

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF PAYSTONE HOLDINGS INC.,
PAYSTONE INC., ATOM GROWTH INC., and ATOM
GROWTH (USA), INC.**

FACTUM OF THE APPLICANTS

October 13, 2026

BENNETT JONES LLP

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

Sean Zweig (LSO# 57307I)

Tel: (416) 777-6254

Email: ZweigS@bennettjones.com

Thomas Gray (LSO# 82473H)

Tel: (416) 777-7924

Email: GrayT@bennettjones.com

Jamie Ernst (LSO# 88724A)

Tel: (416) 777-7867

Email: ErnstJ@bennettjones.com

Lawyers for the Applicants

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PART I: OVERVIEW

1. On June 5, 2026, Paystone Holdings Inc., Paystone Inc., Atom Growth Inc. and Atom Growth (USA), Inc. (collectively, the “**Applicants**”) sought and obtained an initial order (the “**Initial Order**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granting certain relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).
2. The primary objective of these CCAA proceedings has been to facilitate a going-concern transaction for the benefit of the Applicants’ stakeholders. To that end, the Monitor designed, sought and obtained this Court’s approval of, and ultimately conducted, a sale and investment solicitation process (the “**SISP**”) for the Applicants’ business and property. Following the conclusion of the SISP, the bid submitted by 1001632600 Ontario Inc. (“**100 Ontario**”), an entity controlled by the Applicants’ principals, was selected by the Monitor as the Successful Bid (as defined in the SISP).
3. On August 27, 2026, the Monitor sought and obtained this Court’s approval of an asset purchase transaction (the “**Approved Transaction**”) between the Applicants, as sellers, and 100 Ontario, as purchaser (in such capacity, the “**Purchaser**”) and certain related relief. The Applicants subsequently returned to Court on September 18, 2026, and obtained an extension of the Stay Period (as defined below) to allow additional time to finalize certain closing deliverables and related matters. Since then, the Applicants and the Purchaser have made material progress towards closing the Approved Transaction, and continue to work diligently and in good faith to satisfy the necessary closing conditions and facilitate an orderly transition of the Applicants’ business and operations.

4. Despite the Applicants' and the Purchaser's best efforts, the Approved Transaction has yet to close. The Applicants therefore now seek a further extension of the Stay Period to and including November 13, 2026 (the "**Stay Extension**"). As set out herein, the proposed Stay Extension is intended to provide the Applicants with the time necessary to complete the Approved Transaction. It is also intended to allow the Monitor to assist with any post-closing matters, support an orderly transition of the business, and commence the process of winding up these proceedings.

5. The Applicants have acted, and continue to act, in good faith and with due diligence in these CCAA proceedings, and are forecast to have sufficient liquidity to fund their operations throughout the proposed Stay Extension period. The Purchaser and the DIP Lender have also agreed to extend the outside and maturity dates under the APA and the DIP Facility (each as defined below), respectively, commensurately with the proposed Stay Extension. The Applicants therefore submit that the relief sought is reasonable and appropriate in the circumstances.

PART II: FACTS

6. The facts underlying this application are more fully set out in the affidavit of Adam Zalev sworn October 9, 2026 (the "**Zalev Affidavit**").¹ Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Zalev Affidavit.

A. Background to these CCAA Proceedings

7. On June 5, 2026, the Applicants sought and obtained the Initial Order, which granted certain customary relief under the CCAA, including approving a ten-day stay of proceedings and

¹ Affidavit of Adam Zalev sworn October 9, 2026 [*Zalev Affidavit*], Motion Record of the Applicants dated October 9, 2026, at Tab 2 [*Motion Record*].

appointing AlixPartners Restructuring, Inc. (formerly, and at the time, KSV Restructuring Inc.) as Monitor of the Applicants.²

8. At the comeback hearing, the Applicants sought and obtained an amended and restated Initial Order, which, among other things, extended the stay of proceedings to June 25, 2026 (the “**Stay Period**”).³

9. On June 22, 2026, the Applicants sought approval of an Order (the “**Original AVO**”), among other things, approving an asset purchase agreement between the Applicants and 100 Ontario dated June 5, 2026, and the transactions contemplated therein (the “**Original Sale Transaction**”). The relief sought in connection with the Original Sale Transaction was opposed by the Applicants’ subordinate secured creditor, BDC Capital Inc. (“**BDC**”). Following the hearing, the Court issued an endorsement pursuant to which it declined to grant the relief sought by the Applicants and extended the Stay Period to 11:59 p.m. on June 30, 2026.⁴

10. The Applicants returned before the Court on June 30, 2026 and obtained, among other things, a further extension of the Stay Period to and including July 10, 2026.⁵

11. On July 10, 2026, the Applicants sought and obtained an Order, among other things: (a) approving a debtor-in-possession credit facility in the maximum principal amount of \$2.6 million (the “**DIP Facility**”); (b) approving a super-priority charge in favour of Sandton Investments X (Luxembourg) S.à r.l. (“**Sandton**”), as lender under the DIP Facility (in such capacity, the “**DIP Lender**”); (c) approving a super-priority charge in favour of The Bank of Nova Scotia (“**BNS**”

² Zalev Affidavit at para 5, Motion Record at Tab 2.

³ Zalev Affidavit at para 7, Motion Record at Tab 2.

⁴ Zalev Affidavit at paras 7-8, Motion Record at Tab 2.

⁵ Zalev Affidavit at para 9, Motion Record at Tab 2.

and the related charge, the “**BNS Charge**”); and (d) extending the Stay Period to and including August 31, 2026.⁶

12. On that same date, the Monitor sought and obtained an Order which, among other things, approved: (a) the SISP, which was to be conducted exclusively by the Monitor; and (b) the expansion of the Monitor’s powers in connection therewith.⁷ In accordance with the terms of the SISP, the Monitor, in consultation with Sandton and BDC, evaluated the Bids received by the Bid Deadline (each as defined in the SISP) and selected the Bid submitted by 100 Ontario as the Successful Bid.⁸

13. At a motion before this Court on August 27, 2026, the Monitor sought and obtained the following relief:

- (a) an Order (the “**AVO**”), among other things: (i) approving an asset purchase agreement (the “**APA**”) between the Applicants and the Purchaser dated August 18, 2026, and the Approved Transaction contemplated thereunder; and (ii) vesting in the Purchaser all of the Applicants’ right, title and interest in and to the Purchased Assets (as defined in the APA), upon delivery by the Monitor of the Monitor’s Certificate (as defined in the AVO) confirming completion of the Approved Transaction;
- (b) an Order (the “**CCAA Assignment Order**”), among other things, assigning to the Purchaser all of the Applicants’ rights, title, interest, and obligations under the Assigned Contracts (as defined in the CCAA Assignment Order), upon the delivery of the Monitor’s Certificate; and

⁶ Zalev Affidavit at para 10, Motion Record at Tab 2.

⁷ Zalev Affidavit at para 10, Motion Record at Tab 2.

⁸ Seventh Report of the Monitor dated October 9, 2026 at para 1.0.10 [*Seventh Report*].

- (c) an Order, among other things: (i) granting the Monitor enhanced powers and additional protections, to become effective upon the closing of the Approved Transaction; and (ii) extending the Stay Period to and including September 18, 2026 (collectively, the **“August 27 Orders”**).⁹

14. Most recently, on September 18, 2026, the Applicants sought and obtained an Order (the **“September Stay Extension Order”**), which extended the Stay Period to and including October 16, 2026.¹⁰

B. Developments Following the September 18th Motion

15. The Applicants had initially hoped to close the Approved Transaction prior to the expiry of the Stay Period – despite their good faith efforts, the Approved Transaction has not yet closed. Since obtaining the September Stay Extension Order, the Applicants have continued to advance the closing of the Approved Transaction, including by finalizing various closing documents and engaging with key stakeholders and contract counterparties to facilitate an orderly transition of the Applicants’ business and employees.¹¹

16. In particular, the Purchaser and the Applicants (as applicable), in consultation with the Monitor, are continuing to engage with:

- (a) Sandton, regarding the new credit agreement and related security documentation to be entered into with the Purchaser, each of which is nearing completion;

⁹ Zalev Affidavit at para 11, Motion Record at Tab 2.

¹⁰ Zalev Affidavit at para 14, Motion Record at Tab 2.

¹¹ Zalev Affidavit at para 15, Motion Record at Tab 2.

- (b) the Applicants' new billing service provider, which assumed responsibility from BNS for billing the Applicants' customers, effective October 1, 2026; and
- (c) BNS, regarding certain security to replace the BNS Charge, which security will temporarily be provided by the Purchaser following closing.¹²

17. The Applicants have also been working to negotiate a consensual resolution in respect of the Cure Costs (as defined in the APA), which are owing only to Elavon Financial Services Ltd. In addition, the Applicants have engaged in discussions with, and provided regular updates to, the Monitor and the DIP Lender, and have continued to operate the business in the ordinary course under the Monitor's supervision and for the benefit of their stakeholders.¹³

18. On August 27 and 28, 2026, respectively, the Monitor served signed and issued copies of the August 27 Orders on the CCAA service list. Since then, none of the contractual counterparties to the Assigned Contracts have expressed opposition to the assignment of their respective contracts.¹⁴

19. The Applicants and the Purchaser, with the consent of the Monitor, have agreed to extend the outside date under the APA, and the DIP Lender has also agreed to extend the maturity date under the DIP Facility, commensurately with the proposed Stay Extension.¹⁵

¹² Zalev Affidavit at paras 15, 17, Motion Record at Tab 2.

¹³ Zalev Affidavit at para 15, Motion Record at Tab 2.

¹⁴ Zalev Affidavit at para 12, Motion Record at Tab 2.

¹⁵ Zalev Affidavit at para 19, Motion Record at Tab 2.

C. Stay of Proceedings

20. The Stay Period is set to expire at the end of the day on October 16, 2026. Pursuant to the proposed Order (the “**Stay Extension Order**”), the Applicants are seeking to extend the Stay Period to and including November 13, 2026.¹⁶

21. The cash flow forecast (the “**Cash Flow Forecast**”) appended to the Seventh Report of the Monitor dated October 9, 2026, demonstrates that the Applicants will have sufficient liquidity to fund their obligations and the costs of these CCAA proceedings throughout the Stay Extension.¹⁷

22. The Applicants expect that the proposed Stay Extension will provide them with sufficient time to close the Approved Transaction. The Stay Extension is also expected to provide the Monitor with the additional time necessary to bring a motion to terminate these CCAA proceedings once the Approved Transaction has closed.¹⁸

PART III: ISSUE

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

PART IV: LAW AND ANALYSIS

24. The Applicants seek to extend the Stay Period to and including November 13, 2026. Subsection 11.02(2) of the CCAA expressly authorizes this Court to grant an extension of the stay of proceedings for “any period that the court considers necessary”.¹⁹ To grant such an extension,

¹⁶ Zalev Affidavit at para 18, Motion Record at Tab 2.

¹⁷ Zalev Affidavit at para 22, Motion Record at Tab 2; Seventh Report at para 3.0.3.

¹⁸ Zalev Affidavit at para 20, Motion Record at Tab 2.

¹⁹ *Companies’ Creditors Arrangement Act*, [R.S.C. 1985, c. C-36](#), s [11.02\(2\)](#) [CCAA].

this Court must be satisfied that circumstances exist that make the order appropriate and that the Applicants have acted, and are acting, in good faith and with due diligence.²⁰

25. The jurisdiction of courts to stay proceedings under section 11.02 “should be broadly construed to accomplish the legislative purpose of the CCAA”.²¹ These purposes include, among others, enabling the continuation of the debtors’ business and facilitating a value maximizing restructuring.²² An extension of a stay of proceedings will be appropriate where it maintains the *status quo* and provides applicants with the breathing room to arrange for a “sale of assets in order to maximize recovery for stakeholders”.²³

26. This Court has also granted stay extensions in comparable circumstances in other CCAA proceedings, including following transaction approval to allow the applicable parties additional time to satisfy outstanding closing conditions.²⁴

27. The proposed Stay Extension is necessary in the circumstances to maintain stability and provide continued breathing room while the Applicants and the Purchaser diligently work toward closing the Approved Transaction, and to enable the Monitor to begin taking the steps necessary to wind up these proceedings. The Applicants submit that the Stay Extension is appropriate for the following reasons, among others:

²⁰ CCAA, s 11.02(2); *Harte Gold Corp. (Re)*, 2022 ONSC 653 at para 87.

²¹ *Canwest Global Communications Corp.*, 2011 ONSC 2215 at para 24 [Canwest].

²² *Canwest* at para 24; *Century Services Inc. v. Canada (Attorney General)*, 2010 SCC 60 at para 15; *Target Canada Co. (Re)*, 2015 ONSC 303 at para 8 [Target]; *Timminco Limited (Re)*, 2012 ONSC 2515 at para 15 [Timminco].

²³ *Timminco* at para 15; *Target* at para 8.

²⁴ *In Re Ayurcann Holdings Corp. and Ayurcann Inc.* (June 1, 2026), Toronto, CL-26-00000039-0000 (ONSC) ([J. Kimmel Endorsement](#)) at paras 8, 14; *Acerus Pharmaceuticals Corporation et al. v. Day et al.* (June 28, 2023), Toronto, CV-23-00693595-00CL (ONSC) ([J. Penny Endorsement](#)) at para 1; *In Re BZAM Ltd. et al.* (July 30, 2025), Toronto, CV-24-00715773-00CL (ONSC) ([J. Osborne Endorsement](#)) at para 11; see also *In the Matter of Speakeasy Cannabis Club Ltd and 10161233 Canada Ltd.* (February 28, 2023), Vancouver, No. S-226028 ([Stay Extension Order](#)), which was granted following the issuance of an approval and reverse vesting order on February 1, 2023 ([Order](#)).

- (a) the Applicants have acted, and continue to act, in good faith and with due diligence in these CCAA proceedings;
- (b) as reflected in the Cash Flow Forecast, the Applicants are forecast to have sufficient liquidity through the Stay Extension to fund their ordinary course obligations and the costs of these CCAA proceedings;
- (c) the Stay Extension will provide additional time for: (i) the Applicants to satisfy the remaining closing conditions and complete all related matters; and (ii) the Monitor to assist with any post-closing matters necessary to facilitate an orderly transition of the business and to bring a motion to terminate these proceedings;
- (d) the Applicants intend to work diligently to close the Approved Transaction as soon as possible;
- (e) the DIP Lender and the Purchaser have agreed to extend the maturity date under the DIP Facility and the outside date under the APA, respectively, commensurately with the proposed Stay Extension;
- (f) the Stay Extension is supported by the Monitor; and
- (g) the Monitor does not expect any party to suffer material prejudice as a result of the proposed Stay Extension and is not aware of any opposition to the relief sought.²⁵

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

²⁵ Zalev Affidavit at paras 16-23, Motion Record at Tab 2; Seventh Report at para 4.0.2.

PART V: RELIEF REQUESTED

29. The Applicants submit that the Stay Extension Order is in the best interests of the Applicants and their stakeholders, consistent with the purposes of the CCAA, and appropriate in the circumstances. The Applicants respectfully request that this Court grant the proposed form of Stay Extension Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 13TH DAY OF OCTOBER, 2026.

Bennett Jones LLP

BENNETT JONES LLP

SCHEDULE A – LIST OF AUTHORITIES

Cases Cited

1. *Acerus Pharmaceuticals Corporation et al. v. Day et al.* (June 28, 2023), Toronto, CV-23-00693595-00CL (ONSC) ([J. Penny Endorsement](#))
2. *Canwest Global Communications Corp.*, [2011 ONSC 2215](#)
3. *Century Services Inc. v. Canada (Attorney General)*, [2010 SCC 60](#)
4. *Harte Gold Corp. (Re)*, [2022 ONSC 653](#)
5. *In the Matter of Speakeasy Cannabis Club Ltd and 10161233 Canada Ltd.* (February 28, 2023), Vancouver, No. S-226028 ([Stay Extension Order](#))
6. *In Re Ayurcann Holdings Corp. and Ayurcann Inc.* (June 1, 2026), Toronto, CL-26-00000039-0000 (ONSC) ([J. Kimmel Endorsement](#))
7. *In Re BZAM Ltd. et al.* (July 30, 2025), Toronto, CV-24-00715773-00CL (ONSC) ([J. Osborne Endorsement](#))
8. *Target Canada Co. (Re)*, [2015 ONSC 303](#)
9. *Timminco Limited (Re)*, [2012 ONSC 2515](#)

I certify that I am satisfied as to the authenticity of every authority and that every quotation cited herein accurately reproduces the text of such authority.

Dated: October 13, 2026



Jamie Ernst

SCHEDULE B – STATUTES AND REGULATIONS RELIED ON

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

Section 11.02

Stays, etc. – initial application

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

(a) staying, until otherwise ordered by the court, all proceedings taken or that might be taken in respect of the company under the Bankruptcy and Insolvency Act or the Winding-up and Restructuring Act;

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

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

Stays, etc. — other than initial application

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

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

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

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

Burden of proof on application

(3) The court shall not make the order unless

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

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

Restriction

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

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Proceeding commenced at Toronto

FACTUM OF THE APPLICANTS

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

Thomas Gray (LSO# 82473H)

Tel: (416) 777-7924

Email: GrayT@bennettjones.com

Jamie Ernst (LSO# 88724A)

Tel: (416) 777-7867

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