from the proceeds of financing to be provided by the same senior secured creditor. Importantly, the business of the debtors will be very substantially preserved as a going concern.

- [5] I am satisfied that the proposed asset purchase agreement should be approved. There has been a thorough, reasonably-conducted and court-approved sales process to canvass the marketplace. The Monitor supervised the process and has provided a thorough report outlining its cogent reasons for recommending approval to this court. None of the stakeholders has appeared to oppose the transaction. The impact on creditors is clearly preferable to other available alternatives including liquidation. The going concern value of the business is being preserved. There is every reason to conclude that the purchase price is fair and reasonable in all of the circumstances and I so find.
- [6] While it is true the transaction is a related party transaction, the circumstances here present readily satisfy the criteria in s. 36(3) and s. 36(4) of the CCAA. Good faith efforts were led by the Monitor to find non-related third parties willing to participate in the sales process and the consideration to be received by the stakeholders is superior to that available under any other offer received.
- [7] I am also satisfied that the assigned contracts required to be assigned satisfy the criteria for assignment under s. 11.3 of the CCAA. None of the assigned contracts are included in the exceptions listed in s. 11.3(2). On balance, assignment of these contracts is a necessary and appropriate step. The Monitor has recommended approval of the assignment, the assignments are critical to the success of the transaction and the preservation of the going concern value of the applicants' business, the purchaser has the necessary background and experience to perform the debtors' obligations under the assigned contracts seamlessly and without interruption. None of the contractual counterparts have voiced any objections although served and the proposed order specifically carves out any counterpart who is able to demonstrate that they did not receive notice. Monetary defaults are to be cured and provision for this has been built into the APA.
- [8] In this connection, I am also satisfied that the client list that is in the Confidential Exhibit to the Affidavit of Mr. Saab sworn August 22, 2026 should be sealed. This Sherman Estate test is clearly satisfied here. The sealing of the list does not harm the openness principle in any tangible way. By contrast, the document to be sealed contains confidential commercial information the disclosure of which could very likely be materially detrimental to the value of the debtors' assets being conveyed, could place the transaction in significant jeopardy and there is no reasonable alternative to prevent such harm short of a permanent sealing order. The public interest in the successful restricting of the debtors and the preservation of the going concern value of their business is real.
- [9] Finally, I am satisfied that the ancillary order sought is necessary and appropriate. The debtors will effectively be left rudderless and empty by completion of this transaction. The additional authority that the Monitor is to be clothed with will ensure that the orderly wind-down of the debtors' estate can be supervised both before and after completion. The stay of proceedings sought – until September 18 only – is long enough to enable the transaction to be completed and the cash flow forecast confirms that the debtors have the liquidity needed to operate until then.

[10] In the result, I have signed the three proposed orders as presented. I wish to congratulate the parties on a thorough and well-run process conducted in difficult circumstances.

A handwritten signature in black ink, appearing to read "Sean Dunphy", written over a horizontal line.

Date: August 27, 2026

Sean Dunphy