



SUPERIOR COURT OF JUSTICE

COUNSEL/ENDORSEMENT SLIP

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

DATE: September 19, 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:

Name of Person Appearing	Name of Party	Contact Info
Heather Meredith Sanea Tanvir	Counsel for the Applicant	hmeredith@mccarthy.ca stanvir@mccarthy.ca

For Defendant, Respondent:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Jennifer Stam	Counsel for the Monitor	Jennifer.stam@nortonrosefulbright.com
Bobby Kofman	Court appointed Monitor	bkofman@ksvadvisory.com

ENDORSEMENT OF JUSTICE STEELE:

- [1] The Comeback Hearing was held on September 19, 2025, via Zoom. The Applicant seeks an Amended and Restated Order extending the Stay Period to November 30, 2025, increasing the Administration Charge from \$250,000 to \$500,000, approving a charge to secure the fees and disbursements of G2, and

approving a charge to secure the Success Fee owed to G2 in the event of a consummation of a Transaction.

- [2] Capitalized terms used in this endorsement that are not defined herein have the meaning set out in the Applicant's factum.
- [3] No person opposes the relief sought. The Monitor and Monroe both support the motion.
- [4] I am satisfied that the ARIIO should be granted.
- [5] At the initial appearance, the Applicants scheduled September 24, 2025 for a sale approval motion. Given the expected timing of a proposed transaction, the sale approval motion has been re-scheduled for **October 3, 2025, at 10 am (one hour)**.
- [6] There are three credible expressions of interest from interested parties regarding the potential sale of the Business. Further to the Bid Process Letter, the bid deadline is now September 22, 2025. It is presently contemplated that a transition services agreement would be executed as part of a transaction, which would mean the Applicant would have minimal cash requirements after closing. This is reflected in the Cash Flow statement that was provided to the Court.
- [7] I am satisfied that the Stay of Proceedings should be extended to November 30, 2025. The Initial Stay Period expires on September 22, 2025. Under s. 11.02 of the CCAA the Court may extend a stay where: (a) circumstances exist that make the order appropriate; and (b) the debtor company has acted and is acting in good faith and with due diligence. For the reasons set out in section 43 of the Applicant's factum, I am satisfied that it is appropriate in the circumstances to extend the stay. I am also satisfied that the Applicant has been working in good faith and with due diligence.
- [8] I am satisfied that the Administration Charge increase from \$250,000 to \$500,000 should be approved. The increased amount is needed to secure fees and disbursements of the CCAA Professionals that are anticipated to be required during these proceedings. The court has the jurisdiction under s. 11.52 of the CCAA to grant (or increase) an Administrative Charge. The Monitor and Monroe agree that the amount sought, and proposed priority is reasonable.
- [9] I am satisfied that the CRO Charge of \$250,000 to secure funds owing to G2 should be approved. This charge will rank third in priority behind the Administration Charge and the Director's and Officers Charge. The court has authority under s. 11.52 of the CCAA to order the charge. As noted by the Applicants, CCAA courts routinely grant priority charges to chief restructuring officers and similar professionals under s. 11. 52 of the CCAA. The Monitor and Monroe support the proposed CRO Charge.
- [10] I am also satisfied that the Success Fee Charge in the amount of \$1,000,000 should be approved. The Success Fee is secured as against any sale proceeds from the consummation of a Transaction. It ranks behind the other Charges and is limited to proceeds arising from a Transaction. The court has jurisdiction under s. 11 of the CCAA to make "any order that it considers appropriate in the circumstances." As noted by the Applicants, Courts have previously approved success fees in the context of CCAA restructurings: *Re Walter Energy Canada Holdings, Inc.*, 2016 BCSC 107, at paras. 19, 27, 31-32, 39-40; *Re Target Canada Co*, 2015 ONSC 303, at para. 72. The Monitor and Monroe support quantum and priority of the proposed Success Fee Charge, which is further to the Engagement Letter. Courts will consider the

following, non-exhaustive list of factors, when determining whether to approve the engagement of and/or the fees payable to a financial advisor in an insolvency matter:

- a. Whether the Court-officer overseeing the proceedings was involved in the selection of the financial advisor;
- b. Whether the debtors and the Court-officer overseeing the proceedings believe that the quantum and nature of the remuneration are fair and reasonable;
- c. Whether the fees approved are only payable in the event of a successful outcome; and
- d. Whether a success fee is necessary to incentivize the financial advisor.

Re Danier Leather Inc., 2016 ONSC 1044, at para. 47

[11] I am satisfied that the Success Fee Charge is appropriate and necessary for the reasons set out at para. 59 of the Applicant's factum. Among other things, given the Applicant's limited liquidity, the payment of a success fee was the only way that the Applicant could retain G2's services. In addition, the Success Fee Charge is only as against the proceeds of any successful Transaction.

[12] Order attached.

A handwritten signature in blue ink, appearing to be "J. H. H.", is located in the lower right quadrant of the page.