

**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

**FACTUM OF THE APPLICANT
(Approval and Vesting Order returnable October 3, 2025)**

October 1, 2025

McCarthy Tétrault LLP
Suite 5300, TD Bank Tower
Toronto Dominion Centre
66 Wellington Street West
Toronto, ON M5K 1E6

Sean Collins, KC
Tel: 403-260-3531
Email: scollins@mccarthy.ca

Heather Meredith LSO# 48354R
Tel: 416-601-8342
Email: hmeredith@mccarthy.ca

Sanee Tanvir LSO#77838T
Tel: 416-601-8181
Email: stanvir@mccarthy.ca

Lawyers for Norwood Industries Inc.

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PART I - OVERVIEW

11. This is a motion to approve a going concern sale of substantially all the assets of Norwood Industries Inc. (“**Norwood**”) and certain related relief. The transaction (the “**Transaction**”) with 1001355216 Ontario Inc. (the “**Purchaser**”) was the highest and best offer identified following a robust sale process over nearly five months (the “**SISP**”).
12. The Transaction provides a going-concern solution for the business and is expected to result in the ongoing employment of a substantial number of employees.
13. The Transaction is supported by KSV Restructuring Inc. (“**KSV**”) in its capacity as monitor (the “**Monitor**”) as well as Norwood’s senior secured creditor, Monroe Capital Management Advisors LLC (“**Monroe**”), which is the fulcrum creditor. Monroe has been closely involved in the SISP and supports the Transaction notwithstanding that it will incur a substantial shortfall on its debt.
14. If approved by this Court, the Transaction is expected to close immediately (the “**Closing**”), with the Purchaser funding certain lease and employee costs after September 30, 2025 pursuant to a Transition Services Agreement (the “**TSA**”). The speed to Closing and funding from the Purchaser are important factors in light of Norwood’s limited cash position.
15. Also reflective of Norwood’s liquidity position, Norwood seeks approval on this motion for various steps that will bring these CCAA¹ proceedings to a conclusion following the

¹ Any capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Affidavit of Rhett Ross sworn September 9, 2025 (the “**First Rhett Affidavit**”), the Affidavit of Rhett Ross sworn September 16, 2025 (the “**Second Rhett Affidavit**”) or the Affidavit of Rhett Ross sworn September 26, 2025 (the “**Third Rhett Affidavit**”), as applicable.

transition period after Closing, including (a) approval of a distribution to Monroe of the net proceeds of the Transaction subject to a Holdback and reimbursement agreement; (b) expansion of the powers of the Monitor upon the resignation of the sole director after Closing; (c) approval of the fees and activities of the Monitor and its counsel; and (d) authorization to assign Norwood into bankruptcy and to terminate these CCAA proceedings effective upon the Monitor filing a certificate certifying completion of all matters in the CCAA proceeding (the “**Termination Certificate**”).

16. The relief sought takes the form of the two orders, as follows:

- (a) a sale approval and vesting order (the “**AVO**”), among other things:
 - (i) approving the Transaction contemplated by the Sale Agreement between Norwood and the Purchaser, authorizing Norwood to enter into the Sale Agreement, and granting related relief, including:
 - A. granting customary releases of Norwood’s sole independent director and its officers;
 - B. authorizing Norwood or the Monitor to file an assignment in bankruptcy when appropriate following the close of the Transaction;
 - C. 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

- D. sealing the Confidential Exhibit subject to closing of the
Transaction or further order of the Court; and
- (ii) authorizing Norwood to make a distribution or distributions of its net
cash-on-hand, including the net proceeds of the Transaction, to Monroe,
subject to a Holdback in an amount determined by Norwood in
consultation with the Monitor and Monroe; and
- (b) an order to enhance the Monitor’s powers and terminate the CCAA proceedings
(the “**Enhanced Powers and CCAA Termination Order**”), among other things:
 - (i) extending the stay of proceedings (the “**Stay Period**”) from November 30,
2025 up to and including January 31, 2026 (the “**Extended Stay Period**”);
 - (ii) 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;
 - (iii) terminating these CCAA proceedings and discharging KSV in its capacity
as Monitor, effective upon the Monitor filing the Termination Certificate;
and

- (iv) enhancing the powers and authority of the Monitor to facilitate closing the Transaction and the services contemplated by the TSA.

PART II - THE FACTS

A. Background²

- 17. Norwood is a globally recognized designer and manufacturer of portable sawmills (the “**Business**”) with operations primarily in Canada as well as the United States. The business commenced over 30 years ago in Barrie, Ontario and has since grown significantly with sales across 123 countries.³
- 18. Norwood’s Canadian operations are conducted from leased premises located in Barrie, Ontario (the “**Barrie Premises**”).⁴
- 19. The Business is supported by approximately 49 employees, all located in Ontario. None of the employees are unionized and Norwood does not have a pension plan.⁵
- 20. Norwood’s present financial difficulties were precipitated by a combination of operational and financial challenges, which included:
 - (a) a post-COVID sales decline as consumer spending shifted away from home improvement products;

² Additional facts in support of this motion are as set out in the Third Rhett Affidavit and the Second Report of the Monitor, dated September 29, 2025 (the “**Second Report**”).

³ Third Rhett Affidavit, [at paras. 6 & 8](#).

⁴ Third Rhett Affidavit, [at para 8](#).

⁵ Third Rhett Affidavit [at para 9](#).

- (b) rising interest rates, which increased borrowing costs and reduced demand in Norwood's core markets;
 - (c) a sharp decline in lumber prices, reducing the incentive for hobbyists to mill their own lumber;
 - (d) decreased profitability due to price volatility and market normalization; and
 - (e) a shift back to professional builders, reducing demand for Norwood's products.⁶
21. As a result of the foregoing, Norwood sought and obtained protection under the CCAA on September 12, 2025 (the "**Filing Date**").⁷

B. Secured Indebtedness

22. Since November 2021, Monroe, as agent for a syndicate of lenders, has financed the Norwood business pursuant to the Monroe Credit Agreement.⁸ As at September 4, 2025, Norwood's indebtedness to Monroe (the "**Monroe Indebtedness**") was approximately USD\$20.4 million and CAD\$3.1 million.⁹
23. The Second Report confirms that Monroe has security over substantially all Norwood's business and assets and that the Monitor obtained an opinion from counsel that, subject to assumptions and qualifications, Monroe's security is valid and enforceable.¹⁰

⁶ Third Rhett Affidavit [at para. 10](#).

⁷ Third Rhett Affidavit [at para. 26](#).

⁸ Third Rhett Affidavit [at para 11](#); First Rhett Affidavit [at para. 23](#).

⁹ Third Rhett Affidavit [at para 12](#).

¹⁰ Second Report [at paras. 6.1–6.2](#).

24. With respect to the two other personal property registrations against Norwood by RBC and Xerox, (i) based on the timing of registration, RBC appears to be a subordinate creditor; and (ii) Xerox leases certain equipment for which arrangements will be made for pick-up prior to termination of the CCAA proceedings.¹¹

C. Norwood Conducts a Robust SISP led by G2

25. In early 2025, Norwood retained G2 Capital Advisors LLC (“**G2**”) to assist with a review of strategic alternatives, including a sale of the business. Counsel for Norwood also retained KSV Advisory Inc. (“**KSV Advisory**”), an affiliate of KSV, for the purpose of acting as a financial advisor and assisting with the strategic options available to Norwood.¹²
26. In consultation with G2 and Monroe, Norwood determined that a sale process was in the best interest of stakeholders.¹³
27. G2, with the assistance of Norwood’s management, completed a robust SISP for over nearly five months.¹⁴ KSV Advisory was kept apprised of this process.¹⁵
28. As part of the SISP, G2 identified a comprehensive list of strategic and financial buyers that would be interested in purchasing the Business. G2 contacted 153 prospective purchasers by phone or email and delivered a teaser that contained a summary of the opportunity to purchase the Business.¹⁶

¹¹ Second Report [at paras. 6.1–6.2](#).

¹² Second Report [at para. 26](#).

¹³ Third Rhett Affidavit [at para. 21](#).

¹⁴ Third Rhett Affidavit [at para. 40](#).

¹⁵ Third Rhett Affidavit [at para. 28](#).

¹⁶ Third Rhett Affidavit [at para. 28](#).

29. Of the parties contacted, 32 executed non-disclosure agreements and were provided copies of a confidential information memorandum. Seven parties submitted non-binding expressions of interest.¹⁷ Ultimately three credible parties were identified.¹⁸
30. At the time of the CCAA filing, in light of its constrained liquidity and the robust pre-filing SISP, Norwood originally anticipated seeking approval of a successful bid at the Comeback Hearing. However, after the Filing Date, 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.¹⁹
31. Monroe agreed to provide limited additional financing to support this short extension. The resulting cashflow required a prompt closing during the first week of October, 2025, with any amounts payable thereafter to be funded through a transition services agreement with the potential purchaser.²⁰
32. With the goal of securing the best outcome and moving to close a transaction in the available time, Norwood delivered a bid process letter to the three remaining parties on September 16, 2025. The bid process letter set out specific terms, including that the bidder must submit a redlined version of the offer against a provided template.²¹

¹⁷ Third Rhett Affidavit [at para. 24\(f\)](#).

¹⁸ Third Rhett Affidavit [at para. 25](#).

¹⁹ Third Rhett Affidavit [at para. 28](#).

²⁰ Third Rhett Affidavit [at para. 30](#).

²¹ Third Rhett Affidavit [at paras. 31–32](#).

D. The Successful Bid and Transaction

33. On September 22, 2025, Norwood, in consultation with G2, the Monitor and Monroe, reviewed the materials received and selected the Purchaser's offer as the highest and best bid received.²²
34. The Purchaser is an affiliate of Wood Technologies International, a supplier of wood processing equipment, engineering and tooling.²³
35. Following negotiations between the parties, Norwood entered into the Sale Agreement with the Purchaser, subject to approval by this Honourable Court.
36. The key terms of the Transaction include:
- (a) a cash purchase price for substantially all of Norwood's assets, with a 10% deposit paid to Monitor's counsel;
 - (b) the continuation of the Business as a going concern, including offers of employment to be made to a substantial number of Norwood's employees;
 - (c) assignment of Acquired Contracts and Acquired Personal Property Leases and the payment by the Purchaser of all Cure Costs;
 - (d) the quick closing, which is set to occur on the date on which the AVO is obtained, or if not practicable to complete on that date, then the next Business Day (subject to an agreement between the parties otherwise) (the "**Closing Date**");

²² Third Rhett Affidavit [at paras. 34–35](#).

²³ Third Rhett Affidavit [at para. 34](#).

- (e) no later than one Business Day after the Closing Date, articles of amendment to be filed to change the name of the Applicant to remove “Norwood Industries”; and
 - (f) the Purchaser agrees to be responsible for all rent and other occupancy costs payable in respect of the Barrie Premises after September 30, 2025 as well as all costs of Norwood employees required to facilitate the transition of the Purchased Assets to the Purchaser.²⁴
37. The Transaction provides a going-concern solution for the Business and has the support of the Monitor and the senior secured lender, Monroe.²⁵
38. The Transaction represents the highest and best offer received after a thorough marketing process that lasted nearly five months. It is a superior alternative to a liquidation, which would result in a significantly lower recovery for stakeholders and the termination of all employees.²⁶

E. Other Related Relief

39. It is expected that one or more of the director and/or officers of the Applicant may resign prior to the termination of the CCAA proceedings.²⁷ As such, the Applicant seeks certain enhanced powers for the Monitor, including the authority to assign the Applicant in bankruptcy.²⁸

²⁴ First Rhett Affidavit [at para. 38](#).

²⁵ Third Rhett Affidavit [at para. 40\(b\) and \(c\)](#); Second Report [at para. 9.0](#).

²⁶ Third Rhett Affidavit [at para. 40](#).

²⁷ Second Report, [at para. 9.1\(a\)–\(c\)](#).

²⁸ Third Rhett Affidavit, [at para. 44](#).

40. The Applicant also seeks relief that would permit eligible employees to seek benefits pursuant to WEPPA since it will have been a company subject to CCAA proceedings and a former employer with all employees either transferred to the Purchaser or terminated except as required to wind down its business operations and complete the TSA.²⁹
41. In consideration of the limited liquidity available to Norwood, the Applicant also seeks approval to make a distribution to Monroe of the net proceeds of the Transaction subject to the Holdback, and approval for the Monitor to file the Termination Certificate when appropriate to bring the CCAA proceedings to an end.

PART III - ISSUES & THE LAW

42. The issues to be decided on this motion are whether this Court should:
- (a) approve the AVO, including:
 - (i) the Transaction contemplated by the Sale Agreement;
 - (ii) granting the release of the director and officers of Norwood;
 - (iii) making the declaration to allow Norwood's employees to access WEPPA;
 - (iv) granting the proposed name change for the Applicant to remove "Norwood Industries";
 - (v) authorizing Norwood or the Monitor to file an assignment in bankruptcy when appropriate following the closing of the Transaction;
 - (vi) sealing the Confidential Exhibit;
 - (b) authorize the distribution of the net sale proceeds to Monroe, subject to the Holdback; and
 - (c) grant the relief set out in the Enhanced Powers and CCAA Termination Order,

²⁹ Third Rhett Affidavit, [at paras. 46–48](#).

including:

- (i) granting the Extended Stay Period;
- (ii) enhanced powers and authority to the Monitor; and
- (iii) approval of the activities of the Monitor and the fees and disbursements of the Monitor and its counsel.

A. The AVO Should be Granted

i. The Transaction Contemplated by the Sale Agreement Should be Approved

43. The Court has jurisdiction under section 36 of the CCAA to authorize the sale of assets outside the ordinary course of business during a CCAA proceeding.³⁰ In exercising this authority, an important factor is the CCAA objective of continuing the business as a going concern.³¹
44. Section 36(3) of the CCAA sets out the factors the Court considers when determining whether to authorize a sale, including: whether the sale process was reasonable; whether the Monitor approved the process and believes the sale is more beneficial than a bankruptcy; the effect on creditors; and, whether the consideration is fair and reasonable.³²
45. The common law principles from *Soundair* remain relevant guidance for this Court. These principles include whether the debtor has made sufficient effort to obtain the best price, whether the interests of all parties have been considered, the efficacy and integrity of the process, and whether there has been unfairness.³³

³⁰ *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36, ("CCAA"), s. 36(3).

³¹ *Nortel Networks Corp et al (Re)*, 2009 CanLII 39492 (Ont SCJ (Commercial List)) at para 40 [*Nortel Networks*].

³² *Target Canada Co. (Re)*, 2015 ONSC 2066 [Commercial List] at para. 15.

³³ *Royal Bank of Canada v. Soundair Corp.*, 1991 CanLII 2727 (ONCA), at para 1 [*Soundair Corp*].

46. The Sale Agreement and the Transaction, and the Sale Process that led to them, satisfy the requirements of section 36(3) of the CCAA and the *Soundair* criteria in this case:

- (a) a robust, transparent, and fair canvassing of the market was carried out over nearly five months, culminating in a final binding bid round under the Monitor's supervision. Although the in-CCAA phase was compressed, the full SISP was extensive, and courts have approved similarly compressed timeframes in analogous circumstances;³⁴
- (b) the Transaction represents the highest and best offer received;³⁵
- (c) the Transaction preserves Norwood's operations as a going concern under a strategic buyer, safeguarding employment for a substantial number of employees and ensuring continuity for customers and suppliers. This outcome is superior to a liquidation;³⁶
- (d) the Transaction can be implemented within the timeframe required by Norwood's significantly constrained liquidity as the Purchaser has agreed to close promptly and fund costs of operations after September 30, 2025 as required for a transition;³⁷
- (e) the Purchaser is not related to Norwood;³⁸

³⁴ Third Rhett Affidavit, [at para. 40\(a\)](#); Second Report, [at paras. 6.1–6.4](#).

³⁵ Third Rhett Affidavit, [at para. 40\(a\)](#).

³⁶ Third Rhett Affidavit, [at para. 40\(c\)](#).

³⁷ Third Rhett Affidavit, [at para. 40\(d\)](#).

³⁸ Third Rhett Affidavit, [at para. 40\(f\)](#).

- (f) Norwood will satisfy the statutory requirements of section 36(7) of the CCAA by paying accrued employee entitlements from the sale proceeds;³⁹ and
 - (g) the Monitor and the senior secured creditor, Monroe, support the Transaction.⁴⁰
47. Courts have recognized that where a debtor undertakes a comprehensive pre-filing sales process, an expedited approval of the resulting transaction may be warranted. The jurisprudence establishes that the Court should focus on whether the process was reasonable, whether the monitor is satisfied that it was conducted fairly and produced the best available outcome, and whether delay would risk loss of going-concern value without producing a better alternative for stakeholders.⁴¹
48. These principles apply even where the Monitor was not directly involved in every stage of the pre-filing process, provided the Monitor has reviewed the process and concluded that it was robust, fair, and yielded the highest and best offer available.⁴²
49. Expedited approval is also appropriate where the evidence shows that there is risk if there is delay in the process, which would in this instance jeopardize customer relationships, employee retention, or liquidity, and that the purchase price compares favourably to going-concern and liquidation values.⁴³
50. Applying these principles here, Norwood, with the assistance of G2 and in consultation with Monroe, conducted a robust and transparent SISP over nearly five months, canvassing

³⁹ Third Rhett Affidavit, [at para. 40\(g\)](#).

⁴⁰ Third Rhett Affidavit, [at paras. 40\(b\) & 40\(e\)](#).

⁴¹ *Sanjel Corp (Re)*, [2016 ABQB 295 at para 112](#) [*Sanjel Corp*]; *Tool-Plas Systems Inc (Re)*, [2007 CanLII 52727](#) (ONSC) [at paras 8-19](#) [*Tool-Plas*].

⁴² *Sanjel Corp*, [at para 112\(b\)](#).

⁴³ *Tool-Plas* [at para 18](#).

153 prospective purchasers and ultimately obtaining a binding offer from the Purchaser that represents the highest and best available outcome. KSV Advisory was involved prior to the filing and apprised of the SISP. The Monitor has reviewed the process, confirmed its fairness, and concluded that the Transaction is more beneficial to stakeholders than a liquidation. Norwood's liquidity position underscores the need for an expedited Closing and it is supported by Monroe, the fulcrum creditor that will suffer a substantial shortfall.

51. In these circumstances, the requirements of section 36(3) of the CCAA and the *Soundair* criteria are satisfied, and approval of the Transaction is appropriate.
52. It is the informed business judgment of Norwood, supported by the Monitor and Monroe that the Transaction is in the best interests of Norwood and its stakeholders. In the absence of any indication that they have acted improvidently, that business judgment is entitled to deference by the Court.⁴⁴
53. Norwood submits that it is appropriate to approve the Transaction and authorize Norwood to promptly complete this going-concern transaction that preserves significant employment for the benefit of its stakeholders.

ii. The Releases Should be Approved

54. The AVO contains customary releases of the current and former directors and officers of Norwood. The Enhanced Powers and CCAA Termination Order contains customary releases of the Monitor and its counsel.

⁴⁴ Nordstrom Canada Retail, Inc., [2023 ONSC 4199](#), at paras 19 and 20.

55. The Court has the power to sanction such releases, taking into consideration the factors set out in *Lydian*. No one factor is determinative, but the Court will consider, among other things, whether the releases benefit the debtors and creditors generally and whether the releases are fair, reasonable and not overly broad.⁴⁵
56. Each of these factors is met here. Norwood's director and officers were instrumental and necessary to the successful outcome of the SISP and the preservation of the business. They oversaw the marketing process, the negotiation of the Transaction, and maintained the company's operations during a period of significant financial distress, all of which preserved the value of the business for the benefit of all stakeholders.⁴⁶
57. The proposed releases are appropriately limited and enhance the certainty and finality of the Transaction and the CCAA Proceedings. The release language contains standard carve-outs and does not release any claims against Norwood itself, claims arising from fraud, wilful misconduct, or gross negligence, or any other claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.³
58. Similar releases have been approved by this Court recently in *Sandvine (Re)*, where the Court approved customary, limited releases in favour of the debtors' directors and officers, excluding fraud, gross negligence, and wilful misconduct, on the basis that their cooperation was essential to the restructuring.⁴⁷

⁴⁵ *Lydian International Limited (Re)*, [2020 ONSC 4006](#) (ONSC) at para 54.

⁴⁶ Third Rhett Affidavit, [at para. 43](#).

⁴⁷ *In the Matter of a Plan of Compromise or Arrangement of Sandvine Corporation et al.*, [2024 ONSC 6199](#).

59. In addition, the relief sought provides for a release in favour of the Monitor and its counsel, limited to claims arising out of or in respect of these CCAA proceedings, other than claims for gross negligence or wilful misconduct.
60. The Monitor has confirmed that such a release is appropriate in the circumstances: the Monitor and its counsel facilitated and significantly contributed to the completion of the Transaction, the preservation of the business, and the orderly wind-down of these proceedings; the release is appropriately limited and consistent with precedent; it provides finality and certainty to these proceedings; and it is supported by the Company's senior secured creditor.⁴⁸

iii. WEPPA Declaration Should be Granted

61. Under the *Wage Earner Protection Program Act*, eligible former employees of a company in CCAA proceedings can receive certain benefits, including in respect of unpaid termination and severance pay.⁴⁹ For this to occur while a debtor company remains subject to CCAA proceedings, the Court must first determine that the company meets the specific criteria set out in section 3.2 of the *Wage Earner Protection Program Regulations* (“**WEPP Regulations**”). In the circumstances, the Court must be satisfied that (i) the company is subject to CCAA proceedings; and (ii) the company is a “former employer all of whose employees in Canada have been terminated other than any retained to wind down its business operations”.⁵⁰

⁴⁸ Second Report [paras. 18.0.3–18.0.4](#).

⁴⁹ [S.C. 2005, c. 47, s. 1](#).

⁵⁰ *Wage Earner Protection Program Act*, [SC 2005, c 47, s 1 at ss. 5\(1\), 7\(1\)](#); *Wage Earner Protection Program Regulations*, SOR/2008-222 at [s 3](#).

62. Norwood is subject to the CCAA and it will be a former employer of its 49 employees who will be terminated by Norwood and/or transferred to the Purchaser but for the employees who assist with transition services and the wind-down.⁵¹ It is appropriate to grant the requested declaration 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.⁵²
63. Courts have found debtor companies comply with section 3.2 of the WEPP Regulations in analogous circumstances.⁵³ The Monitor supports the relief requested.⁵⁴

iv. The Proposed Name Change is Appropriate

64. The AVO includes language authorizing and directing Norwood to change its corporate name promptly following Closing to remove “Norwood Industries.” This relief is necessary to transfer the full benefit of the Business’s goodwill to the Purchaser and to avoid post-Closing confusion in the marketplace between the Purchaser and the vendor shell, and is a requirement of the Sale Agreement.⁵⁵ Similar relief has been granted in other CCAA proceedings, including *Re The Body Shop Canada Limited*.⁵⁶

⁵¹ Third Rhett Affidavit, [at para. 47](#).

⁵² Third Rhett Affidavit, [at paras. 46–48](#).

⁵³ See e.g. *In the Matter of a Plan of Compromise or Arrangement of the Body Shop Canada Limited* (Court File No. CV-24-00723586-00CL), [Ancillary Order](#) granted by the Honourable Justice Osborne dated December 13, 2024 at [para. 14](#) [**Body Shop Ancillary Order**]; *In The Matter of a Plan of Compromise or Arrangement of Mastermind GP Inc.* (Court File No. CV-23-00710259-00CL), [Ancillary Order](#) dated January 12, 2024 at [para. 17](#); *In the Matter of a Plan of Compromise or Arrangement of Li-Cycle Holdings Corp. et. al.* (Court File No. CV-25-00743053-00CL), [Approval and Vesting Order](#) granted by the Honourable Justice Kimmel dated August 1, 2025 at para. 48.

⁵⁴ Second Report [at para. 14.7](#).

⁵⁵ Third Rhett Affidavit, [at para 38](#).

⁵⁶ See e.g. *In the Matter of a Plan of Compromise or Arrangement of The Body Shop Canada Limited*, Court File No. CV-24-00723586-00CL, Ancillary Order (13 December 2024) at [para. 12](#).

v. This Court Should Authorize a Future Assignment in Bankruptcy

65. It is appropriate to authorize Norwood or the Monitor to make a future assignment in bankruptcy to finalize its affairs at the end of the transition services period. The Monitor supports the relief requested.⁵⁷ Similar relief has been granted by this Court in analogous circumstances.⁵⁸

vi. The Sealing Relief is Appropriate and Should be Granted

66. The Applicant seeks an order sealing the Confidential Exhibit, which includes the purchase price to be paid for the Transaction (the “**Sealing Order**”). The only information contained in the Confidential Exhibit that is not contained in the redacted Purchase Agreement attached to the Third Rhett Affidavit is the purchase price and economic terms of the transaction.

67. The Court is authorized to grant a sealing order pursuant to the *Courts of Justice Act*.⁵⁹ In considering whether to exercise its discretion, the Court applies the test set out by Supreme Court in *Sherman Estates v. Donovan*, which requires an applicant to establish that:

- (a) court openness poses a serious risk to an important public interest;
- (b) the order sought is necessary to prevent this serious risk to the identified interest because reasonably alternative measures will not prevent this risk; and,
- (c) as a matter of proportionality, the benefits of the order outweigh its negative effects.⁶⁰

⁵⁷ Second Report [at para. 16.3](#).

⁵⁸ Body Shop Ancillary Order at [para. 3\(r\)](#)

⁵⁹ *Courts of Justice Act*, R.S.O. 1990, c. C.43, [s 137\(2\)](#).

⁶⁰ *Sherman Estate v. Donovan*, [2021 SCC 25 \(CanLii\)](#), [2021] 2 SCR 75 [at para 38](#). [*Sherman Estate*]

68. Courts have acknowledged that there is a public interest in the “general commercial interest of preserving confidential information” and in maximizing recoveries in an insolvency.⁶¹
69. The purchase price is commercially sensitive information that, if released, may jeopardize any subsequent attempts to market the assets and business of Norwood. This would impede the commercial interests of maximizing recoveries to the detriment of the stakeholders. As such, it is in the public interest to seal the Confidential Exhibit.⁶²
70. The Monitor supports the Sealing Order and does not believe that any party that will be prejudiced if the information is sealed at this time.⁶³

B. The Court Should Authorize the Distribution to Monroe

71. The CCAA Court may approve a distribution under its broad authority in section 11 of the CCAA where appropriate. Numerous courts have exercised this discretion in approving interim distributions in restructuring proceedings.⁶⁴
72. The exercise of discretion to authorize the requested distribution to Monroe is appropriate.
73. The Second Report confirms that Monroe has security over substantially all Norwood’s business and assets and that the Monitor obtained an opinion from counsel that, subject to assumptions and qualifications, Monroe’s security is valid and enforceable.⁶⁵

⁶¹ *Sherman Estate* [at para. 41](#); *Danier Leather Inc., Re*, [2016 ONSC 1044 at para 84](#).

⁶² *Sherman Estate* [at para. 41](#); *U.S. Steel Canada Inc. et al. v. The United Steel Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union et al.* [2023 ONSC 2579 at para 54](#).

⁶³ Second Report, [at paras. 11.1–11.6](#).

⁶⁴ *AbitibiBowater inc (Arrangement relatif à)*, [2009 QCCS 6461](#) (CanLII).

⁶⁵ Second Report [at paras. 6.1–6.2](#).

74. The parties are not aware of any prior-ranking claims other than amounts secured by the Charges, which are to be paid prior to any distribution and/or addressed by way of the Holdback. Monroe has also agreed to deliver a Reimbursement Agreement in light of the ongoing payroll audit.⁶⁶
75. The distribution to Monroe will be net of accrued professional fees and subject to a Holdback determined by Norwood, in consultation with the Monitor and Monroe, sufficient to cover CCAA charges, accrued vacation pay, wind-down and bankruptcy costs, and other potential priority amounts. Monroe has further agreed to a reimbursement agreement requiring it to repay any amounts subsequently determined to rank in priority.⁶⁷
76. A distribution at this time is appropriate to reduce the accrual of interest and costs. There are no other known prior-ranking claims, and in light of the Holdback, the reimbursement agreement, and the significant shortfall to Monroe, no creditor is prejudiced.⁶⁸

C. The Enhanced Powers and CCAA Termination Order Should be Granted

i. It is Appropriate to Grant the Extended Stay Period

77. Pursuant to section 11.02 of the CCAA, the Court may grant an extension of a stay where: (a) circumstances exist that make the order appropriate; and (b) the debtor company satisfies the Court that it has acted in good faith and with due diligence.⁶⁹

⁶⁶ Second Report, [at paras. 11.1–11.6](#).

⁶⁷ Third Rhett Affidavit, [at paras 49 & 51](#); Second Report, [at para 11.6](#).

⁶⁸ Third Rhett Affidavit, [at para 52](#).

⁶⁹ CCAA, [section 11.02](#).

78. The current Stay Period expires on November 30, 2025. Norwood seeks an extension of the Stay Period up to and including January 31, 2026.
79. While Norwood anticipated that the TSA would be concluded by November 30, 2025, the Purchaser has requested an extension to January 31, 2026.⁷⁰
80. There is sufficient liquidity in light of the TSA pursuant to which the Purchaser will be responsible for all costs after September 30, 2025.⁷¹
81. The Applicant submits that it has acted and continues to act in good faith and due diligence and that it is just, convenient, necessary and in the best interests of Norwood and its stakeholders to grant the Extended Stay Period.

ii. It is Appropriate to Grant the Expansion of the Monitor's Powers

82. It is well established that this Court may enhance a monitor's powers to act as a "super monitor" under the CCAA when necessary to implement transaction steps or wind down CCAA proceedings.⁷²
83. This Court has the power to grant a monitor expanded powers pursuant to sections 11 and 23(1)(k) of the CCAA.⁷³ Section 11 provides this Court with broad discretion to "make any order that it considers appropriate in the circumstances," while subsection 23(1)(k) allows the Court to require a monitor to carry out any other functions it may direct.

⁷⁰ Further Amended Notice of Motion dated October 1, 2025.

⁷¹ Third Rhett Affidavit, para. 40(d).

⁷² See e.g. *Harte Gold Corp (Re)*, [2022 ONSC 653](#) (Commercial List) [at paras 91-92](#); *Arrangement relatif à 9323-7055 Québec inc (Aquadis International Inc)*, [2020 QCCA 659](#) [at para 68](#).

⁷³ CCAA, [ss 11](#), [23\(1\)\(k\)](#).

84. Courts have determined that expanding these powers is necessary where, as is anticipated here, the debtor company will lack decision-makers due to the resignation of its board or management following the closing of a sale.⁷⁴
85. In this case, the expansion of powers would take effect upon the resignation of the sole director after Closing. It is appropriate and necessary for the Monitor to be granted such powers to enable it to complete all post-closing matters, including administering the transition services, making the authorized distribution to Monroe, preparing and filing tax returns, making an assignment in bankruptcy, and bringing these CCAA proceedings to an orderly close.⁷⁵
86. No stakeholder is prejudiced by this request. The powers are task-specific, subject to Court oversight, and are required for the efficient and final administration of Norwood's estate. The Monitor supports this relief and is prepared to exercise this expanded role.⁷⁶

iii. It is Appropriate to Approve Monitor's Fees and Activities

87. The Enhanced Powers and CCAA Termination Order includes approval of the Monitor's activities and reports, with the limitation adopted in *Target* - namely, that only the Monitor, in its personal capacity and only with respect to its own personal liability, may rely upon or utilize such approval. This limitation preserves the practical benefits of report and activity approvals for administration and finality while ensuring they are not weaponized by third parties in later disputes.⁷⁷

⁷⁴ *Mountain Equipment Co-Operative (Re)*, [2020 BCSC 2037 at para 9](#).

⁷⁵ Second Report, [at para. 9.1\(f\)-\(i\)](#).

⁷⁶ Second Report, [at para 8.1\(a\)-\(d\)](#).

⁷⁷ *Target Canada Co. (Re)*, [2015 ONSC 7574 at paras 1-2, 7, 21-26](#); *Nordstrom Canada Retail, Inc.*, [2023 ONSC 4199, para. 22](#).

88. The proposed order also includes an approval of the fees of the Monitor to September 21, 2025 totalling \$109,798, the fees of Monitor's counsel to September 23, 2025 totaling \$60,636 and an estimate of fees and expenses to completion of the proceedings of \$130,000, before disbursements and HST.⁷⁸
89. The test to assess fees and disbursements are whether they are "fair and reasonable" in all the circumstances, which requires assessing the work done and results achieved. The factors to be considered include: (a) the nature, extent, and value of the assets being handled; (b) the time spent and the complications and difficulties encountered; (c) the Monitor's knowledge, experience and skill; (d) the diligence and thoroughness displayed by the Monitor; (e) the responsibilities the Monitor assumed; and (f) the results of the Monitor's efforts.⁷⁹
90. The Monitor details its activities in the Second Report and the affidavits attached thereto and submits that the fees and rates charged by the Monitor and its counsel are reasonable and appropriate in the circumstances of these proceedings.⁸⁰

⁷⁸ Second Report, [at para. 15.2-15.4](#).

⁷⁹ *Nordstrom Canada Retail, Inc.*, 2023 ONSC 4199, [para. 24](#).

⁸⁰ Second Report, [at para. 15.6](#).

PART IV - RELIEF REQUESTED

91. Accordingly, Norwood respectfully seeks the AVO and the Enhanced Powers and CCAA Termination Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 1st day of October, 2025.



Sean Collins, KC / Heather Meredith / Saneeta
Tanvir
Lawyers for Norwood Industries Inc.

SCHEDULE “A”
LIST OF AUTHORITIES

1. *AbitibiBowater inc. (Arrangement relatif à)*, [2009 QCCS 6461](#)
2. *Arrangement relatif à 9323-7055 Québec inc (Aquadis International Inc)*, [2020 QCCA 659](#).
3. *Danier Leather Inc. (Re)*, [2016 ONSC 1044](#)
4. *Harte Gold Corp. (Re)*, [2022 ONSC 653](#) (Commercial List)
5. *In the Matter of a Plan of Compromise or Arrangement of Li-Cycle Holdings Corp. et al.*, Court File No. CV-25-00743053-00CL, [Approval and Vesting Order](#) (1 August 2025)
6. *In the Matter of a Plan of Compromise or Arrangement of Mastermind GP Inc.*, Court File No. CV-23-00710259-00CL, [Ancillary Order](#) (12 January 2024)
7. *In the Matter of a Plan of Compromise or Arrangement of Sandvine Corporation et al.*, [2024 ONSC 6199](#).
8. *In the Matter of a Plan of Compromise or Arrangement of The Body Shop Canada Limited*, Court File No. CV-24-00723586-00CL, [Ancillary Order](#) (13 December 2024)
9. *Lydian International Ltd. (Re)*, [2020 ONSC 4006](#)
10. *Mountain Equipment Co-Operative (Re)*, [2020 BCSC 2037](#)
11. *Nordstrom Canada Retail Inc. (Re)*, [2023 ONSC 4199](#)
12. *Nortel Networks Corp. (Re)*, [2009 CanLII 39492](#) (Ont SCJ [Commercial List])
13. *Royal Bank of Canada v Soundair Corp.*, [1991 CanLII 2727](#) (ONCA)
14. *Sanjel Corp. (Re)*, [2016 ABQB 295](#)
15. *Sherman Estate v Donovan*, [2021 SCC 25 \(CanLII\)](#)
16. *Target Canada Co. (Re)*, [2015 ONSC 2066](#) (Commercial List)
17. *Target Canada Co. (Re)*, [2015 ONSC 7574](#)
18. *Tool-Plas Systems Inc. (Re)*, [2007 CanLII 52727](#) (ONSC)
19. *U.S. Steel Canada Inc. (Re)*, [2023 ONSC 2579](#)

SCHEDULE “B” RELEVANT STATUTES

Courts of Justice Act, R.S.O. 1990, c. C.43

Monitors

Duties and functions

23 (1) The monitor shall

(k) carry out any other functions in relation to the company that the court may direct.

Sealing documents

137(2) A court may order that any document filed in a civil proceeding before it be treated as confidential, sealed and not form part of the public record.

Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended

Claims against directors — compromise

5.1 (1) A compromise or arrangement made in respect of a debtor company may include in its terms provision for the compromise of claims against directors of the company that arose before the commencement of proceedings under this Act and that relate to the obligations of the company where the directors are by law liable in their capacity as directors for the payment of such obligations.

Exception

(2) A provision for the compromise of claims against directors may not include claims that

- (a) relate to contractual rights of one or more creditors; or
- (b) are based on allegations of misrepresentations made by directors to creditors or of wrongful or oppressive conduct by directors.

General Power of Court

11 Despite anything in the Bankruptcy and Insolvency Act or the Winding-up and Restructuring Act, if an application is made under this Act in respect of a debtor company, the court, on the application of any person interested in the matter, may, subject to the restrictions set out in this Act, on notice to any other person or without notice as it may see fit, make any order that it considers appropriate in the circumstances.

Stays, etc. — initial application

11.02 (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.

Duties and functions

23 (1) The monitor shall

(a) except as otherwise ordered by the court, when an order is made on the initial application in respect of a debtor company,

(i) publish, without delay after the order is made, once a week for two consecutive weeks, or as otherwise directed by the court, in one or more newspapers in Canada specified by the court, a notice containing the prescribed information, and

(ii) within five days after the day on which the order is made,

(A) make the order publicly available in the prescribed manner,

(B) send, in the prescribed manner, a notice to every known creditor who has a claim against the company of more than \$1,000 advising them that the order is publicly available, and

(C) prepare a list, showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner;

(b) review the company's cash-flow statement as to its reasonableness and file a report with the court on the monitor's findings;

(c) make, or cause to be made, any appraisal or investigation the monitor considers necessary to determine with reasonable accuracy the state of the company's business and financial affairs and the cause of its financial difficulties or insolvency and file a report with the court on the monitor's findings;

(d) file a report with the court on the state of the company's business and financial affairs — containing the prescribed information, if any —

(i) without delay after ascertaining a material adverse change in the company's projected cash-flow or financial circumstances,

(ii) not later than 45 days, or any longer period that the court may specify, after the day on which each of the company's fiscal quarters ends, and

(iii) at any other time that the court may order;

(d.1) file a report with the court on the state of the company's business and financial affairs — containing the monitor's opinion as to the reasonableness of a decision, if any, to include in a compromise or arrangement a provision that sections 38 and 95 to 101 of the [*Bankruptcy and Insolvency Act*](#) do not apply in respect of the compromise or arrangement and containing the prescribed information, if any — at least seven days before the day on which the meeting of creditors referred to in section 4 or 5 is to be held;

(e) advise the company's creditors of the filing of the report referred to in any of paragraphs (b) to (d.1);

(f) file with the Superintendent of Bankruptcy, in the prescribed manner and at the prescribed time, a copy of the documents specified in the regulations;

(f.1) for the purpose of defraying the expenses of the Superintendent of Bankruptcy incurred in performing his or her functions under this Act, pay the prescribed levy at the prescribed time to the Superintendent for deposit with the Receiver General;

(g) attend court proceedings held under this Act that relate to the company, and meetings of the company's creditors, if the monitor considers that his or her attendance is necessary for the fulfilment of his or her duties or functions;

(h) if the monitor is of the opinion that it would be more beneficial to the company's creditors if proceedings in respect of the company were taken under the [*Bankruptcy and Insolvency Act*](#), so advise the court without delay after coming to that opinion;

(i) advise the court on the reasonableness and fairness of any compromise or arrangement that is proposed between the company and its creditors;

(j) make the prescribed documents publicly available in the prescribed manner and at the prescribed time and provide the company's creditors with information as to how they may access those documents; and

(k) carry out any other functions in relation to the company that the court may direct.

Sale or disposition of assets outside the ordinary course

s. 36(1) Court authorization is required for a sale or disposition outside the ordinary course of business.

(3) In deciding whether to grant the authorization, the court is to consider, among other things:

(a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;

(b) whether the monitor approved the process;

(c) whether the monitor has filed a report stating that, in their opinion, the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;

(d) the extent to which the creditors were consulted;

(e) the effects of the proposed sale or disposition on the creditors and other interested parties; and

(f) whether the consideration to be received is reasonable and fair, taking into account the market value of the assets.

(4) If the proposed purchaser is a related person, the court may grant the authorization only if satisfied that good faith efforts were made to sell the assets to persons who are not related to the company and that the consideration to be received is superior to that in any other offer made in accordance with the process.

(7) The court may grant the authorization only if the company can and will make the prescribed payments in respect of certain employee amounts (including, without limitation, wages, salaries, commissions or compensation for services rendered) as required by the Act.

Wage Earner Protection Program Act (Canada), S.C. 2005, c. 47, s. 1

Conditions of eligibility

- **5 (1)** An individual is eligible to receive a payment if
 - (a) the individual's employment ended for a reason prescribed by regulation;
 - (b) one of the following applies:
 - (i) the former employer is bankrupt,
 - (ii) the former employer is subject to a receivership,
 - (iii) the former employer is the subject of a foreign proceeding that is recognized by a court under subsection 270(1) of the [*Bankruptcy and Insolvency Act*](#) and
 - (A) the court determines under subsection (2) that the foreign proceeding meets the criteria prescribed by regulation, and
 - (B) a trustee is appointed, or
 - (iv) the former employer is the subject of proceedings under Division I of Part III of the [*Bankruptcy and Insolvency Act*](#) or under the [*Companies' Creditors Arrangement Act*](#) and a court determines under subsection (5) that the criteria prescribed by regulation are met; and
 - (c) the individual is owed eligible wages by the former employer.
 - (d) [Repealed, 2009, c. 2, s. 343]

....

Prescribed criteria — other proceedings

(5) On application by any person, a court may, in proceedings under Division I of Part III of the [Bankruptcy and Insolvency Act](#) or under the [Companies' Creditors Arrangement Act](#), determine that the former employer meets the criteria prescribed by regulation.

Amount of payment

- 7 (1) The amount that may be paid under this Act to an individual is the amount of eligible wages owing to the individual up to a maximum of an amount equal to seven times the maximum weekly insurable earnings under the [Employment Insurance Act](#).
- **Reduction**

(1.1) Except in the circumstances prescribed by regulation, the amount that may be paid under this Act to an individual is to be reduced by any amounts provided for by regulation.

- **Greatest amount**

(2) If more than one situation that is described in paragraph 5(1)(b) applies to the former employer, the amount that may be paid is the greatest of the amounts determined in respect of each of those situations.

[Wage Earner Protection Program Regulations](#), SOR/2008-222

Proceedings Under Bankruptcy and Insolvency Act or Companies' Creditors Arrangement Act

3 An individual's employment has ended for the purposes of paragraph 5(a) of the Act if it has ended for any of the following reasons:

- (a) the individual resigned or retired;
- (b) the individual's employment has terminated; or
- (c) the term of the individual's employment has expired.

3.2 For the purposes of subsection 5(5) of the Act, a court may determine whether the former employer is the former employer all of whose employees in Canada have been terminated other than any retained to wind down its business operations.

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
NORWOOD INDUSTRIES INC.**

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

FACTUM
**(Approval and Vesting Order returnable October
3, 2025)**

McCarthy Tétrault LLP
Suite 5300, TD Bank Tower
Toronto Dominion Centre
66 Wellington Street West
Toronto, ON M5K 1E6

Sean Collins, KC
Tel: 403-260-3531
Email: scollins@mccarthy.ca

Heather Meredith LSO# 48354R
Tel: 416-601-8342
Email: hmeredith@mccarthy.ca

Sanee Tanvir LSO#77838T
Tel: 416-601-8181
Email: stanvir@mccarthy.ca

Lawyers for Norwood Industries Inc.