

**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 NORWOOD INDUSTRIES INC.**

Applicant

**AMENDED NOTICE OF MOTION
(Approval and Vesting Order Returnable October 3, 2025)**

The Applicant, Norwood Industries Inc. ("Norwood"), will make a motion before a judge of the Ontario Superior Court of Justice (Commercial List) on October 3, 2025 at 10:00 a.m., or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard via judicial videoconference at Toronto, Ontario.

THE MOTION IS FOR:

1. A sale approval and vesting order (the "**AVO**") substantially in the form of the draft order included at Tab 3 of the Motion Record of Norwood (the "**Approval and Vesting Order**"), pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**"), among other things,
 - (a) approving the sale transaction (the "**Transaction**") contemplated by the Sale Agreement (defined below) between Norwood and 1001355216 ONTARIO INC. (the "**Purchaser**"), authorizing Norwood to enter into the Sale Agreement (defined below) and granting related relief, including:
 - (i) granting customary releases of Norwood's sole independent director and officers;
 - (ii) authorizing Norwood or the Monitor (defined below) to file an assignment in bankruptcy when appropriate following the close of the Transaction;
 - (iii) declaring that, following closing of the Transaction, Norwood is a company subject to CCAA proceedings and is a former employer all of whose employees in Canada

have been terminated other than any retained to wind down its business operations for purposes of the Wage Earner Protection Program Act (Canada) (“WEPPA”); and,

(iv) sealing the Confidential Exhibit (defined below) subject to closing of the Transaction or further order of the Court; and,

(b) authorizing Norwood to make a distribution or distributions of its net cash-on-hand, including the net proceeds of the Transaction, to the senior secured creditor, Monroe Capital Management Advisors LLC (“**Monroe**”), subject to a Holdback (defined below) in an amount determined by Norwood in consultation with KSV Restructuring Inc. (“**KSV**”) in its capacity as monitor (the “**Monitor**”) and Monroe; and

2. An order (the “**Enhanced Powers and CCAA Termination Order**”), among other things:

(a) approving the activities of the Monitor, and the fees and disbursements of the Monitor and its counsel, including a fee accrual to the completion of these proceedings;

(b) terminating these CCAA proceedings and discharging KSV, in its capacity as Monitor, effective upon the Monitor filing the Termination Certificate (defined below); and

(c) enhancing the powers and authority of the Monitor to facilitate closing the Transaction and the services contemplated by a transition services agreement to be entered into with the Purchaser (the “**TSA**”); and

3. Such further and other relief as counsel may advise.

THE GROUNDS FOR THE MOTION ARE:

Background

4. Norwood is a globally recognized designer and manufacturer of portable sawmills and related products with sales across 123 countries and over 35,000 fielded sawmills.

5. Norwood dealt with a variety of financial difficulties due to a confluence of factors, including, a post-COVID sales decline, rising interest rates and a sharp decline in lumber prices.

6. On September 12, 2025, Norwood obtained an initial order under the CCAA granting, among other things, protection from its creditors through a stay of proceedings, an administration charge and a director's charge, and appointing KSV as monitor.
7. Norwood's primary secured creditor is Monroe. Monroe, as agent for and on behalf of a syndicate of lenders, provided financing to Norwood on a senior secured basis. As at September 4, 2025, there was US\$20,397,289.29 outstanding on the term facility and C\$3,096,664.53 outstanding under the revolving loan facility. Interest and costs continue to accrue on those amounts.

Extensive Norwood SISP

8. In early 2025, Norwood retained G2 to assist with reviewing strategic alternatives for the Business. In consultation with G2 and Monroe, Norwood determined that a sale process was in the best interests of stakeholders.
9. G2 conducted a robust pre-filing sale and investment solicitation process ("**Norwood SISP**"), including contacting more than 150 prospective purchasers.
10. While the pre-filing Norwood SISP did not result in an executable transaction prior to the commencement of these proceedings, Norwood did identify two parties that appeared capable of transacting on acceptable terms within an acceptable period of time. A third party was subsequently identified and included in the process.
11. In light of the robust pre-filing Norwood SISP and the extremely limited liquidity available to Norwood, Norwood originally anticipated seeking approval of a selected bid at the Comeback Hearing on September 19, 2025. However, Norwood, in consultation with G2, the Monitor and Monroe, determined that it would be prudent to provide a short additional time period to assist in obtaining the highest and best possible bid, and Monroe agreed to provide limited additional funding for this period.
12. Accordingly, with the goal of securing the best outcome for the Norwood stakeholders and moving to close a transaction in the available time, Norwood, in consultation with G2, the Monitor and Monroe, delivered a bid process letter to the remaining interested parties on September 16, 2025 requiring the delivery of final, binding bids by September 22, 2025.
13. On September 22, 2025, Norwood, in consultation with G2, the Monitor and Monroe, reviewed the materials received and selected the offer from the Purchaser, which is affiliated with Wood

Technologies International (“**Wood Tech**”). Wood Tech is a comprehensive supplier of wood processing equipment, engineering and essential tooling.

14. The offer received from the Purchaser was the highest and best bid received at the September 22, 2025 bid deadline.
15. Norwood, in consultation with G2, the Monitor and Monroe, subsequently negotiated an asset purchase agreement with the Purchaser (the “**Sale Agreement**”) and is seeking approval of the Sale Agreement by the Court.

Transaction and Sale Agreement

16. Norwood believes that the Sale Agreement provides the best transaction available, and that the Transaction is fair and reasonable and in the best interests of Norwood and its stakeholders.
17. Among other things:
 - (a) the Transaction represents the highest and best executable option identified after an extensive pre-filing sale process, and a further competitive process during the CCAA proceedings;
 - (b) the Transaction is a going concern solution that will preserve the going concern value of the business for its stakeholders, including ongoing employment for certain employees. It is a better outcome for stakeholders than a liquidation;
 - (c) the Purchaser has agreed to close the Transaction promptly and to fund costs of operations, including employee and lease costs after closing if required for a transition, meaning that the Transaction can be implemented within the timeframe required by Norwood’s significantly constrained liquidity;
 - (d) the Transaction is supported by Norwood’s primary secured creditor and fulcrum creditor, Monroe, which will incur a significant shortfall; and,
 - (e) the Monitor is supportive of the Transaction.

Other Relief

18. Norwood seeks limited releases in respect of its director and officers, who were instrumental and necessary to the Norwood SISP and entering the Transaction. The releases do not seek to release

any claims against Norwood, any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA or claim with respect to any act or omission that is finally determined by a court of competent jurisdiction to have constituted actual fraud, wilful misconduct or gross negligence, or obligations under the Sale Agreement.

19. Norwood seeks authorization for it or the Monitor to make an assignment in bankruptcy following the closing of the Transaction. This step will likely occur after a short transition period.
20. Norwood seeks a declaration that Norwood meets the criteria prescribed by section 3.2 of the WEPP Regulation. This is to enable any eligible employees of Norwood who are not Transferred Employees to seek to access WEPPA benefits for severance and termination amounts during the transition and wind-down period.
21. Norwood also seeks to seal a confidential exhibit setting out a summary of the bids received on September 22, 2025, which includes the purchase price for the Transaction (the “**Confidential Exhibit**”). The information contained in the Confidential Exhibit is commercially sensitive and could significantly prejudice Norwood and its stakeholders in the event the Transaction does not close. Accordingly, it is appropriate to seal it pending closing of the Transaction or a further order of the Court.

Distribution

22. Norwood is seeking approval to make a distribution or distributions to Monroe of its net cash on hand, including the net proceeds from the Transaction, subject to a reasonable holdback in an amount to be determined by Norwood, in consultation with the Monitor and Monroe (the “**Holdback**”) for costs, including outstanding costs to complete the CCAA process, fund a bankruptcy, and satisfy prior-ranking amounts.
23. The amount available for distribution will be net of transaction costs, including amounts payable pursuant to the G2 Engagement Letter, which includes a Minimum Success Fee of USD\$750,000 upon consummation of a transaction (as defined therein), professional fees as well as certain accrued vacation pay.
24. Norwood is not aware of any other priority amounts in addition to amounts secured by the Court-ordered charges. It intends to enter into a reimbursement agreement with Monroe in the event any priority amounts are found to be payable following completion of an ongoing payroll audit.

25. It is appropriate to make a distribution at this time. The Monitor's report will reflect that Monroe has a valid and enforceable security, the Holdback amount will be estimated to reflect potential priority amounts, costs to complete the CCAA process and fund a bankruptcy, and the distribution would be net of any costs associated with the transaction, such as G2's Minimum Success Fee. There is no reason to delay the distribution at this time.

Approval of the Monitor's Activities and Fees

26. The First Report and Second Report of the Monitor include detailed information on the activities of the Monitor over the course of the CCAA proceedings as well as the fees and disbursements of the Monitor and its counsel, Norton Rose Fulbright LLP. Norwood seeks approval of these fees and disbursements as well as approval of the fees estimated through to the completion of the CCAA Termination Time (as defined below).
27. The Monitor has acted reasonably and prudently, in carrying out its activities and it is appropriate to approve the Monitor's activities set out in the First Report and Second Report.

Enhanced Powers and CCAA Termination

28. It is expected that one or more of the director and/or officers of Norwood will resign upon or shortly after closing of the Transaction, prior to the termination of the CCAA proceeding.
29. The Enhanced Powers and CCAA Termination Order provides the Monitor with the necessary powers to facilitate the effective and efficient administration of Norwood after closing the Transaction, including in relation to providing TSA services and facilitating the completion of the CCAA proceedings, in the event that such resignation occur.
30. The Monitor supports this relief and is prepared to exercise such an expanded role.
31. Pursuant to the proposed Enhanced Powers and CCAA Termination Order, the CCAA proceedings will be terminated when the Monitor files a certificate substantially in the form attached to the Enhanced Powers and CCAA Termination Order (the "Termination Certificate") certifying that all matters to be attended to in connection with the CCAA proceedings have been completed. The Monitor will retain the right to attend to any ancillary or incidental matters following service of the Termination Certificate.

32. Upon the filing of the Termination Certificate, the Monitor will be discharged and it and its counsel will be released from any claims in connection with the CCAA proceedings.
33. The proposed beneficiaries of the release have facilitated and significantly contributed to the CCAA proceedings and granting of such releases will facilitate the completion of the CCAA proceedings.
34. The proposed scope of the release is consistent with the release granted in favour of monitor's in other CCAA proceedings and contains appropriate carve outs for gross negligence and wilful misconduct.

Other Grounds:

35. In addition, the Applicant relies on:
 - (a) the provisions of the CCAA, including section 11, 36;
 - (b) rules 2.03, 3.02, 14.05(2) and 16 of the *Ontario Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended and sections 97 of the *Ontario Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and,
 - (c) such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this application:

- (a) the Affidavit of Rhett Ross sworn September 26, 2025 and the Exhibits and Confidential Exhibits thereto;
- (b) the Second Report of the Monitor (including the fee affidavits, appended thereto), to be filed; and
- (c) such further and other evidence as counsel may advise and this Court may permit.

September ~~26~~ 29, 2025

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Court File No. CV-25-00751289-00CL

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Proceedings commenced in Toronto

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