



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-25-00751289-00CL

DATE: September 12, 2025

NO. ON LIST: 2

TITLE OF PROCEEDING: In the Matter of a Plan of Compromise or Arrangement of Norwood Industries Inc.

BEFORE: Justice Jana Steele

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Sean Collins	Norwood Industries Inc.	scollins@mccarthy.ca
Sanee Tanvir	Norwood Industries Inc.	stanvir@mccarthy.ca
Bobby Kofman	Proposed Monitor	bkofman@ksvadvisory.com
Jennifer Stam	Counsel for Proposed Monitor	Jennifer.stam@nortonrosefulbright.com

ENDORSEMENT OF JUSTICE STEELE:

- [1] The Applicant, Norwood Industries Inc. (“Norwood”) seeks an Initial Order under the *Companies’ Creditors Arrangement Act* (Canada) (“CCAA”).
- [2] Capitalized terms used in this endorsement that are not defined herein have the meaning set out in the Applicant’s factum.

- [3] Norwood's senior secured creditor, Monroe Capital LLC, consents to the relief sought. The proposed Monitor also supports the relief sought.
- [4] Norwood, in consultation with G2 Capital Advisors and Monroe, is actively pursuing a sale of the business following an extensive pre-filing process.

Should protection be granted under the CCAA?

- [5] I am satisfied that Norwood is a debtor company to which the CCAA applies.
- [6] The CCAA applies in respect of a "debtor company" that has liabilities in excess of \$5 million. The definition of "debtor company" in the CCAA refers to a company that is bankrupt or insolvent or has committed an act of bankruptcy with the meaning of the BIA, among other things. The term "insolvent" is not defined in the CCAA. Accordingly, as noted by this court in *Laurentian University of Sudbury*, 2021 ONSC 659, at paras. 30-31, the court will generally consider whether the company is insolvent within the meaning of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "BIA"): CCAA, s. 2(1). Under the BIA, a company is insolvent where (a) it is unable to meet its obligations as they generally become due; (b) it has ceased paying current obligations in the ordinary course of business; or (c) its aggregate property is, at fair valuation, insufficient to enable payment of all its obligations due and accruing due: s. 2, BIA.
- [7] Norwood is insolvent. Its liabilities significantly exceed its assets. Further, Norwood has insufficient cash to meet its obligations as they become due.
- [8] I am satisfied that Ontario is the appropriate forum for these proceedings. Norwood is incorporated pursuant to the *Ontario Business Corporations Act*. Norwood's Canadian operations are conducted in Barrie, Ontario. Norwood's registered head office is in Ontario.
- [9] Norwood has filed the required financial information, including an interim cash flow projection, and therefore meets the technical requirements of the CCAA.

Should the Court grant the requested Stay?

- [10] Section 11.02(1) of the CCAA provides that on an initial application, the court may make an order "on any terms that it may impose," effective for no more than 10 days if circumstances exist that make the order appropriate. The Comeback Hearing in this matter has been scheduled for September 19, 2025.
- [11] The purpose of the initial stay is to, among other things, give the debtor breathing room and preserve the *status quo*: *Century Services Inc. v. Canada (Attorney General)*, 2010 SCC 60, [2010] 3 S.C.R. 379, at paras. 14 and 60. The initial stay period is capped at ten

days, and the applicant debtor is required to return to court within that time on proper notice to all affected parties.

[12] Section 11.001 of the CCAA restricts the relief on an initial application to what is reasonably required to allow the debtor to continue operations in the ordinary course during the Initial Stay Period. As noted by the Applicant, the relief sought at the initial hearing is limited to what is needed to maintain the status quo and to give Norwood the breathing room necessary to stabilize its operations.

[13] I am satisfied that the initial stay should be granted.

Should KSV Restructuring be appointed as Monitor?

[14] Under s. 11.7 of the CCAA, the court is required to appoint a monitor when the initial order is made.

[15] Section 11.7(2) of the CCAA sets out certain requirements for and restrictions on who may act as a monitor.

[16] Norwood seeks the appointment of KSV Restructuring Inc. as Monitor. KSV is a trustee within the meaning of subsection 2(1) of the BIA and is not disqualified under any of the restrictions pursuant to s. 11.7(2) of the CCAA.

[17] I am satisfied that KSV can be appointed as Monitor.

Should the Administration Charge be granted?

[18] Norwood seeks a first-ranking Administration Charge of up to \$250,000 during the initial stay period. The Administration Charge is to secure the professional fees and disbursements.

[19] The Court has authority under s. 11.52(1) of the CCAA to grant a charge over the debtor's property to secure the fees and expenses of the Monitor, its counsel and other key advisors. The Court in *Canwest Publishing Inc.*, 2010 ONSC 222, 63 C.B.R. (5th) 115, at para. 54, identified factors the court may consider when granting an administration charge including the size and complexity of the business being restructured; the role of the professionals involved; the absence of unwarranted duplication of roles; the reasonableness of the proposed quantum; the support of secured creditors; and the endorsement of the Monitor.

[20] The Monitor supports the approval of the proposed charge. The professionals involved will continue to play an essential role in advancing the company's restructuring. Norwood notes that each proposed beneficiary of the Administration Charge is performing distinct functions and there is no duplication of roles.

[21] I am satisfied that the Administration Charge should be granted.

Should the D&O Charge be granted?

[22] Norwood seeks a Director's Charge in the amount of \$364,000 to secure the indemnity of the Director and Officers.

[23] The amount of the Director's Charge was calculated based on the estimated exposure of the Director and Officers over the initial ten-day period. It was reviewed with KSV.

[24] Section 11.51 of the CCAA provides that the Court may make an order declaring that all or part of the debtor's property is subject to a security or charge in favour of any director or officer of the company to indemnify them for liabilities they may incur during the restructuring.

[25] The factors for the court to consider with respect to the approval of a directors' charge were set out in *Jaguar Mining Inc. (Re)*, 2014 ONSC 494, at para. 45.

[26] AStar maintains a D&O Insurance policy, which provides coverage for claims made against the directors and officers in connection with their service to Norwood. Norwood seeks the Director's Charge to provide protection in circumstances where the D&O Insurance does not respond to indemnify the directors and officers, whether due to exclusions, coverage limits, or other limitations.

[27] As noted by Norwood, the continued participation of its directors and officers during the CCAA proceedings is necessary to ensure the ongoing stability of the business. These officers and directors know the business, and have necessary skills, knowledge and expertise.

[28] The proposed Monitor supports the granting and quantum of the Director's Charge.

[29] I am satisfied that the Director's Charge should be approved.

[30] The Comeback Hearing is on September 19, 2025, at 11 am (2 hours). The applicant's sale approval motion is scheduled for **September 24, 2025, at noon (60 minutes), via Zoom.**

[31] Order attached.

