VANCOUVER
OCT 22 2026
REGISTRY

This is the 1st Affidavit
of Imran Malik in this case and was
made on October 21, 2026

No. S-267851
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

BDC CAPITAL INC.

PETITIONER

AND:

CYMAX GROUP TECHNOLOGIES LTD.
CYMAX STORES USA, LLC
FREIGHT CLUB, LLC
CYMAX SERVICES USA LLC
CYMAX STORES USA, INC.

RESPONDENTS

AFFIDAVIT

I, Imran Malik, of Suite 1310 – 150 9th Avenue SW, at the City of Calgary, in the Province of Alberta, SWEAR (OR AFFIRM) THAT:

1. I am an Assistant Vice President, Portfolio Management, Growth and Transition Capital at BDC Capital Inc. ("**BDC**"), a wholly owned subsidiary of Business Development Bank of Canada, and as such I have personal knowledge of the facts and matters hereinafter deposed to, save and except where they are stated to be on information and belief in which I verily believe them to be true.

2. I am authorized to make this affidavit on behalf of BDC.

3. BDC is the senior secured creditor of Cymax Group Technologies Ltd. (the "**Borrower**"), Cymax Stores USA, LLC, Freight Club, LLC, Cymax Services USA LLC, and Cymax Stores USA, INC. (each a "**Guarantor**" and collectively, the "**Corporate Guarantors**").

4. This affidavit is sworn in support of BDC's application for the appointment of BDO Canada Limited as receiver (the "**Receiver**") over the property, assets and undertakings of the Borrower and the Corporate Guarantors (together, the "**Cymax Group**") under section 243 of the *Bankruptcy and Insolvency Act,* RSC 1985, c B-3 ("**BIA**") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253.

Parties and Overview

5. The Borrower is a corporation organized under the British Columbia *Business Corporations Act*. A copy of a BC Company Summary for the Borrower dated October 2, 2026, is attached hereto as **Exhibit "A"**.

6. Cymax Services USA LLC ("**Cymax Services**") is a limited liability company organized under the laws of the State of Delaware. A copy of a Delaware corporation search for Cymax Services dated October 5, 2026, is attached hereto as **Exhibit "B"**.

7. Cymax Stores USA, LLC ("**Cymax Stores**") is a limited liability company organized under the laws of the State of Delaware. A copy of a Delaware corporation search for Cymax Stores dated October 5, 2026, is attached hereto as **Exhibit "C"**.

8. Freight Club, LLC ("**Freight Club**") is a limited liability company organized under the laws of the State of Delaware. A copy of a Delaware corporation search for Freight Club dated October 5, 2026, is attached hereto as **Exhibit "D"**.

9. Cymax Stores USA, INC. ("**Cymax Inc.**") is a WA Profit Corporation organized under the laws of the State of Washington. A copy of a Washington corporation search for Cymax Inc. dated October 5, 2026, is attached hereto as **Exhibit "E"**.

10. Cymax Services, Cymax Stores, Freight Club and Cymax Inc. are each wholly owned subsidiaries of the Borrower and, together with the Borrower, operate as an integrated business carrying on an online furniture retail business and providing shipping solutions to e-commerce vendors through the Freight Club platform.

11. The sole director and all of the officers of the Cymax Group reside and operate their businesses in Vancouver, British Columbia. All of the current employees of the Cymax Group are located in Canada. The Cymax Group previously had two employees in the United States who were recently terminated.

12. To the best of my knowledge, the Cymax Group only maintains office locations in Vancouver, British Columbia, and does not have any offices in the United States.

13. The Cymax Group operates an integrated cash management system managed by the Canadian Borrower. Each of the Corporate Guarantors have funds in Canada which are managed by the Borrower.

14. As of October 8, 2026, the Borrower is indebted to BDC on account of principal and interest in the amount of USD $6,767,281.85, pursuant to the Loan Agreements (as defined and described below), together with additional accrued and unpaid interest, fees, costs and expenses (collectively, the "**BDC Indebtedness**").

15. The BDC Indebtedness is secured by, among other things, general security agreements from the Borrower and each of the Corporate Guarantors and unlimited guarantees granted by each the Corporate Guarantors, as more particularly described below.

16. BDC seeks the appointment of a receiver so that it may realize on, and maximize the value of, its security.

History of the Borrower and Events Leading to These Proceedings

Background of BDC Financing

17. By way of background, BDC and the Cymax Group entered into a Letter of Offer of financing no. 241957-01 dated December 9, 2022 (the "**Original Letter of Offer**"). Pursuant to the Original Letter of Offer, BDC agreed to advance growth capital financing to the Borrower in the amount of USD $10,000,000.

18. The Corporate Guarantors were each named as joint and several corporate guarantors of the Borrower's obligations under the Original Letter of Offer

19. The Original Letter of Offer was amended by an Amending Letter No. 1 dated January 11, 2023, which revised the postponement and subordination arrangements applicable to certain preferred shares of the Borrower held by Frind Holdings Ltd./Frind Holdings Enterprises Ltd. (together "**Frind**") and by BDC (the Original Letter of Offer, as so amended, the "**Loan Agreements**"). A copy of each of the Loan Agreements is attached hereto as **Exhibit "F"**.

20. Under the Loan Agreements, the maturity date of the financing is December 1, 2026, or the date on which the last principal payment is scheduled to be made, whichever is later, with principal repayable by a single balloon payment on the maturity date.

Financial Condition of the Borrower

Operating Losses

21. The Cymax Group incurred a consolidated net loss of approximately USD $3,524,000 for the year ended December 31, 2025, following a net loss of approximately USD $14,951,000 for the year ended December 31, 2024. Further, consolidated revenue also fell from approximately US$175,946,000 in 2024 to approximately US$138,976,000 in 2025, and gross profit declined correspondingly from approximately US$33,987,000 to approximately US$26,236,000 over the same period. Attached as **Exhibit "G"** is a copy of Cymax Group's consolidated

financial statements for the year ended December 31, 2025 (the "**2025 Financial Statements**")

22. For the quarter ended June 30, 2026, the Borrower's trailing twelve-month Adjusted EBITDA of approximately USD $1,381,000 remained below the minimum threshold of USD $4,000,000 required under its covenants with BDC, and BDC had waived compliance with that covenant. Attached as **Exhibit "H"** is a copy of Cymax Group's unaudited management reporting for the period ended June 30, 2026 ("**2026 Management Reporting**").

Shareholder Deficiency

23. Given the persistent operating losses reflected in the Borrower's financial statements, the Borrower reported to BDC that it was dependent on related-party and shareholder capital to pay its obligations as they came due, rather than on cash generated from its own operations. Over the course of 2024 to early 2026, Frind advanced successive loans to the Borrower.

24. Notwithstanding this repeated recourse to related-party and shareholder support, the Borrower was unable to maintain a positive net asset position, and its financial condition continued to deteriorate into the default described below.

25. Further, as at December 31, 2025, Cymax Group reported a consolidated shareholders' deficiency of approximately USD $17,219,000, compared to a shareholders' deficiency of approximately USD $13,700,000 as at December 31, 2024.

26. The 2026 Management Reporting also shows that this negative shareholders' equity position persisted through 2026, notwithstanding a significant capital contribution recorded in the first quarter: total shareholder's equity was a deficiency of approximately US$7,209,000 as at March 31, 2026 and approximately US$7,912,000 as at June 30, 2026, following contributed capital increasing from approximately US$37,988,000 as at December 31, 2025 to approximately US$48,844,000 as at March 31, 2026.

Circumstances Leading to BDC's Demand for Repayment

27. Given the consistent and significant losses experienced by the Cymax Group, Mr. Frind reported to me that a further injection of shareholder funds was required to be made by him on or around October 2, 2026, to continue to satisfy ongoing payroll and operating obligations.

28. On or around October 2, 2026, Markus Frind, the CEO of the Cymax Group and the principal of Frind advised BDC that Frind had invested over CAD $60 million in the Cymax Group via equity, unpaid dividends, and shareholder loans. However, due to the recurring losses experienced by the Cymax Group and the significant financial impact of US tariffs, Mr. Frind would not inject any additional funds into the Cymax Group to cover operational losses or to repay the BDC Indebtedness on the maturity date.

29. On or around October 7, 2026, BDC was further advised by Mr. Frind that he intended to cease operations and liquidate the Cymax Group as soon as possible.

30. On or around October 5, 2026, BDC determined that the Borrower had experienced a material and irreversible deterioration in its financial condition, both due to what Mr. Frind advised BDC and as a direct result of the imposition of United States tariffs at levels that rendered the Borrower's business model unviable and uneconomical to operate. Specifically, the Borrower: (i) no longer had sufficient funds to meet its ongoing operating obligations as they became due; (ii) had threatened to cease, or was reasonably expected to cease, carrying on all or a substantial part of its business operations; and (iii) was unable to continue as a going concern.

31. On October 7, 2026, in accordance with the terms of the Loan Agreements, BDC's counsel, McMillan LLP, delivered demand letters (the "**Demands**") and notices under section 244 of the BIA (the "**S. 244 Notices**") to the Borrower and the Corporate Guarantors via courier and email. Copies of the Demands and S. 244

Notices delivered to the Borrower and Corporate Guarantors are attached hereto as **Exhibit "I"**.

32. On October 8, 2026, the Borrower and the Corporate Guarantors each consented to the early enforcement of BDC's security and waived any additional notice periods to which they may have been entitled (the "**Consents and Waivers**"). Copies of the executed Consents and Waivers are attached hereto as **Exhibit "J"**.

33. On October 9, 2026, in consultation with BDC, the Borrower filed a notice of intention to make a proposal under subsection 50.4(1) of the BIA (the "**NOI Proceedings**"). At the request of the Borrower, BDO Canada Limited was appointed as proposal trustee. The Borrower and BDO Canada Limited confirmed with BDC that that the NOI Proceedings would be utilized to stay unsecured creditors to immediately commence an orderly liquidation of the Borrower while BDC and the Borrower discussed the appointment of a receiver to further facilitate the liquidation of the Cymax Group. A copy of the Certificate of Filing for the NOI Proceedings is attached hereto as **Exhibit "K"**.

34. On October 20, 2026, the Borrower and each of the Corporate Guarantors executed a consent judgment for the BDC Indebtedness and a consent receivership order to appoint BDO Canada Limited as receiver over the Cymax Group (the "**Consent Receivership Order**").

35. On October 20, 2026, Frind Properties Ltd. executed the Consent Receivership Order.

General Security Agreements and Guarantees

36. As security for the Loan Agreements, the Borrower and the Corporate Guarantors executed:

    (a) a General Security Agreement executed by the Borrower dated January 31, 2023, in favour of BDC (the "**Borrower GSA**"), granting BDC a general and continuing security interest in all of the Borrower's present and after-

acquired personal property, and a floating charge over its real property interests, undertaking and assets. A copy of the Borrower GSA is attached hereto as **Exhibit "L"**;

(b) unlimited guarantees in favour of BDC dated January 31, 2023 (collectively, the "**Guarantees**") executed by each of the Corporate Guarantors, pursuant to which each Corporate Guarantor unconditionally guaranteed the indebtedness of the Borrower owing to BDC. Copies of the Guarantees are attached hereto as **Exhibit "M"**;

(c) a General Security Agreement executed by each of the Corporate Guarantors dated January 31, 2023, in favour of BDC (the "**Guarantor GSA**"). A copy of the Guarantor GSA is attached hereto as **Exhibit "N"**; and

(d) notices of security interest in intellectual property each dated January 31, 2023, executed by the Borrower and each of the Corporate Guarantors. Copies of the foregoing notices of security interest in intellectual property are attached hereto as **Exhibit "O"**.

PPSA/UCC Registrations

37. BDC registered its security interests against the Borrower in the British Columbia Personal Property Registry ("**BC PPR**") with a first in time registration (No. 318183P) covering all of the Borrower's present and after-acquired personal property and an uncrystallized floating charge on land, expiring January 24, 2032. A copy of the BC PPR search response for the Borrower is attached hereto as **Exhibit "P"**.

38. Other than BDC, Frind Properties Ltd. is the only other party with a financing statement registered against the Borrower in the BC PPR.

39. BDC also registered first in time BC PPSA financing statements against each Corporate Guarantor (Cymax Stores Inc.: No. 318187P; Freight Club: No.

318194P; Cymax Services: No. 318185P; Cymax Stores: No. 318190P), each covering all of the relevant Corporate Guarantor's present and after-acquired personal property and an uncrystallized floating charge on land, and expiring January 24, 2032. A copy of the BC PPR search responses for the Corporate Guarantors are attached hereto as **Exhibit "Q".**

40. Other than BDC, there are no other parties with BC PPSA financing statements registered against the Corporate Guarantors.

41. BDC further registered first in time UCC financing statements against Cymax Stores (Delaware registration No. 2023 0662774, expiring January 25, 2028), Cymax Services (Delaware registration No. 2023 0712579, expiring January 27, 2028), Freight Club (Delaware registration No. 2023 0712728, expiring January 27, 2028) and Cymax Inc. (Washington registration No. 2023-027-5921-5, expiring January 27, 2028), in each case covering all assets of the relevant debtor. Copies of the UCC searches of the Corporate Guarantors are attached hereto as **Exhibit "R"**.

42. Other than BDC, there are no other parties with UCC registrations against the Corporate Guarantors in their jurisdictions of incorporation.

The Borrower's Defaults and Demands

43. As discussed above, the Borrower is in default under the Loan Agreements by reason of, among other things, the following (collectively, the "**Defaults**"):

    (a) The occurrence, in the opinion of BDC, of a Material Adverse Change, including by reason of:

        (i) a material and irreversible deterioration in the Borrower's financial condition as a direct result of the imposition of United States tariffs at levels that rendered the Borrower's business model unviable and uneconomical to operate;

        (ii) the Borrower's inability to meet its ongoing operating obligations as they became due;

(iii) the Borrower having threatened to cease, or being reasonably expected to cease, carrying on all or a substantial part of its business operations; and

(iv) the Borrower's inability to continue as a going concern.

44. The Letter of Offer at Schedule A, Section VI provides that an event of default occurs upon, among other things, the occurrence, in the opinion of BDC Capital, of a Material Adverse Change.

Appointment of a Receiver

45. As described above, the Borrower is in default under the Loan Agreements.

46. As of the date of this affidavit, the BDC Indebtedness has not been repaid.

47. Demands and S. 244 Notices were delivered to the Borrower and each Corporate Guarantor.

48. The Borrower and each Corporate Guarantor consented to the enforcement of BDC's security pursuant to the Consents and Waivers.

49. Pursuant to the Borrower GSA and the Guarantor GSA, BDC is entitled to appoint a receiver upon the occurrence of, and during the continuance of, any default by the Borrower.

50. The Borrower and Frind Properties Ltd., the other secured creditor of the Borrower, have consented to the appointment of a receiver pursuant to the Consent Receivership Order.

51. BDC is of the view that a receivership on the terms set out in the proposed form of Consent Receivership Order is the most efficient and cost-effective means to maximize the value of the assets for the benefit of all creditors. A receivership will also provide for an orderly disposition of the property, undertakings and assets of the Cymax Group and will allow the proposed receiver to apply to have the Consent Receivership Order recognized in the United States, as needed.

52. The Borrower is operating an integrated e-commerce and freight brokerage business that, as described above, has experienced a material and irreversible deterioration in its financial condition and is unable to continue as a going concern. Mr. Frind, the primary shareholder of the Cymax Group, has requested that the business be immediately liquidated.

53. It is therefore BDC's view that the appointment of a receiver over the Cymax Group is appropriate in these circumstances to commence a coordinated and orderly liquidation of the Cymax Group to preserve and realize on the Cymax Group's assets and undertakings for the benefit of all stakeholders.

54. The NOI Proceedings commenced in respect of the Borrower have allowed the proposal trustee to work with the Borrower on a preliminary basis to investigate and coordinate the cessation of operations of the business, but relief is urgently needed in respect of the entire Cymax Group in order to deal with the integrated operations and assets of the entire corporate group. Without a coordinated liquidation of the Cymax Group, various creditors of the Corporate Guarantors are expected to commence enforcement proceedings which are expected to lead to further losses and increased costs to address a multiplicity of proceedings.

55. News articles have been published in respect of the liquidation of the Borrower which are expected to further accelerate enforcement by the various unsecured creditors of the Cymax Group, which further necessitates the need for urgent court relief in respect of the Cymax Group. A copy of one such news article is attached hereto as **Exhibit "S".**

56. The proposed receiver, which is also the proposal trustee, has provided written consent to act in this proceeding, a copy of which is attached as **Exhibit "T"**.

SWORN (OR AFFIRMED) BEFORE ME at the City of Calgary, in the Province of Alberta, this 21st day of October, 2026.

A Notary Public for taking Affidavits for Alberta

ELAYNA DUSHENSKI
Barrister & Solicitor

Imran Malik