

**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

MOTION RECORD

(Amended and Restated Initial Order returnable September 19, 2025)

September 16, 2025

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Inc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

Applicant

**Service List
(as of September 16, 2025)**

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**ONTARIO
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**IN THE MATTER OF THE *COMPANIES' CREDITORS
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Applicant

MOTION RECORD

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
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Applicant

**NOTICE OF MOTION
(Amended and Restated Initial Order Returnable September 19, 2025)**

The Applicant will make a motion before a judge of the Ontario Superior Court of Justice (Commercial List) on September 19, 2025 at 11:00 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. An amended and restated initial order substantially in the form attached at Tab 3 of the Motion Record (the "**Amended and Restated Initial Order**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), among other things:
 - (a) granting relief relating to the CCAA proceedings that was not reasonably necessary for the continued operations of the Applicants in the ordinary course of business prior to the comeback hearing on September 19, 2025, such as the right to file a plan of arrangement and powers of the Monitor relating thereto;
 - (b) extending the Stay Period¹ until and including November 30, 2025 (the "**Extended Stay Period**");

¹ Capitalized terms used but not defined herein have the meanings given to them in the affidavit of Rhett Ross sworn September 9, 2025 or the draft Amended and Restated Initial Order.

- (c) increasing the quantum of the Administration Charge from \$250,000 to \$500,000;
- (d) approving a charge to secure the fees and disbursements of G2 Capital Advisors LLC (“**G2**”) (the “**CRO Charge**”);
- (e) approving a charge to secure the Success Fee owed to G2 in the event of a consummation of a Transaction (the “**Success Fee Charge**”);
- (f) providing for the respective priority of the Charges, as between them, as follows:
 - (i) **First** - Administration Charge;
 - (ii) **Second** - Director's Charge;
 - (iii) **Third** - CRO Charge; and
 - (iv) **Fourth** – Success Fee Charge.
- (g) such further and other relief as may be sought by Norwood in connection with the Comeback Hearing.

THE GROUNDS FOR THE MOTION ARE:

Background

- 2. Norwood is a globally recognized designer and manufacturer of portable sawmills and related products with operations (the “**Business**”) in Canada and the United States. The business which was commenced 30 years ago in Barrie, Ontario has grown significantly and is now an industry leader with sales across 123 countries and over 35,000 fielded sawmills.
- 3. Monroe Capital Management Advisors LLC, as agent for and on behalf of a syndicate of lenders, provided financing to Norwood in the initial aggregate principal amount of US\$32,345,449.40 together with revolving commitments in the principal amount of CAD \$12,500,000.00.
- 4. Norwood dealt with a variety of financial difficulties due to a confluence of factors, including:

- (a) a post-COVID sales decline as consumer spending shifted away from improvement products;
 - (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.
5. In early 2025, Norwood had 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.
6. Norwood's liquidity remained severely constrained throughout this period which necessitated a robust pre-filing sale and investment solicitation process ("**SISP**"). While the SISP did not result in an executable transaction prior to the commencement of these proceedings, Norwood did find three credible expressions of interest.

Events Since the Initial Order

7. On September 15, 2025, Norwood obtained an Initial Order under the CCAA.
8. Norwood, in consultation with G2, the Monitor and Monroe, issued a bid process letter (the "**Bid Process Letter**") to these three parties. The letter outlines the procedures for final, binding offers to acquire Norwood's property, assets and undertaking.
9. The process requires each selected bidder to submit a final executed binding offer, conditional only on Court approval, by 4:00 p.m. (ET) on September 22, 2025.
10. The Monitor and Norwood will retain the right to accept or reject any offer (regardless of amount), seek additional rounds of bidding, and take further steps to maximize transaction value.
11. The accepted offer(s) will be submitted to the Court for approval.

Amendment to the Administration Charge

12. The Applicant seeks to increase the quantum of the Administration Charge from \$250,000 to \$500,000 to ensure adequate financial security for the professional fees and disbursements of the Monitor, Monitor's counsel and Norwood's counsel.
13. The Administration Charge is necessary and reasonable to cover these professionals who will be key in the bid process for the sale of Norwood's property and assets.
14. The Monitor supports the increase to the Administration Charge.

G2 CRO Engagement / CRO Charge

15. On February 26, 2025, Norwood and G2 entered into an exclusive engagement agreement, appointing G2 to provide strategic and financial advisory services.
16. G2 is to assist Norwood with the development and preparation of budgets, financial projections, business updates, and related analyses, as well as the assessment, creation, and execution of critical restructuring initiatives. These initiatives have a particular focus on understanding impacts on Norwood's cash flow and capital needs.
17. The CRO Engagement specifies the financial compensation to be paid to G2. For the first three weeks of the engagement, G2 was to be paid a fee of USD \$10,000/week, after which the fees were expected to fall between USD \$20,000 and \$25,000 per week. Should anticipated fees exceed \$25,000, G2 is required to obtain written approval from Norwood's independent director before incurring those additional costs.
18. The CRO Charge is meant to secure the amounts owing to G2 under the CRO Engagement and is necessary given Norwood's constrained liquidity during this time.
19. The Monitor and Monroe support the approval of the CRO Charge.

Success Fee Charge

20. Pursuant to an agreement dated April 24, 2025 between Norwood and G2, additional terms, conditions and scope of G2's engagement as a financial advisor to Norwood were agreed to regarding a potential transaction.

21. Under this agreement, G2 is to assist with the identification of potential counterparties, coordination of NDAs, assistance with financial forecasts and preparation of marketing materials (Teaser, CIM), facilitation of online data site, management of due diligence process, evaluation of indications of interest, negotiate terms, and assist with the closing of a Transaction.
22. The fee structure under this agreement consists of a monthly fee, expense reimbursement and a success fee which is to be paid upon a consummation of a Transaction with a minimum amount of USD \$750,000.
23. It is appropriate to approve the Success Fee Charge to secure the amounts owing by Norwood to G2 under this arrangement pursuant to which G2 is assisting with value creation for Norwood and its stakeholders. The Success Fee Charge will only be as against any proceeds generated through the consummation of a Transaction.
24. The Monitor and Monroe support the approval of the Success Fee Charge.

Extension of the Stay Period

25. The Applicant has acted and continues to act in good faith and with due diligence.
26. The Stay Period will expire on September 22, 2024, unless extended by further order of this Court.
27. The Applicant seeks an extension of the Stay Period, up to and including November 30, 2025, in order to provide the Applicant with time to take certain steps in furtherance of the CCAA Proceedings, including, among other things to conduct the bid process and close any successful transactions.
28. Norwood has prepared a revised cash flow forecast to December 14, 2025 which assumes that a transaction will close the second week of October 2025 and that minimum cash outlays will be required of Norwood post-closing. Monroe has provided its commitment to support Norwood's liquidity during this period by way of further advances under the existing credit agreement.
29. Norwood will have sufficient liquidity to meet its ordinary course obligations throughout the Extended Stay Period.

Other Grounds:

30. In addition, the Applicant relies on:

- (a) the provisions of the CCAA, including section 11;
- (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:

- 31. the Affidavit of Rhett Ross sworn September 16, 2025 and the Exhibits thereto;
- 32. the First Report of the Monito, to be filed; and
- 33. such further and other evidence as counsel may advise and this Court may permit.

September 16, 2025

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**IN THE MATTER OF THE *COMPANIES' CREDITORS*
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Court File No. CV-25-00751289-00CL

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

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceedings commenced in Toronto

NOTICE OF MOTION

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TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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Applicant

**AFFIDAVIT #2 OF RHETT ROSS
(sworn September 16, 2025)**

I. INTRODUCTION

1. I, RHETT ROSS, of the City of Fairhope, County of Baldwin, in the State of Alabama, MAKE OATH AND SAY:

2. I am a Senior Advisor with G2 Capital Advisors LLC ("**G2**") and have been duly appointed as the Chief Restructuring Officer (the "**CRO**") of Norwood Industries Inc. ("**Norwood**"). I have reviewed the books and records prepared and maintained by Norwood, in the ordinary course of business, including business and operational information and the most recently available annual audited and unaudited financial statements. I have personal knowledge of the facts and matters sworn to in this Affidavit, except where information was received from someone else or some other source of information identified herein. Where the information contained herein was received from another source, I believe such information to be true.

3. Unless defined herein, capitalized terms used herein have the meaning ascribed to them in my Affidavit sworn September 9, 2025 (the "**First Affidavit**"), a copy of which is attached without exhibits hereto as **Exhibit "A"**, and I adopt the evidence contained therein as if fully set out herein.

4. On September 12, 2025, Norwood obtained an Initial Order under the CCAA from the Ontario Superior Court of Justice (Commercial List), appointing KSV as Monitor and granting a stay of proceedings for an initial 10 day period expiring on September 22, 2025. The Initial Order also provided for an Administration Charge in the amount of \$250,000.00 and a Director's and Officers' Charge in the amount of \$364,000.

5. This affidavit is sworn in support of Norwood's motion for an Amended and Restated Initial Order pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**"), to, among other things:

- (a) extend the Stay until and including November 30, 2025;
- (b) approve the following priority charges (the "**Priority Charges**"):
 - (i) the Administration Charge (to a maximum amount of \$500,000);
 - (ii) the Director's and Officers Charge in the amount of \$364,000;
 - (iii) a CRO Charge in the amount of \$250,000; and
 - (iv) a Success Fee Charge in the amount of \$1,000,000.

II. BACKGROUND TO CCAA PROCEEDINGS

6. Norwood is a globally recognized designer and manufacturer of portable sawmills and related products, with operations in Canada and the United States. Norwood has developed cutting-edge, branded, compact equipment that has broadened access to timber processing for users ranging from seasoned professionals to enthusiastic hobbyists. The business commenced over 30 years ago in Barrie, Ontario, and has grown significantly, becoming an industry leader with sales across 123 countries and over 35,000 fielded sawmills.

7. In November 2021, Norwood was acquired by GreyLion Capital, a New York-based private equity firm. Monroe Capital Management Advisors LLC ("**Monroe**"), as agent for a syndicate of lenders, provided financing in the initial aggregate principal amount of USD \$32,345,449 together with revolving commitments in the principal amount of CAD \$12,500,000.

8. Monroe holds the first secured lender position against Norwood's assets. As deposed in my first affidavit, RBC provides corporate credit cards to Norwood, with an approximate outstanding balance of \$200,000 and holds a second ranking security interest in all of Norwood's property pursuant to a general security agreement dated October 7, 2022. A copy of the general security agreement is attached as **Exhibit "B"**.

9. Norwood's present financial difficulties have been precipitated by a combination of operational and financial challenges, including:

- (a) a post-COVID sales decline as consumer spending shifted away from home improvement products;
- (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.

10. In early 2025, Norwood retained G2 to assist with a review of strategic alternatives, including a sale of the business. In consultation with G2 and Monroe, Norwood determined that a sale process was in the best interests of stakeholders.

11. Norwood's liquidity has remained severely constrained throughout this period. Cash flow forecasts prepared for these proceedings in consultation with the Monitor, G2, and Monroe demonstrated that Norwood would not have sufficient liquidity to operate beyond the short term without a prompt transaction or additional financing. This necessitated a robust pre-filing sale and investment solicitation process ("**SISP**"), which is described in my First Affidavit.

12. The SISP canvassed a broad mix of financial and strategic buyers, but did not result in an executable transaction prior to the commencement of these proceedings. However, presently there are three credible expressions of interest from interested parties.

III. EVENTS SINCE GRANTING OF INITIAL ORDER

13. As a result, Norwood, in consultation with G2, the Monitor, and Monroe, has issued a bid process letter (the "**Bid Process Letter**") to the three remaining interested parties. This letter outlines the procedures for final, binding offers to acquire Norwood's property, assets, and undertaking. A true copy of the Bid Process Letter is attached as **Exhibit "C"**.

14. The bid process requires each selected bidder to submit a final executed binding offer—conditional only on Court approval—by 4:00 p.m. (Eastern Daylight Time) on September 22, 2025, to both Norwood and the Monitor. Key requirements include:

- (a) Submission of a redlined version of the offer against the provided template;
- (b) Concurrent submission of satisfactory proof of financial capacity;
- (c) Payment of a mandatory deposit, to be held by the Monitor, equal to 10% of the proposed purchase price upon acceptance, with no variance or waiver permitted.
- (d) A cover letter, signed by an authorized bidder officer, certifying independent preparation of the offer and an absence of collusion or communication with other bidders regarding the bid content or process. Any evidence of collusion will result in disqualification at Norwood and the Monitor's sole discretion; and
- (e) Acknowledgement of the required closing timeline: closing must occur immediately following Court approval, and each cover letter must expressly confirm the bidder's ability and agreement to meet this timeline.

15. The Bid Process Letter also notes that Norwood and the Monitor retain the right, in consultation with Monroe, to accept or reject any offer (regardless of amount), seek additional rounds of bidding, and take further steps to maximize transaction value. All accepted offers will be promptly submitted to the Court for approval.

16. This process underscores Norwood's commitment to a transparent and competitive sale, with the objective of securing the best outcome for its stakeholders under the oversight of the Monitor and in accordance with Court directives.

Administration Charge

17. The proposed increase in the Administration Charge from \$250,000 to \$500,000 is designed to ensure adequate financial security for the professional fees and disbursements of the Monitor, Monitor's counsel, and Norwood's counsel throughout the critical period of Norwood's restructuring and sale process.

18. As Norwood undertakes a competitive and Monitor-supervised bid process for the sale of its property and assets, the complexity and volume of professional work required have increased substantially. This includes overseeing the bid submission procedures, vetting offers for compliance and financial capacity, and coordinating closing activities immediately following court approval. As Norwood's liquidity remains tight, there is a risk that the professionals fees will increase without payment being received. Accordingly, the professionals covered by the

Administration Charge require the increase in the Administration Charge in order to continue to act in these proceedings.

IV. G2 CRO ENGAGEMENT / CRO CHARGE

19. On February 26, 2025, Norwood and G2 entered into an exclusive engagement agreement, appointing G2 to provide strategic and financial advisory services. The relationship was further refined through an amendment letter dated April 10, 2025 which expanded G2's role as CRO with such appointment effective as of March 31, 2025. The February 26, 2025 engagement agreement and April 10, 2025 amendment are attached as **Exhibits "D"**, and **"E"**, respectively (the **"CRO Engagement"**).

20. The scope of G2's advisory services under the CRO Engagement is both broad and strategic. G2 is tasked with the development and preparation of budgets, financial projections, business updates, and related analyses, as well as the assessment, creation, and execution of critical restructuring initiatives. These initiatives are aimed at aligning Norwood's operations and finances for stability and value maximization, with a particular focus on understanding impacts to cash flow and capital needs.

21. The CRO Engagement specifies the financial compensation to be paid to G2. For the first three weeks of the engagement, G2 was to be paid an additional fee of USD \$10,000 per week (totalling USD \$30,000), after which the fees were expected to fall between USD \$20,000 and \$25,000 per week, billed hourly according to a set rate schedule. Should anticipated fees in any week exceed \$25,000, G2 is required to obtain written approval from Norwood's independent director before incurring those additional costs.

22. The rationale for the CRO Charge is rooted in the critical and expanded responsibilities assumed by G2 as Chief Restructuring Officer, as set out in the CRO Engagement. The charge acknowledges the substantial professional effort required to guide Norwood through a complex restructuring and sale process, including strategic planning, oversight of budgeting and financial analysis, and the direct execution of operational initiatives.

23. In addition to the breadth and intensity of services—from cash flow management and capital needs assessment to providing operational oversight—the CRO Charge is structured to ensure that G2 is appropriately compensated for its expertise and the significant value delivered.

The escalating fee schedule during the initial weeks of engagement, followed by flexible weekly billing, reflects the adaptive nature of the engagement and its demands.

24. The CRO Charge is necessary given Norwood's constrained liquidity during this critical period. By safeguarding financial resources to cover outstanding and ongoing professional fees (currently approximately \$50,000 owed), the CRO Charge supports the uninterrupted delivery of expert guidance. This is especially vital when liquidity is tight and resources must be carefully allocated to stabilize operations and maximize value for stakeholders.

25. The arrangement is consistent with market practice, fully documented in the engagement agreements, and has received the consent of Monroe, the senior lender, in addition to the recommendation of the Monitor, further validating its necessity and reasonableness under current circumstances.

V. SUCCESS FEE CHARGE

26. Pursuant to an agreement dated April 24, 2025 between Norwood and G2, additional exclusive terms, conditions, and scope of G2's engagement as financial advisor to Norwood for a potential transaction (the "**Engagement Agreement**"). A true copy of the Engagement Agreement is attached as **Exhibit "F"**. A transaction (the "**Transaction**") is broadly defined to include the sale, transfer, issuance, or licensing of equity securities or assets; mergers, joint ventures, financings, recapitalizations, or similar business combinations involving the Company or its affiliates.

27. G2's services under the Engagement Agreement include the identification of potential counterparties, coordination of NDAs, assistance with financial forecasts and preparation of marketing materials (Teaser, CIM), facilitation of the online data site for diligence, management of the due diligence process, evaluation indications of interest, negotiate terms, and assist in closing a Transaction.

28. The fee structure under the Engagement Letter is as follows:

- (a) Monthly Fees: USD \$20,000 per month, fully earned and non-refundable. One-half of all Monthly Fees paid will be credited against any Success Fee.

- (b) Success Fee: Upon consummation of a Transaction (during the Term or within a 12-month Tail Period), G2 will be paid a Minimum Success Fee of USD\$750,000 plus incremental percentages.
- (c) Expense Reimbursement: Norwood will reimburse G2 for reasonable, documented out-of-pocket costs and expenses, with pre-approval required for any expense above \$5,000. Payment is due within fifteen days of invoice.

29. The rationale for approval of a Success Fee Charge in the amount of CAD\$1,000,000 is as follows:

- (a) Alignment of Interests: The Success Fee structure is designed to directly align G2's incentives with Norwood's objective to maximize transaction value and achieve the best possible outcome for stakeholders;
- (b) Contingency and Risk: The Success Fee is contingent on actual transaction closing, meaning G2 is only compensated under the Engagement Agreement upon delivery of a successful result. The scope of the proposed charge is that the charge will attach solely to proceeds generated through the consummation of a Transaction; and
- (c) Complexity and Value Creation: The transaction process undertaken by G2 involves multi-party negotiations, extensive diligence, and the navigation of a process during a period of intense financial challenges. The Success Fee compensates for the high degree of complexity and the value derived from G2's strategic guidance.

VI. MONROE CONSENT

30. Monroe, as the senior secured lender, has provided its consent to the Priming Charges thereby confirming the reasonableness of these charges and facilitating the continued support of Norwood's liquidity and restructuring efforts.

VII. STAY EXTENSION

31. Norwood, in consultation with the Monitor, G2, and Monroe, has prepared a revised cash flow forecast to December 14, 2025. The forecast assumes that a transaction will close in the

second week of October 2025 and that minimal cash outlays will be required of Norwood post-closing. The revised forecast reflects that Norwood will require additional liquidity of up to CDN \$600,000 to meet its obligations through the extended stay period and facilitate an orderly closing of any successful transaction. The revised cash flow forecast will be attached to the Monitor's First Report.

32. Monroe has provided its commitment to support Norwood's liquidity needs during this period, by way of further advances under the existing credit agreement. Monroe is not seeking a Court-ordered charge for these advances, and there will be no change to the present interest rate for such advances and Monroe is not charging any fees for these advances.

VIII. RELIEF SOUGHT

33. I make this affidavit in support of Norwood's motion for an Amended and Restated Initial Order, as described above.

SWORN BEFORE ME remotely by
videoconference on this 16th day of September,
2025 in accordance with O. Reg 431/20,
Administering Oath or Declaration Remotely.
The affiant was located in the City of Fairhope,
County of Baldwin, in the State of Alabama,
and the Commissioner was located in the City
of Toronto in the Province of Ontario.



A Commissioner for taking Affidavits
Name: Saneea Tanvir (LSO# 77838T)



Rhett Ross

This is Exhibit "A" referred to in the
Affidavit #2 of **Rhett Ross**
sworn before me on September 16, 2025

A handwritten signature in black ink, appearing to read 'Sanea Tanvir', is positioned above a horizontal line.

A Commissioner for taking Affidavits (or as may be)
Sanea Tanvir LSO #: 77838T

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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Applicant

**AFFIDAVIT #1 OF RHETT ROSS
(sworn September 9, 2025)**

I. INTRODUCTION

1. I, RHETT ROSS, of the City of Fairhope, County of Baldwin, in the State of Alabama, MAKE OATH AND SAY:

2. I am a Senior Advisor with G2 Capital Advisors LLC ("**G2**") and have been duly appointed as the Chief Restructuring Officer (the "**CRO**") of Norwood Industries Inc. ("**Norwood**"). I have reviewed the books and records prepared and maintained by Norwood, in the ordinary course of business, including business and operational information and the most recently available annual audited and unaudited financial statements. I have personal knowledge of the facts and matters sworn to in this Affidavit, except where information was received from someone else or some other source of information identified herein. Where the information contained herein was received from another source, I believe such information to be true.

Summary of Relief Sought

3. I am authorized to swear this Affidavit in support of an originating application (the "**Initial Application**") to be filed by Norwood concurrently with this Affidavit, seeking an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), granting, among other things, the following relief:

- (a) abridging the notice periods and validates service of the motion record;
- (b) declaring that the CCAA applies to Norwood;

- (c) appointing KSV Restructuring Inc. ("**KSV**") as the monitor (in such capacity, the "**Monitor**") of Norwood in these proceedings;
- (d) staying all proceedings, rights, and remedies, against or in respect of Norwood and its business or property, except as otherwise set forth in the Initial Order, for an initial ten-day period (as may be amended or extended from time to time, the "**Stay Period**");
- (e) authorizing Norwood to carry on business in a manner consistent with the preservation of its business and property;
- (f) authorizing Norwood to pay the reasonable expenses incurred by Norwood in carrying out its business in the ordinary course;
- (g) authorizing Norwood to pay all reasonable fees and disbursements of the proposed Monitor, the proposed Monitor's legal counsel, and Norwood's legal counsel;
- (h) granting the following charges against Norwood's current and future assets, undertakings, and properties, of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), for the purposes of securing the payment and performance of:
 - (i) the fees and the disbursements of the proposed Monitor, the proposed Monitor's legal counsel, and Norwood's legal counsel (the "**Administration Charge**"), in the maximum amount of \$250,000; and
 - (ii) Norwood's obligations to indemnify Norwood's director and officers for liabilities they may occur after the commencement of these proceedings (the "**Director's Charge**"), in the maximum amount of \$364,000;
- (a) declaring that the Administration Charge and the Director's Charge, (collectively, the "**Initial Order Charges**") rank in priority to all existing liens, security interests, encumbrances, or claims, with respect to, concerning, or as and against, all of the Property;
- (b) setting the date of the Comeback Hearing (as defined below); and

- (c) such further and other relief as may be sought by Norwood and granted by this Honourable Court.

4. In the event that the Initial Order is granted, this Affidavit is also sworn in support of the relief that Norwood intends to seek at the Comeback Hearing in respect of the Initial Order, to be heard within ten (10) days of the granting of any Initial Order (the “**Comeback Hearing**”), seeking an order granting various amendments to the Initial Order (as so amended, the “**Amended and Restated Initial Order**”), including, among other things:

- (a) extending the Stay Period, in respect of Norwood, to a date to be determined;
- (b) a charge to secure the fees and disbursements of G2 and the CRO (the “**CRO Charge**”, the CRO Charge and the Initial Order Charges are collectively referred to as, the “**Charges**”);
- (c) increasing the quantum of the Administration Charge, and potentially the Director’s Charge, based upon further review by Norwood and the proposed Monitor together with declaring that the Charges rank in priority to all existing liens, security interests, encumbrances, or claims, with respect to concerning, or as and against, all of the Property, and providing for the respective priority of the Charges, as between them, as follows:
 - (i) **First** - Administration Charge;
 - (ii) **Second** -Director’s Charge; and
 - (iii) **Third** – CRO Charge;
- (d) such further and other relief as may be sought by Norwood in connection with the Comeback Hearing.

II. **BACKGROUND**

A. **Early Days through to 2022 Acquisition by GreyLion Capital**

5. Norwood is a globally recognized designer and manufacturer of portable sawmills and related products with operations (the “**Business**”) in Canada and the United States. Norwood has

developed cutting-edge, branded, compact equipment that has broadened access to timber processes for users, ranging from seasoned professionals to enthusiastic hobbyists.

6. The Business commenced over 30 years ago in Barrie, Ontario as a small, privately held undertaking. From inception, the Business grew significantly and became an industry leader with sales across 123 countries worldwide resulting in over 35,000 fielded sawmills.

7. In November 2021, the Business was acquired by GreyLion Capital, a New York-based private equity firm.

8. Monroe Capital Management Advisors LLC ("**Monroe**"), as agent for and on behalf of a syndicate of lenders, provided financing in the initial aggregate principal amount of US\$32,345,449.40 together with revolving commitments in the principal amount of CAD \$12,500,000.00.

B. Corporate Structure

9. Norwood is a wholly-owned subsidiary of AStar Intermediate Corporation ("**AStar**"). AStar is incorporated pursuant to the *Ontario Business Corporations Act*, RSO 1990, c B.16. A copy of the Ontario profile report for AStar is attached hereto as **Exhibit "A"**.

10. Norwood is incorporated pursuant to the *Ontario Business Corporations Act*, RSO 1990, c B.16. A copy of the Ontario profile report for Norwood is attached hereto as **Exhibit "B"**.

11. Norwood Enterprise Inc. ("**Norwood US**") is also a wholly-owned subsidiary of AStar that is organized pursuant to the laws of the state of Delaware in the United States of America. A copy of the certificate of incorporation is attached hereto as **Exhibit "C"**.

C. Norwood's Operations

12. Norwood is the primary operating company for the Business. Norwood manufactures or imports the majority of the products sold by it and either ships them direct to customers, to Norwood US's distribution facility in Tonawanda, New York or to local distributors worldwide.

13. Norwood's Canadian operations are conducted from leased premises located in Barrie, Ontario (the "**Barrie Premises**").

14. Norwood's operations are supported by approximately 49 employees; 45 of which are salaried employees and 4 of which are hourly employees. All of these employees are employed by Norwood and are located in Ontario.

15. None of Norwood's employees are unionized. Norwood does not have a pension plan. Norwood's employees are entitled to standard benefits.

16. In addition to myself, Norwood's senior management team, all of whom report to me, is comprised of the following individuals:

- (a) Gavin Moncur, CFO;
- (b) Steven Elliot, Director of Business Analytics;
- (c) Matt Santos, Director of Operations; and
- (d) Roland Link, Director of Product Lines;

17. Norwood's sole director is Mr. Lawrence Hirsch, who was appointed as the sole independent director of the board of directors in connection with Amendment No. 4 to the Credit and Guaranty Agreement made as of March 10, 2025.

D. Banking Arrangements

18. Norwood has the following bank accounts:

- (a) a Royal Bank of Canada ("**RBC**") Canadian dollar bank account which is primarily used for the deposit of Canadian customer cheques, the receipt of customer wire and EFT payments, the payment of the wages of Canadian employees, the payment of vendors and the payment of utility and supplier bills;
- (b) a RBC USD bank account that is primarily used for the receipt of USD customer payments, payment of US based vendors and payments and receipt of intercompany payments;

19. Norwood has corporate credit cards issued by RBC with an approximate outstanding balance as of September 5, 2025 of \$199,752.00.

III. NORWOOD'S ASSETS AND LIABILITIES

20. A copy of the most recent consolidated audited financial statements of Norwood's immediate parent, AStar Intermediate Corporation ("**AStar**") are attached as follows:

- (a) consolidated audited financial statements of AStar for the fiscal year ending December 31, 2022, is attached as **Exhibit "D"**; and
 - (b) consolidated audited financial statements of AStar for the fiscal year ending December 31, 2023 is attached as **Exhibit "E"**,
- (together, the "**AStar Audited FS**").

21. The AStar Audited FS includes Norwood and Norwood US.

22. Norwood also has internally prepared unaudited, consolidated financial statements for the 7 month period ending July 31, 2025 (the "**2025 FS**"). The 2025 FS are attached as **Exhibit "F"**.

IV. NORWOOD'S INDEBTEDNESS

A. Secured Liabilities

23. Norwood's primary secured creditor is Monroe. 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 this amount.

24. The Monroe credit is evidenced by a Credit and Guaranty Agreement (the "**Original Monroe Credit Agreement**") dated as of November 1, 2021, as the same has been amended from time to time under the following amendments:

- (a) Amendment No. 1 to Credit Agreement and Guaranty Agreement made as of July 8, 2022;
- (b) Amendment No. 2, Limited Waiver, Consent and Joinder No. 1 to Credit Agreement and Guaranty Agreement made as of May 24, 2023;
- (c) Amendment No. 3 and Limited Waiver to Credit and Guaranty Agreement made as of June 28, 2024 ("**Amendment No. 3**");

- (d) Amendment No. 4 to Credit and Guaranty Agreement made as of March 10, 2025 (**"Amendment No. 4"**);
- (e) Amendment No. 5 to Credit and Guaranty Agreement made as of April 3, 2025 (**"Amendment No. 5"**);
- (f) Amendment No. 6 to Credit and Guaranty Agreement made as of June 25, 2025 (**"Amendment No. 6"**); and,
- (g) Amendment No. 7 to the Credit and Guaranty Agreement made as of September 2, 2025 (**"Amendment No. 7"**),

(collectively, with the Original Monroe Credit Agreement, the **"Monroe Credit Agreement"**). Attached hereto and marked as **Exhibit "G"**, to this my Affidavit, is a true copy of the Monroe Credit Agreement.

25. The obligations under the Monroe Credit Agreement are secured by, *inter alia*, the following:

- (a) Canadian Pledge and Security Agreement, dated as of November 3, 2021, granted by AStar Canadian Acquisition Corporation, AStar Canadian Intermediate Corporation, 2832525 Ontario Inc., and Norwood Industries Inc., to and in favour of Monroe;
- (b) Canadian Guarantee, made as of November 3, 2021, granted by AStar Canadian Intermediate Corporation, 2832525 Ontario Inc., and Norwood Industries Inc., to and in favour of Monroe;
- (c) Trademark Security Agreement, dated as of November 3, 2021, granted by Norwood Industries Inc., to and in favour of Monroe;
- (d) Patent Security Agreement, dated as of November 3, 2021, granted by Norwood Industries Inc., to and in favour of Monroe;
- (e) Industrial Design Security Agreement, dated as of November 3, 2021, granted by Norwood Industries Inc., to and in favour of Monroe;

- (f) Confirmation and Reaffirmation Agreement, dated November 3, 2021, granted by AStar Canadian Acquisition Corporation, AStar Canadian Intermediate Corporation, 2832525 Ontario Inc., and Norwood Industries Inc., to and in favour of Monroe; and,
- (g) Trademark Security Agreement, dated as of October 16, 2024, granted by Norwood Industries Inc., to and in favour of Monroe;
- (h) Patent Security Agreement, dated as of October 16, 2024, granted by Norwood Industries Inc., to and in favour of Monroe; and,
- (i) Industrial Design Security Agreement, dated as of October 16 2024, granted by Norwood Industries Inc., to and in favour of Monroe,

(collectively, the “**Security Agreements**”). Attached hereto and marked as **Exhibits “H”, “I”, “J”, “K”, “L”, “M”, “N”, “O”, and “P”**, respectively, to this my Affidavit, are true copies of the Security Agreements.

26. The Ontario Personal Property Registry confirms that each of Monroe, RBC and Xerox have registered security interests in respect of certain of Norwood’s personal property. Attached as **Exhibit “Q”** is a search of the Ontario Personal Property Registry for Norwood.

B. Other Secured Liabilities

27. RBC has agreements with Norwood with respect to the operation of Norwood’s bank accounts in addition to agreements that deal with RBC’s rights relative to the Credit Card Indebtedness. Further details in this regard will be included prior to the Comeback Hearing.

28. Xerox leases photocopiers to Norwood. The monthly lease payments of approximately \$2,000.00 are current.

C. HST, Payroll Obligations, and Lease Payments

29. Norwood is current in its HST and QST remittances.

30. Norwood is current on its payroll obligations other than wages and source deductions which accrue in the normal course between bi-weekly pay periods and vacation pay, which is accrued.

31. Norwood paid its regularly scheduled lease payment to the landlord of the Barrie Facility for September 2025 rent and is current with respect to its lease obligations.

D. Unsecured Liabilities

32. As of July 31, 2025, Norwood's accounts payable and accrued liabilities totalled approximately \$11.7 million. These obligations include:

- (a) approximately \$6.3 million owing to suppliers and service providers; and
- (b) approximately \$5.4 million of accrued liabilities, including, vacation pay, accrued wages, and amounts for services not yet invoiced by vendors.

V. NORWOOD'S FINANCIAL DIFFICULTIES AND NEED FOR CCAA PROTECTION

A. Financial Challenges Facing Norwood

33. Norwood's present financial difficulties have been precipitated by a combination of operational and financial challenges.

Post-COVID sales decline

34. After the initial months of the COVID19 pandemic in 2020, people working and spending more time at home drove unprecedented demand for home improvement products, which fueled a boom in the portable sawmill market.

35. As the world reopened, consumers gradually reallocated their spending away from home goods and renovations and back toward services, travel, and other experiences. This shift directly reduced the sales and top line revenue.

Rising interest rates

36. High inflation, particularly in the timeframe between 2022 and 2023, prompted central banks to raise interest rates. This directly impacted the construction and renovation market by increasing borrowing costs, causing homeowners and small builders to delay or cancel projects. For Norwood's hobbyist market, where projects are often financed or supported by home equity loans, the increase in interest rates had a negative impact on Norwood.

Decline in Lumber Prices

37. As demand slowed and supply chains stabilized after the pandemic, lumber prices declined sharply from their peaks in 2021. For hobbyists, this reduced the financial incentive to mill their own lumber, making it potentially more convenient or cost-effective to buy from commercial suppliers.

Decreased profitability

38. In 2021, the surge in consumer demand drove lumber prices to historic highs. As this demand subsided and supply normalized, prices collapsed from their 2022 peak. The price volatility and sharp correction negatively impacted Norwood's revenue and profitability.

Shift back to professional builders

39. As economic confidence returned, more complicated renovations were once again entrusted to professionals rather than being tackled by homeowners themselves. This reduced the demand for sawmills capable of handling larger and more complex projects.

40. In summary, Norwood's revenue was highly vulnerable to the economic and psychological normalization that occurred after the peak of the COVID-19 pandemic. The boom in DIY projects and high lumber prices that defined the era's peak created unsustainable demand that eventually normalized, leaving Norwood with a shrinking market and a corresponding decrease in revenue and profitability.

B. Ongoing Liquidity Issues and Interventions by Monroe

41. Since July 2022, Norwood has entered into seven amendments to the Credit Agreement with Monroe. Starting with Amendment No. 3, the amendments reflect escalating financial distress and increasing lender interventions, as follows:

- (a) Pursuant to Amendment No. 3, Monroe waived multiple covenant breaches, including Norwood failing to meet leverage ratio requirements for Q3 2023 through Q1 2024. As a condition of this waiver, Monroe required Norwood to secure a C\$25 million equity injection by August 30, 2024, underscoring Monroe's concern about Norwood's deteriorating liquidity position;

- (b) Pursuant to Amendment No. 4, which followed on Monroe delivering a Notice of Default and Reservation of Rights on February 13, 2025, Norwood acknowledged ongoing defaults and introduced governance oversight measures, including the appointment of an independent director;
- (c) Pursuant to Amendment No. 5, Monroe authorized up to C\$300,000 in emergency revolving loans, contingent on approval from G2, which was granted. This short-term liquidity support was indicative of Norwood's inability to meet operational needs without external funding;
- (d) Pursuant to Amendment No. 6, Norwood acknowledged its failure to maintain a required C\$3 million liquidity threshold and its inability to deliver audited financial statements. Monroe reserved full enforcement rights, including foreclosure; and
- (e) Pursuant to Amendment No. 7, Monroe authorized an additional C\$300,000 revolving loan, explicitly tied to a forecast prepared by G2. This amendment reflects Monroe's requirement that Norwood source a transaction, either through refinancing, recapitalization, or sale, to resolve its liquidity crisis.

42. Collectively, these amendments demonstrate a clear and sustained pattern of financial instability, lender-imposed conditions, illiquidity and the need for a court-supervised restructuring process under the CCAA.

VI. NORWOOD'S BUSINESS PRE-FILING SALES PROCESS

43. In consultation with Monroe, Norwood retained G2 in early 2025 to assist Norwood with undertaking a review of strategic alternatives available to Norwood in an attempt to right size its balance sheet and potentially restructure its affairs.

44. G2, headquartered in Boston, Massachusetts, is a full-service, industry-focused investment banking and restructuring advisory firm established in 2010. The firm specializes in delivering bespoke financial and operational solutions across a broad spectrum of industries, including consumer and retail, industrials and manufacturing, technology and business services, and transportation and logistics

45. G2's team comprises seasoned professionals, including former C-level executives, entrepreneurs, and financial advisors, who bring deep transactional experience and sector-

specific insight to each engagement. Their expertise spans buy-side and sell-side advisory, capital markets, financial restructuring, and operational revitalization.

46. G2 is committed to long-term value creation and its ability to guide clients through both growth opportunities and periods of financial distress. G2's track record includes over 200 mandates in industrials and manufacturing and more than 150 in technology and business services, underscoring their robust experience.

47. In further consultation with G2 and Monroe, Norwood concluded that it was in the best interests of Norwood and its stakeholders to pursue a sale of the Business pursuant to a sales process run by G2 (the "**Norwood SISP**").

48. Pursuant to an engagement letter dated May 14, 2025 with McCarthy Tetrault LLP ("**McCarthy's**"), McCarthy's, as legal counsel to Norwood, retained KSV Advisory Inc. ("**KSV Advisory**"), an affiliate of KSV Restructuring Inc., for the purpose of acting as financial advisor and assisting McCarthy's in its representation of Norwood, particularly regarding Norwood's strategic options. In this regard, KSV Advisory has been kept apprised by McCarthy's and G2 of the Norwood SISP. KSV Advisory engagement letter includes the following provision: If KSV is appointed as officer of the court in any formal insolvency proceeding involving the Company, this Agreement shall terminate immediately prior to the commencement of such proceedings. In that circumstance, KSV's duties and obligations will be as set out in the court order appointing it, and/or by statute, and KSV would from that date forward be acting as an officer of the court.

49. The Norwood SISP entails canvassing a broad mix of financial and strategic buyers with a goal of maximizing valuation and certainty of closing. The process included recapitalization options, but those options did not materialize as actionable pathways. Refinancing was deemed to not be a viable option given the significant amount of debt, lack of leverageable assets, and continued losses under Norwood's burdensome cost structure.

50. In summary, G2, with the assistance of Norwood's management, identified a comprehensive list of strategic buyers and financial buyers that might be interested in purchasing the Norwood Business ("**Norwood Prospective Purchasers**"). The list of Norwood Prospective Purchasers was created from a combination of G2 known strategic and financial firms that deal in going concern acquisitions and distressed entity acquisitions, recommendations from Monroe from its own business dealings, and recommendations from Norwood management regarding competitors and vendors that might be interested.

51. G2 also developed a teaser that contained a summary of the opportunity to purchase the Norwood Business. The teaser was distributed to Norwood Prospective Purchasers.

52. G2 contacted by phone or email 153 Norwood Prospective Purchasers regarding the opportunity. Of the parties contacted, 32 Norwood Prospective Purchasers executed non-disclosure agreements and were provided copies of a confidential information memorandum ("**Norwood CIM**"). The Norwood CIM contained a detailed description of the Norwood Business and provided an overview of the transaction, Norwood's Business, sales, the industry in which it operates, and relevant historical financial information. 22 Norwood Prospective Purchasers were granted access to the data room.

53. A total of 7 Norwood Potential Purchasers submitted non-binding expressions of interest ("**EOIs**"). Norwood, in consultation with G2 and Monroe, determined that of the 7 EOIs received, 2 Norwood Prospective Purchasers appear capable of transacting on commercial terms acceptable to Norwood within an acceptable period of time. As at the date of this Affidavit, Norwood has invited these two parties to provide a final asset purchase agreement from which Norwood, in consultation with the proposed Monitor, G2, and Monroe will determine whether one or the other final bids represents a proposed path forward. I will provide an update to the Court and stakeholders by way of a further Affidavit to be filed in support of the Comeback Hearing.

VII. NORWOOD IS INSOLVENT

54. As described in this affidavit, due to its deteriorating financial condition, Norwood's liabilities significantly exceed its assets. Norwood also has insufficient cash to meet its obligations as they become due. Among other things, as of July 31, 2025 (the date of Norwood's most recently prepared internal financial statements), Norwood had negative working capital of approximately \$7.0 million, reflecting its illiquidity.

55. Norwood's key assets, including its inventory, intellectual property, and its receivables will realize proceeds in a realization that are but a fraction of the Norwood secured indebtedness.

56. Furthermore, Norwood's intangible assets and goodwill, which as at July 31, 2025 had a book value of \$125.74 million, does not reflect their realizable value in a liquidation or asset sale scenario because such assets are not readily transferable or monetizable in a distressed transaction.

57. If the relief is not granted, Norwood will be unable to meet its obligations as they become due and will need to immediately cease operations for the detriment of their stakeholders.

VIII. CASH FLOW FORECAST

58. With the assistance of the proposed Monitor, Norwood has prepared a cash flow forecast from September 1, 2025 to November 9, 2025 (the “**Cash Flow Forecast**”). I understand that the Cash Flow Forecast will be attached to the Pre-Filing Report of the proposed Monitor.

59. The Cash Flow Forecast demonstrates that if the relief sought under the Initial Order is granted, Norwood will have sufficient liquidity to meet its post-filing ordinary course obligations throughout the Stay of Proceedings.

IX. PROPOSED MONITOR

60. Norwood seeks the appointment of KSV, as the monitor in these proceedings.

61. KSV became involved with Norwood in mid-May 2025, when McCarthy Tétrault LLP engaged it as its financial advisor to assist it in reviewing strategic alternatives.

62. The professionals of KSV who will have carriage of this matter have acquired knowledge of Norwood, its business, its financial circumstances and strategic and restructuring efforts to date. I believe that KSV is capable to assist Norwood with its restructuring efforts in these CCAA proceedings. KSV is a licensed insolvency trustee, well known to this Honourable Court, and has not served as the auditor of Norwood.

X. ADMINISTRATION CHARGE

63. It is contemplated that a Court-ordered Administration Charge over the Property of Norwood will be granted in favour of the proposed Monitor, counsel to the proposed Monitor and counsel to Norwood to secure the payment of their professional fees and disbursements (incurred at their standard rates and charges), whether incurred before or after the date of the Initial Order. The proposed Administration Charge is in the aggregate amount of \$250,000. At the Comeback Hearing, Norwood intends to seek an increase in the Administration Charge to \$500,000. The proposed size of the Administration Charge reflects the illiquidity of Norwood’s business at this time. All of the beneficiaries of the Administration Charge have contributed, and will continue to contribute, to Norwood’s restructuring efforts.

XI. DIRECTOR'S CHARGE

64. The Director and Officers, including the CRO, have expressed their desire for certainty with respect to mitigating potential personal liability if they continue in their current capacities and have indicated that their continued service with Norwood is conditional upon the granting of a charge securing their indemnification by Norwood. The Applicant requires the active and committed involvement of the Director and Officers (including the CRO) in order to carry on its business during the CCAA proceedings and to pursue the completion of a transaction under the SISF, for the benefit of its stakeholders.

65. Norwood is requesting a Court-ordered Director's Charge in the amount of \$364,000 over the Property of Norwood to secure the indemnity of the Director and Officers in respect of obligations and liabilities that they may incur during the initial ten-day period of these CCAA proceedings in their capacities as director and officers. The amount of the Director's Charge has been calculated based on the estimated exposure of the Director and Officers over the initial ten-day period and has been reviewed with KSV.

66. Norwood's sole director, myself as Chief Restructuring Officer, and the senior management members of Norwood (collectively, the "**Director and Officers**") have all been actively involved in the Norwood's efforts to address its challenging circumstances, including through overseeing Norwood's liquidity management efforts, Norwood's review and exploration of strategic options in connection with its liquidity and financial challenges, the development and implementation of the Norwood SISF communications with key stakeholders and the preparation for and commencement of these CCAA proceedings. Based upon my discussions with the Director and Officers, I believe that they have been mindful of their duties with respect to their supervision and guidance of Norwood in advance of these CCAA proceedings.

67. AStar maintains a policy of directors' and officers' liability insurance (the "**D&O Insurance**"), which provides coverage for claims made against the directors and officers in connection with their service to Norwood. The D&O Insurance is currently in effect and is expected to remain in place throughout the proceedings.

68. Notwithstanding the existence of the D&O Insurance, Norwood seeks the granting of the Director's Charge in favour of the director and officers of Norwood, including the CRO, as security for any potential liabilities incurred in their respective capacities during the course of these proceedings. The Director's Charge is intended 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.

XII. COMEBACK HEARING

69. The Comeback Hearing has been scheduled for Friday, September 19, 2025.

XIII. CONCLUSION

70. I make this Affidavit in support of the application for the Initial Order and, to the extent that the Initial Order is granted, the Amended and Restated Initial Order pursuant to the CCAA.

SWORN BEFORE ME remotely by
videoconference on this 9th day of September,
2025 in accordance with O. Reg 431/20,
Administering Oath or Declaration Remotely.
The affiant was located in the City of Fairhope,
County of Baldwin, in the State of Alabama,
and the Commissioner was located in the City
of Toronto in the Province of Ontario.

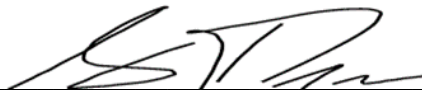


A Commissioner for taking Affidavits
Name: Saneea Tanvir (LSO# 77838T)



Rhett Ross

This is Exhibit "B" referred to in the
Affidavit #2 of **Rhett Ross**
sworn before me on September 16, 2025

A handwritten signature in black ink, appearing to read 'Sanea Tanvir', is written over a horizontal line.

A Commissioner for taking Affidavits (or as may be)
Sanea Tanvir LSO #: 77838T



Royal Bank of Canada General Security Agreement

SRF:
808911754

BRANCH ADDRESS:
5 COLLIER ST
2ND FLR
BARRIE, ON
L4M 1G4

BORROWER:
NORWOOD INDUSTRIES INC.

1. SECURITY INTEREST

a) For value received, the undersigned ("Debtor"), hereby grants to **ROYAL BANK OF CANADA** ("RBC"), a security interest (the "Security Interest") in the undertaking of Debtor and in all of Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Securities and all other Investment Property now owned or hereafter owned or acquired by or on behalf of Debtor (including such as may be returned to or repossessed by Debtor) and in all proceeds and renewals thereof, accretions thereto and substitutions therefore (hereinafter collectively called "Collateral"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of Debtor:

- i) all Inventory of whatever kind and wherever situate;
- ii) all equipment (other than Inventory) of whatever kind and wherever situate, including, without limitation, all machinery, tools, apparatus, plant, furniture, fixtures and vehicles of whatsoever nature or kind;
- iii) all Accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit and advices of credit, which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by Debtor ("Debts");
- iv) all lists, records and files relating to Debtor's customers, clients and patients;
- v) all deeds, documents, writings, papers, books of account and other books relating to or being records of Debts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- vi) all contractual rights and insurance claims;
- vii) all patents, industrial designs, trade-marks, trade secrets and know-how including without limitation environmental technology and biotechnology, confidential information, trade-names, goodwill, copyrights, personality rights, plant breeders' rights, integrated circuit topographies, software and all other forms of intellectual and industrial property, and any registrations and applications for registration of any of the foregoing (collectively "Intellectual Property"); and
- viii) all property described in Schedule "C" or any schedule now or hereafter annexed hereto.

b) The Security Interest granted hereby shall not extend or apply to and Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest, Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

c) The terms "Goods", "Chattel Paper", "Document of Title", "Instrument", "Intangible", "Security", "Investment Property", "proceeds", "Inventory", "accession", "Money", "Account", "financing statement" and "financing change statement" whenever used herein shall be interpreted pursuant to their respective meanings when used in The Personal Property Security Act of the province referred to in Clause 14(s), as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the "P.P.S.A.". Provided always that the term "Goods" when used herein shall not include "consumer goods" of Debtor as that term is defined in the P.P.S.A., the term "Inventory" when used herein shall include livestock and the young thereof after conception and crops that become such within one year of execution of this Security Agreement and the term "Investment Property", if not defined in the P.P.S.A., shall be interpreted according to its meaning in the Personal Property Security Act (Ontario). Any reference herein to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof".

2. INDEBTEDNESS SECURED

The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of Debtor to RBC (including interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the "Indebtedness"). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness

of the Debtor, the Debtor acknowledges and agrees that Debtor shall continue to be liable for any Indebtedness remaining outstanding and RBC shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF DEBTOR

Debtor represents and warrants and so long as this Security Agreement remains in effect shall be deemed to continuously represent and warrant that:

- a) the Collateral is genuine and owned by Debtor free of all security interests, mortgages, liens, claims, charges, licenses, leases, infringements by third parties, encumbrances or other adverse claims or interests (hereinafter collectively called "Encumbrances"), save for the Security Interest and those Encumbrances shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption;
- b) all Intellectual Property applications and registrations are valid and in good standing and Debtor is the owner of the applications and registrations;
- c) each Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by Debtor to RBC from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against Debtor which can be asserted against RBC, whether in any proceeding to enforce Collateral or otherwise;
- d) the locations specified in Schedule "B" as to business operations and records are accurate and complete and with respect to Goods (including Inventory) constituting Collateral, the locations specified in Schedule "B" are accurate and complete save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situated at one of such locations; and
- e) the execution, delivery and performance of the obligations under this Security Agreement and the creation of any security interest in or assignment hereunder of Debtor's rights in the Collateral to RBC will not result in a breach of any agreement to which Debtor is a party.

4. COVENANTS OF THE DEBTOR

So long as this Security Agreement remains in effect Debtor covenants and agrees:

- a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to diligently initiate and prosecute legal action against all infringers of Debtor's rights in Intellectual Property; to take all reasonable action to keep the Collateral free from all Encumbrances, except for the Security Interest, licenses which are compulsory under federal or provincial legislation and those shown on Schedule "A" or hereafter approved in writing by RBC, prior to their creation or assumption, and not to sell, exchange, transfer, assign, lease, license or otherwise dispose of Collateral or any interest therein without the prior written consent of RBC; provided always that, until default, Debtor may, in the ordinary course of Debtor's business, sell or lease Inventory and, subject to Clause 7 hereof, use Money available to Debtor;
- b) to notify RBC promptly of:
 - i) any change in the information contained herein or in the Schedules hereto relating to Debtor, Debtor's business or Collateral,
 - ii) the details of any significant acquisition of Collateral,
 - iii) the details of any claims or litigation affecting Debtor or Collateral,
 - iv) any loss or damage to Collateral,
 - v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral, and
 - vi) the return to or repossession by Debtor of Collateral;
- c) to keep Collateral in good order, condition and repair and not to use Collateral in violation of the provisions of this Security Agreement or any other agreement relating to Collateral or any policy insuring Collateral or any applicable statute, law, by-law, rule, regulation or ordinance; to keep all agreements, registrations and applications relating to Intellectual Property and intellectual property used by Debtor in its business in good standing and to renew all agreements and registrations as may be necessary or desirable to protect Intellectual Property, unless otherwise agreed in writing by RBC; to apply to register all existing and future copyrights, trademarks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so;
- d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters and things (including further schedules hereto) as may be reasonably requested by RBC of or with respect to Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;
- e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of Debtor or Collateral as and when the same become due and payable;

f) to insure collateral in such amounts and against such risks as would customarily be insured by a prudent owner of similar Collateral and in such additional amounts and against such additional risks as RBC may from time to time direct, with loss payable to RBC and Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor and deliver copies of policies and evidence of renewal to RBC on request;

g) to prevent Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not covered by this Security Agreement;

h) to carry on and conduct the business of Debtor in a proper and efficient manner and so as to protect and preserve Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for Debtor's business as well as accurate and complete records concerning Collateral, and mark any and all such records and Collateral at RBC's request so as to indicate the Security Interest;

i) to deliver to RBC from time to time promptly upon request:

- i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral,
- ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to Collateral for the purpose of inspecting, auditing or copying the same,
- iii) all financial statements prepared by or for Debtor regarding Debtor's business,
- iv) all policies and certificates of insurance relating to Collateral, and
- v) such information concerning Collateral, the Debtor and Debtor's business and affairs as RBC may reasonably request.

5. USE AND VERIFICATION OF COLLATERAL

Subject to compliance with Debtor's covenants contained herein and Clause 7 hereof, Debtor may, until default, possess, operate, collect, use and enjoy and deal with Collateral in the ordinary course of Debtor's business in any manner not inconsistent with the provisions hereof; provided always that RBC shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner RBC may consider appropriate and Debtor agrees to furnish all assistance and information and to perform all such acts as RBC may reasonably request in connection therewith and for such purpose to grant to RBC or its agents access to all places where Collateral may be located and to all premises occupied by Debtor.

6. SECURITIES, INVESTMENT PROPERTY

If Collateral at any time includes Securities, Debtor authorizes RBC to transfer the same or any part thereof into its own name or that of its nominee(s) so that RBC or its nominee(s) may appear of record as the sole owner thereof; provided that, until default, RBC shall deliver promptly to Debtor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to Debtor or its order a proxy to vote and take all action with respect to such Securities. After default, Debtor waives all rights to receive any notices or communications received by RBC or its nominee(s) as such registered owner and agrees that no proxy issued by RBC to Debtor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, RBC may, at any time after default, give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

7. COLLECTION OF DEBTS

Before or after default under this Security Agreement, RBC may notify all or any Account Debtors of the Security Interest and may also direct such Account Debtors to make all payments on Collateral to RBC. Debtor acknowledges that any payments on or other proceeds of Collateral received by Debtor from Account Debtors, whether before or after notification of this Security Interest to Account Debtors and whether before or after default under this Security Agreement, shall be received and held by Debtor in trust for RBC and shall be turned over to RBC upon request.

8. INCOME FROM AND INTEREST ON COLLATERAL

a) Until default, Debtor reserves the right to receive any Money constituting income from or interest on Collateral and if RBC receives any such Money prior to default, RBC shall either credit the same against the Indebtedness or pay the same promptly to Debtor.

b) After default, Debtor will not request or receive any Money constituting income from or interest on Collateral and if Debtor receives any such Money without any request by it, Debtor will pay the same promptly to RBC.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

a) Whether or not default has occurred, Debtor authorizes RBC:

- i) to receive any increase in or profits on Collateral (other than Money) and to hold the same as part of Collateral: Money so received shall be treated as income for the purposes of Clause 8 hereof and dealt with accordingly;

- ii) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of Collateral; to surrender such Collateral in exchange therefor and to hold any such payment or distribution as part of Collateral.

b) If Debtor receives any such increase or profits (other than Money) or payments or distributions, Debtor will deliver the same promptly to RBC to be held by RBC as herein provided

10. DISPOSITION OF MONEY

Subject to any applicable requirements of the P.P.S.A., all Money collected or received by RBC pursuant to or in exercise of any right it possesses with respect to Collateral shall be applied on account of Indebtedness in such manner as RBC deems best or, at the option of RBC, may be held unappropriated in a collateral account or released to Debtor, all without prejudice to the liability of Debtor or the rights of RBC hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "default":

- a) the nonpayment when due, whether by acceleration or otherwise, of any principal or interest forming part of Indebtedness or the failure of Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between Debtor and RBC;
- b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to Debtor, if an individual;
- c) the bankruptcy or insolvency of Debtor; the filing against Debtor of a petition in bankruptcy; the making of an assignment for the benefit of creditors by Debtor; the appointment of a receiver or trustee for Debtor or for any assets of Debtor or the institution by or against Debtor of any other type of insolvency proceeding under the Bankruptcy and Insolvency Act or otherwise;
- d) the institution by or against Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Debtor;
- e) if any Encumbrance affecting Collateral becomes enforceable against Collateral;
- f) if Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;
- g) if any execution, sequestration, extent or other process of any court becomes enforceable against Debtor or if distress or analogous process is levied upon the assets of Debtor or any part thereof;
- h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to RBC to extend any credit to or to enter into this or any other agreement with Debtor, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to RBC at or prior to the time of such execution.

12. ACCELERATION

RBC, in its sole discretion, may declare all or any part of Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or if RBC considers itself insecure or that the Collateral is in jeopardy. The provisions of this clause are not intended in any way to affect any rights of RBC with respect to any Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

a) Upon default, RBC may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of RBC or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his/her stead. Any such Receiver shall, so far as concerns responsibility for his/her acts, be deemed the agent of Debtor and not RBC, and RBC shall not be in any way responsible for any misconduct, negligence or non-feasance on the part of any such Receiver, his/her servants, agents or employees. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral, to preserve Collateral or its value, to carry on or concur in carrying on all or any part of the business of Debtor and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including Debtor, enter upon, use and occupy all premises owned or occupied by Debtor wherein Collateral may be situate, maintain Collateral upon such premises, borrow money on a secured or unsecured basis and use Collateral directly in carrying on Debtor's business or as security for loans or advances to enable the Receiver to carry on Debtor's business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by RBC, all Money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to RBC. Every

such Receiver may, in the discretion of RBC, be vested with all or any of the rights and powers of RBC.

b) Upon default, RBC may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of the foregoing sub-clause (a).

c) RBC may take possession of, collect, demand, sue on, enforce, recover and receive Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, RBC may sell, license, lease or otherwise dispose of Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to RBC may seem reasonable.

d) In addition to those rights granted herein and in any other agreement now or hereafter in effect between Debtor and RBC and in addition to any other rights RBC may have at law or in equity, RBC shall have, both before and after default, all rights and remedies of a secured party under the P.P.S.A. Provided always, that RBC shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize, sell, lease, license or otherwise dispose of Collateral or to institute any proceedings for such purposes. Furthermore, RBC shall have no obligation to take any steps to preserve rights against prior parties to any Instrument or Chattel Paper whether Collateral or proceeds and whether or not in RBC's possession and shall not be liable or accountable for failure to do so.

e) Debtor acknowledges that RBC or any Receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and Debtor agrees upon request from RBC or any such Receiver to assemble and deliver possession of Collateral at such place or places as directed.

f) Debtor agrees to be liable for and to pay all costs, charges and expenses reasonably incurred by RBC or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs and other legal expenses and Receiver remuneration), in operating Debtor's accounts, in preparing or enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting Indebtedness and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by RBC or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of Collateral and shall be secured hereby.

g) RBC will give Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the P.P.S.A..

h) Upon default and receiving written demand from RBC, Debtor shall take such further action as may be necessary to evidence and effect an assignment or licensing of Intellectual Property to whomever RBC directs, including to RBC. Debtor appoints any officer or director or branch manager of RBC upon default to be its attorney in accordance with applicable legislation with full power of substitution and to do on Debtor's behalf anything that is required to assign, license or transfer, and to record any assignment, licence or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

14. MISCELLANEOUS

a) Debtor hereby authorizes RBC to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying Collateral or any permitted Encumbrances affecting Collateral or identifying the locations at which Debtor's business is carried on and Collateral and records relating thereto are situate) as RBC may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest and Debtor hereby irrevocably constitutes and appoints the Manager or Acting Manager from time to time of the herein mentioned branch of RBC the true and lawful attorney of Debtor, with full power of substitution, to do any of the foregoing in the name of Debtor whenever and wherever it may be deemed necessary or expedient.

b) Without limiting any other right of RBC, whenever Indebtedness is immediately due and payable or RBC has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), RBC may, in its sole discretion, set off against Indebtedness any and all amounts then owed to Debtor by RBC in any capacity, whether or not due, and RBC shall be deemed to have exercised such right to set off immediately at the time of making its decision to do so even though any charge therefor is made or entered on RBC's records subsequent thereto.

c) Upon Debtor's failure to perform any of its duties hereunder, RBC may, but shall not be obligated to perform any or all of such duties, and Debtor shall pay to RBC, forthwith upon written demand therefor, an amount equal to the expense incurred by RBC in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 15% per annum.

d) RBC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with Debtor, debtors of Debtor, sureties and others and with Collateral and other security as RBC may see fit without prejudice to the liability of Debtor or RBC's right to hold and realize the Security Interest. Furthermore, RBC may demand, collect and sue on Collateral in either Debtor's or RBC's name, at RBC's option, and may endorse Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting Collateral.

e) No delay or omission by RBC in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, RBC may remedy any default by Debtor hereunder or with respect

to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by Debtor. All rights and remedies of RBC granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

f) Debtor waives protest of any Instrument constituting Collateral at any time held by RBC on which Debtor is in any way liable and, subject to Clause 13(g) hereof, notice of any other action taken by RBC.

g) This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, Debtor shall not assert against the assignee any claim or defence which Debtor now has or hereafter may have against RBC. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

h) RBC may provide any financial and other information it has about Debtor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or any one acting on behalf of the Bank.

i) Save for any schedules which may be added hereto pursuant to the provisions hereof, no modification, variation or amendment of any provision of this Security Agreement shall be made except by a written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

j) Subject to the requirements of Clauses 13(g) and 14(k) hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given, in the case of RBC, if delivered to it or sent by prepaid registered mail addressed to it at its address herein set forth or as changed pursuant hereto, and, in the case of Debtor, if delivered to it or if sent by prepaid registered mail addressed to it at its last address known to RBC. Either party may notify the other pursuant hereto of any change in such party's principal address to be used for the purposes hereof.

k) This Security Agreement and the security afforded hereby is in addition to and not in substitution for any other security now or hereafter held by RBC and is intended to be a continuing Security Agreement and shall remain in full force and effect until the Manager or Acting Manager from time to time of the herein mentioned branch of RBC shall actually receive written notice of its discontinuance; and, notwithstanding such notice, shall remain in full force and effect thereafter until all Indebtedness contracted for or created before the receipt of such notice by RBC, and any extensions or renewals thereof (whether made before or after receipt of such notice) together with interest accruing thereon after such notice, shall be paid in full.

l) The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

m) When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

n) In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

o) Nothing herein contained shall in any way obligate RBC to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

p) The Security Interest created hereby is intended to attach when this Security Agreement is signed by Debtor and delivered to RBC.

q) Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Debtor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:

- i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated company, and
- ii) shall secure the "Indebtedness" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to RBC at the time of amalgamation and any "Indebtedness" of the amalgamated company to RBC thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with Debtor, and by the amalgamated company, at the time of the amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

r) In the event that Debtor is a body corporate, it is hereby agreed that The Limitation of Civil Rights Act of the Province of Saskatchewan, or any provision thereof, shall have no application to this Security Agreement or any agreement or instrument renewing or extending or collateral to this Security Agreement. In the event that Debtor is an agricultural corporation within the meaning of The Saskatchewan Farm Security Act, Debtor agrees with RBC that all of Part IV (other than Section 46) of that Act shall not apply to Debtor.

s) This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the

laws of the province in which the herein branch of RBC is located, as those laws may from time to time be in effect, except if such branch of RBC is located in Quebec then, this Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

15. COPY OF AGREEMENT

- a) Debtor hereby acknowledges receipt of a copy of this Security Agreement.
- b) Debtor waives Debtor's right to receive a copy of any financing statement or financing change statement registered by RBC or of any verification statement with respect to any financing statement or financing change statement registered by RBC. (Applies in all P.P.S.A. Provinces).

16. Debtor represents and warrants that the following information is accurate:

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR NORWOOD INDUSTRIES INC.			
ADDRESS OF BUSINESS DEBTOR 2267 15/16 SIDEROAD EAST	CITY ORO-MEDONTE	PROVINCE ON	POSTAL CODE L0L 1T0

IN WITNESS WHEREOF executed this 7 day of OCT, 2022

~~NORWOOD INDUSTRIES INC.~~




Seal

Seal

SCHEDULE "A"

(ENCUMBRANCES AFFECTING COLLATERAL)

SCHEDULE "B"

1. Locations of Debtor's Business Operations

2267 15/16 SIDEROAD EAST

ORO-MEDONTE

ON

CA

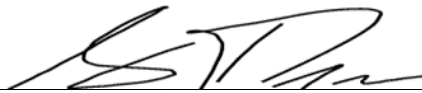
L0L 1T0

2. Locations of Records relating to Collateral (if different from 1. above)

3. Locations of Collateral (if different from 1. above)

SCHEDULE "C"
(DESCRIPTION OF PROPERTY)

This is Exhibit "C" referred to in the
Affidavit #2 of **Rhett Ross**
sworn before me on September 16, 2025

A handwritten signature in black ink, appearing to read 'Sanea Tanvir', is written over a horizontal line.

A Commissioner for taking Affidavits (or as may be)
Sanea Tanvir LSO #: 77838T



GLOBAL LEADER IN
SAWMILL INNOVATION

September 16, 2025

PRIVATE & CONFIDENTIAL

[Bidder]

Re: Final Bidding Process – Norwood Industries Inc.

Norwood Industries Inc. ("**Norwood**") obtained an Initial Order under the *Companies' Creditors Arrangement Act* from the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on September 12, 2025. Pursuant to the Initial Order, KSV Restructuring Inc. was appointed as Monitor (the "**Monitor**"). A copy of the Initial Order may be accessed at <https://www.ksvadvisory.com/experience/case/norwoodindustries>.

You have previously expressed a non-binding interest to acquire certain of Norwood's assets, property and undertaking and/or submitted an unexecuted offer for Norwood's property, assets and undertaking. Norwood, in consultation with the Monitor, G2 Capital Advisors LLC ("**G2**" Norwood's financial advisor and investment banker), and Monroe Capital¹, has determined to conduct a final round of bidding among a limited number of parties who have similarly expressed interest in acquiring Norwood's property, assets and undertaking. This process is intended to provide each bidder the opportunity to submit a final, binding offer, conditional only upon Court approval. Norwood intends to advise the Court of these procedures at a motion scheduled to be heard by the Court on September 19, 2025.

Final Bid Submission Instructions

If you wish to participate in the final round of bidding, in addition to complying with the Bid Process Terms set out below, please submit:

1. A final, executed binding offer using the attached template form of offer (the "**Template APA**"); and
2. A redline of your offer against the template form of offer.

All offers must be submitted by email to the undersigned and to the Monitor no later than 4:00 p.m. (Eastern Daylight Time) on September 22, 2025 using the contact information as follows:

Norwood Industries Inc.

Rhett Ross (rross@norwoodindustries.com)

CANADA: Norwood Industries Inc.
2267 15/16 Side Road East
Oro-Medonte, ON L0L 1T0

U.S.A.: Norwood Sawmills U.S.A. Inc.
730 Young Street, Suite 900
Tonawanda, NY 14150

Tel: 705.325.0030
Fax: 705.325.0444
NorwoodSawmills.com



¹ Monroe Capital Management Advisors LLC ("Monroe Capital") is agent for and behalf of a syndicate of Norwood's senior secured lenders. Monroe Capital has provided confirmation to Norwood and the Monitor that it is not a bidder and will not submit a bid in this final bid process.

KSV Restructuring Inc., in its capacity as the Court-appointed Monitor of Norwood Industries Inc.
Bobby Kofman (bkofman@ksvadvisory.com) and **Dean Perlman** (dperlman@ksvadvisory.com)

G2 Capital Advisors, LLC, in its capacity as Norwood's investment banker
Glenn Bernabeo (gbernabeo@g2cap.com) and **Will Luetmer** (wluetmer@g2cap.com)

Bid Process Terms

- All offers must be binding, unconditional (save being conditional upon Court approval together with the conditions expressly set out in the template form of offer) and irrevocable until the earlier of: (i) Court approval of a successful bid, or (ii) written notice from Norwood that your bid will not be pursued.
- The covenants, terms, and conditions contained in the non-disclosure agreements dated prior to September 12, 2025 between **[the Bidder]** and Norwood remain in full force and effect and continue to govern all communications, disclosures, and information exchanged throughout this final bidding process.
- As part of your final bid submission, you are also required to provide satisfactory evidence of your financial capacity to complete the proposed transaction. Acceptable proof of funds may include a letter from a recognized financial institution confirming the availability of sufficient funds to cover the purchase price, or other documentation deemed satisfactory by Norwood and G2, in consultation with the Monitor. This documentation must be submitted concurrently with your binding offer in order for your bid to be considered.
- All questions concerning this letter or the information provided in the CIM, data room, management presentation, or otherwise should be addressed to G2 personnel only. Under no circumstances should you, your affiliates or any of your representatives contact Norwood or any of its affiliates, shareholders, directors, officers, management, employees, agents, customers, distributors, suppliers or lenders without the express written consent of G2.
- Prior to the final bid deadline, you are invited to complete any reasonable remaining due diligence, subject at all times to the discretion of G2, Norwood and the Monitor.
- As set out in the attached template form of offer, each bidder is required to pay a deposit equal to 10% of the proposed purchase price upon acceptance of their offer. This deposit provision is mandatory and may not be varied or waived. The deposit will be held by the Monitor in an interest bearing trust account.
- In addition, each bid submission must be accompanied by a letter signed by an authorized officer of the bidder, certifying that the offer has been prepared independently and that there has been no collusion, arrangement, or communication with any other bidder or their representatives regarding the content, terms, or submission of the bid. Any evidence of collusion may result in the immediate disqualification of the bid at the sole discretion of Norwood and the Monitor.
- Norwood, G2, and the Monitor, in consultation with Monroe, will review all offers received and will determine whether to accept any of the offers. Norwood, in consultation with the Monitor, reserves the right to reject any and all offers, including the highest offer.
- Norwood, in consultation with the Monitor, shall be entitled to take such additional steps as necessary to maximize the value of any proposed transaction, including asking bidders to participate in further rounds of bidding to be administered by G2, under the oversight of the Monitor. Bidders are encouraged to submit their best and highest offer as there is no certainty that there will be further rounds of bidding.
- Any accepted offer will be submitted to the Court for approval promptly, with closing to occur immediately following Court approval, [as more specifically set out in the Template APA]. The cover letter submitted with your final bid must expressly confirm your agreement and ability to the required closing timeline. This confirmation is a mandatory component of all final offers and must be clearly stated in the signed letter by an authorized officer of the bidder.

Thank you for your continued interest in Norwood.

Yours very truly,

Rhett Ross
Chief Restructuring Officer

Encl.

ASSET PURCHASE AGREEMENT

This Agreement dated September [●], 2025 is made,

B E T W E E N:

NORWOOD INDUSTRIES INC.

(hereinafter referred to as the “**Vendor**”)

-and-

[●], a corporation incorporated under the laws of [●]

(hereinafter referred to as the “**Purchaser**”)

RECITALS

WHEREAS the Vendor is subject to an Amended and Restated Initial Order dated September 19, 2025 issued by the Supreme Court of Ontario (Commercial List) which, among other things, granted protection to the Vendor under the *Companies’ Creditors Arrangement Act*, as amended (the “**CCAA Proceeding**”);

AND WHEREAS the Purchaser wishes to purchase certain assets and property of the Vendor in accordance with the terms of this Agreement;

NOW THEREFORE, in consideration of the promises and mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereto agree as follows:

ARTICLE 1 **INTERPRETATION**

1.1 **Definitions.**

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

(1) “**Acquired Contracts**” means the Contracts listed in Schedule 1.1(1); provided that the Purchaser may remove a Contract from such Schedule by giving notice to the Vendor and the Monitor at least one Business Day prior to the Closing Date.

(2) “**Acquired Personal Property Leases**” means the Personal Property Leases listed in Schedule 1.1(2).

(3) “**Agreement**” means this Agreement, including the Schedules to this Agreement, as it or they may be amended or supplemented from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.

(4) “**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of the Law (or any part) by any Person having jurisdiction over it, or charged with its administration or interpretation.

(5) “**Assignment Order**” means an order of the Court, in form and substance satisfactory to the Purchaser, acting reasonably, assigning to the Purchaser the rights and obligations of the Vendor under the Acquired Contracts and/or Acquired Personal Property Leases for which a consent, approval or waiver necessary for the assignment of such Acquired Contracts and/or Acquired Personal Property Leases has not been obtained, and which will include, if necessary, a mechanism for the resolution of any disputed Cure Costs.

(6) “**Assumed Liabilities**” means only the Liabilities incurred under or in respect of:

- (i) the Acquired Contracts listed in Schedule 1.1(1), including, without limitation, any and all Cure Costs, but excluding any other, non-Cure Cost Liabilities accrued prior to the Closing Time;
- (ii) the Acquired Personal Property Leases listed in Schedule 1.1(2), including, without limitation, any and all Cure Costs, but excluding any other, non-Cure Cost Liabilities accrued prior to the Closing Time;
- (iii) the Customer Deposits; and
- (iv) the Transferred Employees, including all liabilities assumed by the Purchaser under Section 5.5.

(7) “**Books and Records**” means all books, records, files and papers, including computer programs (including source and object code), software programs, manuals and data, sales and advertising materials, lists of present and former customers and suppliers, personnel, employment and other records related to Transferred Employees, and all copies and recordings of the foregoing, but only to the extent that any of the above are essential for the acquisition of the Purchased Assets, and if so, only if copies thereof are not sufficient for the Purchaser’s purposes.

(8) “**Business**” means the business operated by the Vendor and/or any affiliate(s) of the Vendor under the “Norwood Sawmills” and “Frontier Sawmills” brands as of the date of this Agreement.

(9) “**Business Day**” means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Toronto.

(10) “**Canadian Dollars**” means the lawful currency of Canada.

(11) “**CCAA Proceedings**” has the meaning given in the recitals above.

(12) “**Closing**” means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement.

(13) “**Closing Date**” has the meaning given in Section 3.2(1).

(14) “**Closing Extension Period**” has the meaning given in Section 3.2(2).

- (15) “**Closing Time**” has the meaning given in Section 3.1
- (16) “**Contracts**” means all rights and interests of the Vendor to and in all executory contracts, agreements and arrangements whether or not signed to which either of them is a party and/or by which any of the Purchased Assets is bound.
- (17) “**Court**” means the Ontario Superior Court of Justice (Commercial List).
- (18) “**Cure Costs**” means the amount of all monetary defaults, if any, existing in respect of any Acquired Contracts and/or Acquired Personal Property Lease that are required to be paid in order to obtain the consent necessary to permit the assignment of an Acquired Contract and/or an Acquired Personal Property Lease.
- (19) “**Customer Deposits**” means all deposits and other prepayments made by customers of the Vendor, including any deposits assumed by the Vendor from an affiliate prior to Closing.
- (20) “**Deposit**” has the meaning given in Section 2.3.
- (21) “**Employee**” means an individual who is employed in the Business on the date immediately prior to the Closing.
- (22) “**Excluded Assets**” means only the following assets, property, or undertaking of the Vendor:
- (a) all goods, machinery and equipment subject to true operating leases;
 - (b) the right to receive insurance recoveries under any insurance policies in existence on the date hereof in respect only of any claims with respect to Excluded Assets;
 - (c) cash, bank balances, moneys in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of the Vendor;
 - (d) amounts owing from and claims against related parties;
 - (e) any tax rebates or refunds due to the Vendor;
 - (f) the assets listed in Schedule 1.1(20); and
 - (g) any other assets that the Purchaser elects to exclude in writing prior to Closing in accordance with the terms of this Agreement.
- (23) “**Governmental Entity**” means any federal, provincial, or municipal court, board, tribunal, arbitrator or arbitral panel, administrative agency or commission or other governmental or regulatory agency, ministry, department or authority.
- (24) “**Holdover Costs**” has the meaning given in Section 6.3(1)(a).
- (25) “**HST**” means the harmonized sales tax imposed under the *Excise Tax Act* (Canada).
- (26) “**Intellectual Property**” means any or all of the following items, wherever located: all patents and patent rights, including, without limitation, those listed on Schedule 1.1(23), trademarks

and trademark rights, including, without limitation, those listed on Schedule 1.1(23), trademarks trade names and trade name rights, including without limitation the names “Norwood Sawmills” and “Frontier Sawmills”, service marks and service mark rights, service names and service name rights, copyrights and copyright rights, brand names, trade dress, business and product names, domain names, including, without limitation, “norwoodsawmills.com” and “frontiersawmills.com”, corporate names, logos, slogans, trade secrets, inventions, processes, formulae, industrial models, designs, specifications, data, technology, methodologies, computer programs (including all source code), confidential and proprietary information, whether or not subject to statutory registration, all related technical information, manufacturing, engineering and technical drawings, know how, all pending applications for and registrations of patents, trademarks, service marks and copyrights, including all obligations of third parties relating to the protection of the foregoing, the goodwill associated with the foregoing, and the right to sue for past payment, if any, in connection with any of the foregoing, and all documents, disks and other media on which any of the foregoing is stored.

(27) **“Inventories”** means all inventories of stock-in-trade and merchandise including materials, supplies, work-in-progress and purchased finished goods (including those in possession of suppliers, customers and other third parties), in each case owned by the Vendor at the Closing Time.

(28) **“Law”** means common law, order, judgment, decree, law, statute, rule, or regulation of any Governmental Entity.

(29) **“Liabilities”** means all costs, expenses, charges, debts, liabilities, claims, demands and obligations, whether primary or secondary, direct or indirect, fixed, contingent, absolute or otherwise, under or in respect of any contract, agreement, arrangement, lease, commitment or undertaking, Applicable Law and Taxes.

(30) **“Lien”** means any lien, mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property.

(31) **“Monitor”** means KSV Restructuring Inc., in its capacity as court-appointed monitor in the CCAA Proceeding.

(32) **“Monitor’s Certificate”** means the certificate delivered to the Purchaser, and filed with the Court, by the Monitor certifying that the Monitor has received written confirmation in form and substance satisfactory to the Monitor, in its sole discretion, from each of the Vendor and the Purchaser that all conditions to Closing have been satisfied or waived by the applicable Parties and the transactions contemplated by this Agreement have been completed;

(33) **“Monitor’s Counsel”** means Norton Rose Fulbright Canada LLP;

(34) **“Outside Date”** means [●] or such later date as the parties may agree in writing.

(35) **“Party”** means a party to this Agreement and any reference to a Party includes its successors and permitted assigns; **“Parties”** means every Party.

(36) **“Person”** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political

subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.

(37) “**Personal Property**” means all machinery, equipment, furniture, computer hardware and other chattels (including those in possession of third parties) owned by the Vendor at the Closing Time.

(38) “**Personal Property Leases**” means chattel leases, equipment leases, rental agreements and conditional sales contracts.

(39) “**Premises**” has the meaning given in Section 6.3.

(40) “**Purchased Assets**” means all of the Vendor’s right, title and interest in and to the following assets, but excluding the Excluded Assets:

- (a) the Acquired Contracts;
- (b) the Acquired Personal Property Leases;
- (c) the Books and Records;
- (d) the Intellectual Property;
- (e) the Inventories;
- (f) the Personal Property; and
- (g) the Receivables.

(41) “**Purchase Price**” has the meaning given in Section 2.2.

(42) “**Purchaser**” has the meaning given in the recitals above.

(43) “**Receivables**” means all accounts receivable, bills receivable, trade accounts, book debts and other amounts owed to the Vendor, including recoverable deposits, in each case owned by the Vendor at the Closing Time.

(44) “**Representatives**” has the meaning given in Section 6.3.

(45) “**Rights**” has the meaning given in Section 3.5.

(46) “**Taxes**” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any governmental authority (including federal, state, provincial, municipal and foreign governmental authorities), and whether disputed or not.

(47) “**Transaction**” means the transaction of purchase and sale contemplated by this Agreement.

(48) “**Transferred Employees**” means Employees who have accepted an offer of employment from the Purchaser as of the Closing.

(49) “**Vendor**” has the meaning given in the recitals above.

(50) “**Vendor’s Counsel**” means McCarthy Tétrault LLP.

(51) “**Vesting Order**” means an order made by the Court, among other things, (i) vesting in the Purchaser all the right, title and interest of the Vendor in the Purchased Assets free and clear of all Liens, (ii) authorizing and directing the filing of articles of amendment to change the Vendors’ name to remove “Norwood Industries” therefrom and (iii) amending the title of the CCAA Proceedings accordingly, effective upon filing of the Monitor’s certificate contemplated thereby.

1.2 **Headings and Table of Contents.**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 **No Strict Construction.**

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 **Number and Gender.**

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.

1.5 **Business Days.**

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day.

1.6 **Currency and Payment Obligations.**

Except as otherwise expressly provided in this Agreement:

- (a) all dollar amounts referred to in this Agreement are stated in Canadian Dollars; and
- (b) any payment contemplated by this Agreement shall be made by cash, certified cheque or any other method that provides immediately available funds.

1.7 **Statute References.**

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

1.8 **Section and Schedule References.**

Unless the context requires otherwise, references in this Agreement to Sections or Schedules are to Sections or Schedules of this Agreement. The Schedules to this Agreement, listed as follows, are an integral part of this Agreement:

Schedule 1.1(1)	Acquired Contracts
Schedule 1.1(2)	Acquired Personal Property Leases
Schedule 1.1(20)	Excluded Assets
Schedule 1.1(23)	Intellectual Property
Schedule 2.5	Allocation of Purchase Price

ARTICLE 2 **PURCHASE OF ASSETS**

2.1 **Agreement to Purchase and Sell.**

Subject to the terms and conditions of this Agreement, the Vendor shall sell and the Purchaser shall purchase the Purchased Assets.

2.2 **Amount of Purchase Price.**

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets (the “**Purchase Price**”) shall be ● Dollars (\$●) and allocated among the Purchased Assets as set out in Schedule 2.5.

2.3 **Deposit.**

Concurrently with the execution of this Agreement, the Purchaser shall pay to the Monitor, by way of wire transfer to the Monitor’s Counsel, the sum of \$●¹ as a deposit (the “**Deposit**”). The Monitor’s Counsel will hold the Deposit in a non interest-bearing account of a Canadian chartered bank or trust company, in trust, to be disbursed in accordance with the following provisions:

- (1) if the purchase and sale of the Purchased Assets is completed in accordance with the terms of this Agreement, then the Deposit shall be released from trust and applied towards payment of the Purchase Price;
- (2) if the purchase and sale of the Purchased Assets is not completed in accordance with the terms of this Agreement, then the deposit shall be dealt with in accordance with the provisions of Article 4.

2.4 **Payment of Purchase Price.**

The Purchase Price shall be paid and satisfied by the Purchaser at the Closing as follows:

- (1) the Deposit shall be paid by the Monitor to the Vendor and credited against the Purchase Price in accordance with Section 2.3(1); and

¹ 10% of Purchase Price.

- (2) the balance shall be paid to the Vendor by way of wire transfer, or as the Vendor may direct in writing.

2.5 **Allocation of Purchase Price.**

The Purchase Price shall be allocated among the Purchased Assets in the manner agreed to by the Purchaser and Vendor prior to Closing (acting reasonably) and as set out in Schedule 2.5. The Parties shall file their respective income tax returns prepared in accordance with such allocations.

2.6 **HST Election.**

At the Closing, the Vendor and the Purchaser shall execute jointly an election under Section 167 of the *Excise Tax Act* (Canada) to have the sale of the Purchased Assets take place on a HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the reporting period in which the sale of the Purchased Assets takes place.

2.7 **Section 22 Election.**

The Purchaser and the Vendor shall execute jointly an election in prescribed form under Section 22 of the *Income Tax Act* (Canada) in respect of the Receivables and shall each file such election with their respective tax returns for their respective taxation years that include the Closing Date.

2.8 **Acquired Contracts and Acquired Personal Property Leases**

The Purchaser, with the Vendor's and Monitor's consent, will request any consents necessary, if any, to permit the assignment to the Purchaser of the Acquired Contracts and Acquired Personal Property Leases. The Vendor and the Monitor will provide its reasonable cooperation to assist the Purchaser to obtain such consents, including, at the expense of the Purchaser, by obtaining an Assignment Order and by providing financial and other information of the Vendor requested by the Purchaser or party to such Acquired Contract and/or Acquired Personal Property Lease.

The Purchaser will be responsible for all Cure Costs in respect of any Acquired Contract and Acquired Personal Property Lease.

2.9 **Excluded Liabilities.**

Other than the Assumed Liabilities, the Purchaser shall not assume and shall not be liable for any debts, liabilities or other obligations of the Vendor.

2.10 **Excluded Assets.**

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, at its option, exclude any of the Purchased Assets from the Transaction, upon written notice to the Vendor and the Monitor no later than five (5) Business Days prior to the Closing Date, whereupon such Purchased Assets shall be Excluded Assets, provided, however, that there shall be no adjustment in the Purchase Price.

2.11 **Purchase Price Adjustment.**

Notwithstanding any other provision of this Agreement, the Purchase Price is absolute and final. There shall be no adjustments whatsoever to the Purchase Price, including, without limitation, any adjustments on account of working capital, allowances for doubtful accounts, inventory, or any similar items. The Purchaser acknowledges and agrees that the Purchase Price has been negotiated in consideration of all such matters, and waives any right to claim an adjustment of the Purchase Price for any reason.

2.12 **Preservation of Purchased Assets in the Ordinary Course.**

Prior to the Closing, the Vendor will not dispose of any assets of the type and nature described under the definition of “Purchased Assets”, except in the ordinary course of Business.

ARTICLE 3 CLOSING ARRANGEMENTS

3.1 **Closing.**

The Closing shall take place at 10:00 a.m. on the Closing Date at the offices of the Vendor’s Counsel, or at such other time on the Closing Date or such other place as may be agreed orally or in writing by the Vendor and the Purchaser, with the consent of the Monitor (the “**Closing Time**”).

3.2 **Closing Date.**

- (1) The Transaction shall be completed by the Parties five (5) Business Days following the date on which the Vesting Order shall have been obtained, or such other date as may be agreed between the parties hereto in writing, with the consent of the Monitor (the “**Closing Date**”). If, prior to the Closing, the Vesting Order shall have been appealed or a proceeding shall have been commenced to restrain or prevent the completion of the Transaction, then the Closing Date may be extended by the Vendor, in which case the Closing Date shall mean the day that is ten (10) Business Days after the date on which any such appeals and/or proceedings are dismissed.
- (2) Notwithstanding the foregoing, the Purchaser may elect, not later than two (2) Business Days following the date on which the Vesting Order is obtained, upon notice to the Vendor and the Monitor, to delay the Closing Date by a period of up to ten (10) Business Days (the “**Closing Extension Period**”) in which case the Purchaser shall be responsible for all costs and expenses of the Vendor and the Monitor during the Closing Extension Period, and shall as a condition to such delay being effective, pay to the Monitor, by way of wire transfer to the Monitor’s Counsel, the sum of \$[●] per calendar day during the Closing Extension Period.

3.3 **Vendor’s Closing Deliveries.**

At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following documents:

- (1) the elections referred to in Sections 2.6 and 2.7;
- (2) a certificate, dated as of the Closing Date addressed to the Purchaser and the Monitor, confirming that (i) all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date, and (ii) that each of the conditions precedent in Section 4.3 of this Agreement have been fulfilled, performed or waived as of the Closing Date;

- (3) the Vesting Order(s) and the vesting certificate relating thereto;
- (4) all deeds of conveyance, bills of sale, assurances, transfers, assignments, consents, and such other agreements, documents and instruments as may be reasonably requested by the Purchaser to complete the Transaction, including an assignment to the Vendor of assets owned by any affiliate of the Vendor that would be included in the definition of “Purchased Assets” if owned by the Vendor; and
- (5) executed articles of amendment to change the name of the Vendor as authorized and directed by the Vesting Order.

3.4 **Purchaser’s Closing Deliveries.**

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following documents and payments:

- (1) the payment referred to in Section 2.4(2);
- (2) the elections referred to in Sections 2.6 and 2.7;
- (3) a certificate, dated as of the Closing Date addressed to the Vendor and the Monitor, confirming that (i) all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 4.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (4) all such other agreements, documents and instruments as may be reasonably requested by the Vendor to complete the Transaction.

3.5 **Non-Transferable and Non-Assignable Purchased Assets.**

To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the “Rights”), is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such third Person is obtained, then, except as expressly otherwise provided in this Agreement and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an agreement to transfer such Rights unless and until such approval, consent or waiver has been obtained. After the Closing and for a period of ten (10) days following the Closing, or such later date as the Parties may agree, the Vendor shall:

- (a) hold the Rights in trust for the Purchaser;
- (b) comply with the terms and provisions of the Rights as agent for the Purchaser at the Purchaser’s cost and for the Purchaser’s benefit;
- (c) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and

- (d) enforce, at the reasonable request of the Purchaser and at the expense and for the account of the Purchaser, any rights of the Vendor arising from such Rights against any third Person, including the right to elect to terminate any such rights in accordance with the terms of such rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Vendor shall, at the request and expense and under the direction of the Purchaser, in the name of the Vendor or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the reasonable opinion of the Purchaser, necessary or proper in order that the obligations of the Vendor under such Rights may be performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Vendor shall promptly pay to the Purchaser all moneys collected by or paid to the Vendor in respect of every such Right. To the extent that such approval, consent or waiver has not been obtained by the tenth (10th) day following the Closing, or such later date as the Parties may agree, such Right shall be deemed to be an Excluded Purchased Asset and the Vendor may terminate any agreement pertaining to such Right. The Purchaser shall indemnify and hold the Vendor harmless from and against any claim or liability under or in respect of such Rights arising because of any action of the Vendor taken in accordance with this Section.

3.6 **Risk.**

The Purchased Assets are and shall remain at the Vendor's risk until Closing, and the Vendor shall hold all insurance policies and the proceeds thereunder, in trust, for the Parties as their respective interests may appear pending Closing. From and after Closing, the Purchased Assets shall be at the risk of the Purchaser. In the event that any or all the Purchased Assets shall be materially damaged prior to Closing, then the Vendor shall advise the Purchaser, in writing, within two (2) Business Days of the Vendor learning of same. If the cost of rectifying such damage exceeds [●] Dollars (\$[●]), as determined by a third-party expert appointed by the Vendor, then the Vendor shall be entitled, in its sole and absolute discretion, to elect to terminate this Agreement by notice, in writing, to the Purchaser and in such event the Parties hereto shall be released from all obligations and liabilities hereunder. If the Vendor shall not elect to terminate this Agreement as set out above, or if the cost of rectifying such damage does not exceed [●] Dollars (\$[●]), then the Transaction shall be completed.

ARTICLE 4 **CLOSING**

4.1 **Purchaser's Conditions.**

The Purchaser shall not be obliged to complete the purchase and sale of the Purchased Assets pursuant to this Agreement unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing by the Purchaser at any time; and the Vendor agrees with the Purchaser to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (1) *Representations and Warranties.* The representations and warranties of the Vendor in Section 5.2 shall be true and correct at the Closing.
- (2) *Vendor's Compliance.* The Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before Closing

and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 3.3 or elsewhere in this Agreement.

- (3) *No Litigation.* There shall be no litigation or proceedings pending against any of the Parties hereto, or involving the Business or any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper.
- (4) *Vesting Order(s).* The Vesting Order shall have been obtained and shall not have been stayed, varied or set aside.

4.2 **Condition not Fulfilled.**

If any condition in Section 4.1 has not been fulfilled at or before the Closing Time, or if a condition in Section 4.1 becomes impossible to satisfy prior to the Outside Date (in each case other than through the failure of the Purchaser to comply with its obligations under this Agreement), then the Purchaser in its sole discretion may either:

- (1) terminate this Agreement by notice to the Vendor, in which event the Purchaser shall be released from its obligations under this Agreement and the Deposit and all accrued interest shall be promptly returned to the Purchaser; or
- (2) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfillment of any other condition.

4.3 **Vendor's Conditions.**

The Vendor shall not be obliged to complete the Transaction unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Vendor, and may be waived, in whole or in part, in writing by the Vendor at any time; and the Purchaser agrees with the Vendor to take all such actions, steps and proceedings within the Purchaser's reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (1) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed by or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing Time all the documents contemplated in Section 3.4 or elsewhere in this Agreement.
- (2) *Vesting Order.* The Vesting Order shall have been obtained and shall not have been stayed, varied or set aside.
- (3) *No Litigation.* There shall be no litigation or proceedings pending against any of the Parties hereto, or involving the Business or any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper.

4.4 **Condition not Fulfilled.**

If any condition in Section 4.3 shall not have been fulfilled at or before the Closing Time, or if a condition in Section 4.3 becomes impossible to satisfy prior to the Outside Date (in each case other than through the failure of the Vendor to comply with its obligations under this Agreement), then the Vendor in its sole discretion may, without limiting any rights or remedies available to the Vendor at law or in equity, either:

- (1) terminate this Agreement by notice to the Purchaser in which event the Vendor shall be released from all obligations under this Agreement and, if the condition that was not fulfilled was contained in Section 4.1, the Deposit and all accrued interest shall be promptly returned to the Purchaser and the Purchaser shall be released from all obligations under this Agreement; or
- (2) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfillment of any other condition.

4.5 **Purchaser Breach.**

In the event of a breach by the Purchaser of any of its obligations under this Agreement, the Vendor shall be entitled to retain the Deposit as liquidated damages and not as a penalty. The Parties agree that the Deposit represents a genuine pre-estimate of the damages that would be suffered by the Vendor in the event of such breach by the Purchaser, the actual amount of which would be difficult to ascertain, and that this provision is intended to provide certainty and avoid the necessity of proof of actual loss or damage. The retention of the Deposit shall be without prejudice to any other rights or remedies available to the Vendor at law or in equity.

4.6 **Monitor.**

When all conditions to Closing set out in this Article 4 have been satisfied and/or waived by the Vendor or the Purchaser, as applicable, the Vendor and the Purchaser, or their respective counsel, shall each deliver to the Monitor written confirmation, in form and substance satisfactory to the Monitor, that all conditions to Closing have been satisfied or waived, subject to the Monitor's delivery of the Monitor's Certificate to the Purchaser in accordance with the Vesting Order. Upon receipt of such written confirmation, the Monitor shall: (i) issue forthwith its Monitor's Certificate in accordance with the Vesting Order; and (ii) file as soon as practicable a copy of the Monitor's Certificate with the Court (and shall provide a true copy of such filed certificate to each of the Vendor and the Purchaser). The Parties hereby acknowledge and agree that the Monitor will be entitled to file the Monitor's Certificate with the Court without independent investigation upon receiving written confirmation from the Vendor and the Purchaser that all conditions to Closing have been satisfied or waived, and the Monitor will have no liability whatsoever to any of the Vendor or Purchaser or any other Person as a result of filing the Monitor's Certificate.

ARTICLE 5 **REPRESENTATIONS AND WARRANTIES**

5.1 **Representations and Warranties of the Purchaser.**

As a material inducement to the Vendor's entering into this Agreement and completing the Transaction and acknowledging that the Vendor is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.1, the Purchaser represents and warrants to the Vendor as follows:

- (1) *Incorporation and Power.* The Purchaser is a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws.
- (2) *Due Authorization.* The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the Transaction and such other agreements and instruments have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (3) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought.
- (4) *Financial Ability.* The Purchaser has the financial ability through its own resources or through financing that has been arranged with a recognized financial lending institution, to close the Transaction and pay the balance of the Purchase Price on the Closing Date. The Purchaser confirms that it shall deliver to the Vendor, upon request, evidence of such financial ability by way of a copy of a binding commitment letter or letter from its banking institution confirming the foregoing, or such other evidence as the Vendor may deem appropriate.
- (5) *HST/GST.* The Purchaser or its assignee pursuant to 7.12 will be a “registrant” under Part IX of the *Excise Tax Act* (Canada) at the Closing Time and will notify the Vendor of its registration number prior to such time.

5.2 **Representations and Warranties of the Vendor.**

As a material inducement to the Purchaser’s entering into this Agreement and completing the Transaction and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendor set out in this Section 5.2, the Vendor represents and warrants to the Purchaser as follows:

- (1) *Non-Residency:* The Vendor is not now and does not intend to become, prior to Closing, a non-resident of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada).
- (2) *Authority to Sell:* Subject to obtaining the Vesting Order prior to Closing, on Closing the Vendor shall have the power and authority to sell the Purchased Assets, in accordance with the terms and conditions of this Agreement and the Vesting Order.

5.3 **Survival of Representations and Warranties.**

The representations and warranties of the Purchaser and Vendor contained in Sections 5.1 and 5.2, respectively, or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the termination of this Agreement and the completion of the Transaction.

5.4 **“As is, Where is”.**

The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an “as is, where is” and “without recourse” basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. Without limiting the generality of the foregoing, the description of the Purchased Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions. The Purchaser further acknowledges that all written and oral information (including, without limitation, analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor with respect to the Purchased Assets or otherwise relating to the Transaction has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The Purchaser further acknowledges that the Vendor shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser’s responsibility to take possession of the Purchased Assets.

5.5 **Employees.**

- (1) The Purchaser may offer employment, as of the Closing Time, to those Employees it so wishes to employ on terms and conditions of employment which are substantially similar to the current terms provided, and the Purchaser will recognize any such Employees’ prior service with the Vendor. For greater certainty, the Purchaser shall not be obligated to offer employment to any Employee. The Purchaser shall provide the Vendor with the names of Employees who will not be offered employment or who have not accepted an offer of employment by no later than three (3) Business Days after the date on which the Vesting Order is obtained..
- (2) The Purchaser will assume and be responsible for and will discharge all obligations and liabilities for wages, severance pay, termination pay, notice of termination of employment or pay in lieu of such notice, damages for wrongful dismissal or other employee benefits or Claims, including vacation pay, in each case accruing after the Closing, for the Transferred Employees.
- (3) The Purchaser will assume and be responsible for and will discharge all obligations and liabilities accrued prior to the Closing in respect of the Transferred Employees, including accrued vacation pay and benefits entitlements.

ARTICLE 6 **POST-CLOSING MATTERS**

6.1 **Name Change.**

No later than one Business Day after the Closing Date, the Vendor will file the executed articles of amendment changing its name as authorized and directed by the Vesting Order and provide the Purchaser with evidence of such filing as soon as available.

6.2 Access.

The Purchaser shall provide the Vendor or any subsequently appointed Trustee in Bankruptcy of the Vendor (the “**Trustee**”), with access to the Books and Records for a period of six (6) years after Closing, and, at the request of the Monitor, the Purchaser shall provide the Monitor with an electronic copy of all such Books and Records. The Purchaser shall not destroy any Books and Records without providing the Vendor or Trustee, as the case may be, with thirty (30) days’ written notice of the Purchaser’s intention to destroy such books and records. If the Vendor or Trustee, as the case may be, objects to the destruction of any or all of the Books and Records within thirty (30) days of receiving such notice, the Vendor or Trustee, as the case may be, shall be responsible to collect such Books and Records from the Purchaser at a mutually agreeable date and time, failing which the Purchaser may proceed to destroy such Books and Records.

6.3 Transition Occupancy and Services.

- (1) The Purchaser will, and will ensure that all of its employees, independent contractors, officers, directors and other representatives (collectively, “**Representatives**”), and all of the Purchaser’s property, is vacated from the premises located at 35 Reid Drive, Barrie Ontario (the “**Barrie Premises**”) and Young Street Commons, Young Street, Tonawanda, New York (the “**Tonawanda Premises**”) and collectively with the Barrie Premises, the “**Premises**”), as soon as reasonably practicable after the Closing Date and in any event by no later than December 31, 2025. In the event that the Purchaser, its property or its Representatives occupy the Premises (or any of them) after September 30, 2025:
 - (a) the Purchaser shall be responsible for all rent and other occupancy costs payable to the owners of the Premises during the period of such occupancy, as well as all costs of any employees of the Vendor who are required and/or requested by the Purchaser to facilitate the transition of the Purchased Assets to the Purchaser (the “**Holdover Costs**”); and
 - (b) the Purchaser shall enter into a transition services and occupancy agreement with the Vendor (and any applicable affiliate) pursuant to which the Purchaser, among other things, (a) will agree to fund a deposit to be held by the Monitor’s Counsel for the estimated Holdover Costs for a two week period commencing October 1, 2025; and (b) will otherwise be responsible for all Holdover Costs as well as all professional expenses of the Vendor under the CCAA Proceedings, including the fees of the Vendor’s Counsel, the Monitor and the Monitor’s Counsel (to the extent that the fees of each relate to transition services), during any period of occupancy after September 30, 2025.
- (2) The Vendor’s Counsel, the Monitor and the Monitor’s Counsel shall each open a separate time and billing code to track and invoice their fees related to providing transition services.
- (3) The agreements referenced in Sections 6.3(2) and 6.3(3) will be in a form acceptable to the parties to this Agreement and to the Monitor, acting reasonably. The Purchaser acknowledges that neither the Vendor nor the employer of the workers at the Tonawanda Premises will be able to guarantee that workers at either Premises who are not Transferred Employees will choose to remain employed during the occupancy periods.

6.4 Non-Merger.

Each party hereby agrees that all provisions of this Agreement, other than the conditions in Article 4, shall forever survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement.

6.5 **Further Assurances.**

Each Party shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Party may reasonably require, for the purposes of giving effect to this Agreement.

ARTICLE 7 **GENERAL**

7.1 **Expenses.**

Each Party shall be responsible for its own legal and other expenses (including any Taxes imposed on such expenses) incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the Transaction and for the payment of any broker's commission, finder's fee or like payment payable by it in respect of the purchase and sale of the Purchased Assets pursuant to this Agreement.

7.2 **Payment of Taxes.**

Except as otherwise provided in this Agreement, the Purchaser shall pay all Taxes applicable to, or resulting from Transaction (other than Taxes payable under applicable legislation by the Vendor) and any filing or recording fees payable in connection with the instruments of transfer provided for in this Agreement. The Purchaser shall indemnify and save the Vendor harmless from and against any and all costs, expenses, liabilities and damages incurred or suffered by the Vendor as a result of the failure of the Purchaser to pay any Taxes.

7.3 **Announcements.**

Except as required by law, all public announcements concerning the Transaction or contemplated by this Agreement shall be jointly approved as to form, substance and timing by the parties to this Agreement and the Monitor, after consultation.

7.4 **Notices.**

- (1) Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by fax or other similar means of electronic communication, in each case to the applicable address set out below:

- (i) if to the Vendor, to:

Norwood Industries Inc.

•

Attention:

Email:

with a copy to:

•

(ii) if to the Purchaser, to:

•

Attention:

Email:

(iii) all notices shall also be sent to:

KSV RESTRUCTURING INC.

220 Bay Street, 13th Floor

Toronto, Ontario M5J 2W4

Attention: Robert D. Kofman

Email: bkofman@ksvadvisory.com

with a copy to:

Norton Rose Fulbright Canada LLP

222 Bay Street, Suite 3000, P.O. Box 53,

Toronto ON M5K 1E7

Attention: Jennifer Stam

Email: jennifer.stam@nortonrosefulbright.com

- (2) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by electronic communication, provided that such day in either event is a Business Day and the communication is so delivered or sent before 4:30 p.m. (Atlantic Standard Time) on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth (5th) Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.
- (3) Any Party may from time to time change its address under this Section 7.4 by written notice to the other Party given in the manner provided by this Section.

7.5 **Time of Essence.**

Time shall be of the essence of this Agreement in all respects.

7.6 **Time Periods.**

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

7.7 **Entire Agreement.**

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

7.8 **Amendments and Waiver.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Purchaser and the Vendor. The Vendor and the Purchaser may consent to any such amendment at any time prior to the Closing with the prior authorization of their respective boards of directors. No waiver by either Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

7.9 **Severability.**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

7.10 **Language.**

The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language.

7.11 **Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province and shall be treated, in all respects, as a Ontario contract.

7.12 **Successors and Assigns.**

No party to this Agreement shall have the right to assign any of its rights and obligations hereunder without the prior written consent of the other party hereto which consent shall not be unreasonably withheld. Notwithstanding the forgoing, the Purchaser may assign its rights and obligations under this Agreement to an affiliate of the Purchaser, provided that the Purchaser remains liable, jointly, with such affiliate for all the obligations of the Purchaser hereunder. To the extent that any such assignment occurs, this Agreement and all provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

7.13 No Third Party Beneficiaries.

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns or as specifically referred to herein.

7.14 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or email PDF form and the parties adopt any signatures received by a receiving fax machine or email PDF as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed or emailed.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties have executed this Agreement.

NORWOOD INDUSTRIES INC.

By: _____
Name:
Title:

I have authority to bind the corporation.

•

By: _____
Name:
Title:

I have authority to bind the corporation

SCHEDULE 1.1(1)

Acquired Contracts

1. All contracts with customers of the Vendor, including all unfulfilled purchase orders and customer orders.
2. Any contract to which the Vendor is a party, the assignment of which to the Purchaser does not require an Assignment Order and which the Purchaser has identified to the Monitor and the Vendor in writing as being an Acquired Contract at least two (2) Business Days prior to the Closing Date.

SCHEDULE 1.1(2)

Acquired Personal Property Leases

[TBD]

Schedule 1.1(20)**Excluded Assets**

Any and all rights of the Vendor in, to or under:

3. the share purchase agreement dated November 1, 2021 between the Vendor, as successor to AStar Canadian Acquisition Corporation, Ashlynne Dale, 2832525 Ontario Inc. and the shareholders of 2832525 Ontario Inc.;
4. the escrow agreement dated as of November 3, 2021 between the Vendor, as successor to AStar Canadian Acquisition Corporation, Ashlynne Dale and Computershare Trust Company of Canada;
5. prepaid rent;
6. any tax assets.

Schedule 1.1(23)
Intellectual Property

[attached]²

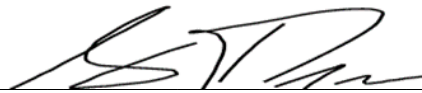
² **MT Note:** IP schedule to be appended.

SCHEDULE 2.5

Allocation of Purchase Price

[to be agreed prior to Closing]

This is Exhibit "D" referred to in the
Affidavit #2 of **Rhett Ross**
sworn before me on September 16, 2025

A handwritten signature in black ink, appearing to read 'Sanea Tanvir', is written over a horizontal line.

A Commissioner for taking Affidavits (or as may be)
Sanea Tanvir LSO #: 77838T

**G2 / Norwood
ENGAGEMENT LETTER**

February 26th, 2025

Norwood Industries Inc.
35 Reid Dr
Barrie, ON L4N 0M4, Canada

Attention: Jay Berlin

Dear Jay,

This letter agreement (together with the Addenda hereto, the "Agreement") will confirm that Norwood Industries Inc. (the "Company"), has engaged G2 Capital Advisors, LLC ("G2") to act as the Company's advisor in connection with an assessment and development of an operational restructuring plan of the Company as more fully described herein (the "Engagement").

- 1) **Scope of Work.** G2 will perform a rapid assessment of the Company and develop a restructuring plan, working collaboratively with senior management and counsel. G2 will assist the Company in evaluating and implementing strategic and tactical options through a restructuring process, including the following activities:
 - Analyze the business, operations and financial condition of the Company;
 - Analyze the 2025 forecast and reasonableness of inputs;
 - Assist the Company with managing short term liquidity;
 - Identify near term capital requirements to bridge any liquidity gaps;
 - Review cost structure and identify and execute potential cost reduction or other near term performance improvement levers;
 - Assist the Company and its counsel in negotiations with various parties-in-interest; and
 - Support the Company in such matters as the Board of Directors of the Company shall request or require from time to time.
- 2) **Fees.** Fees for the Engagement will initially be charged on a fixed weekly rate of \$25,000 USD for the Scope of Work for the first three weeks. Following the first three weeks, G2 and the Company shall mutually agree on fees for additional advisory services, should the Company request subsequent services. Should fees for such additional advisory services be charged on an hourly basis, the Rate Schedule in Addendum 1 shall apply. The Company will pay G2 a deposit of \$25,000 USD prior to the commencement of the Engagement, which shall be treated as an "evergreen" deposit, in that it shall be refreshed in connection with weekly invoices and held to be applied to the final invoice. G2 shall reserve the right to increase the deposit in its sole discretion.
- 3) **Payment Terms.** G2 shall bill the Company on a weekly basis with invoices due upon receipt. If invoices remain unpaid within five (5) business days of delivering to the Company, G2 may cease providing any further services pursuant to this Agreement until such invoice is paid.
- 4) **Expense Reimbursement.** In addition to paying the Fees, the Company will reimburse G2 within 15 days after the delivery to the Company by G2 of a written statement itemizing the expense items for all reasonable out-of-pocket expenses incurred by G2 in connection with this Agreement including, without limitation, travel, lodging, document preparation, printing, and Engagement-related legal fees

and costs; provided that in no event shall expenses exceed \$15,000 without the Company's prior written consent. All travel shall be made in accordance with the Company's travel policy.

- 5) **Term.** This Agreement shall have an initial term of three (3) weeks (the "Initial Term") and thereafter shall continue (such Initial Term and the entire period of continuation is called the "Term") until terminated, (a "Termination"), for any reason, by notice to the other party specifying the date of termination (the "Termination Date"). Sections 6, 8, 9, and 10 of this Agreement shall survive termination of this Agreement.
- 6) **Exclusivity, Non-Circumvention, and Non-Hire.**
 - a) **Exclusivity.** During the term of this Agreement, the Company will not, and will not permit its representatives, to contact or solicit any corporation, limited liability company, partnership or other entity or any natural person as potential party to the Engagement without the notification of G2 in advance.
 - b) **Non-Contravention. Non-Circumvention.** The Company shall not create or utilize any subsidiary, parent or affiliate entity with intent of circumventing G2's entitlement to Fees under this Agreement. The person signing this Agreement on behalf of the Company represents and warrants to G2 that he/she has all necessary authorization and authority from the Company to sign this Agreement on the Company's behalf and to bind the Company to this Agreement's terms.
 - c) **Non-Hire. Non-Solicit.** The Company shall not solicit, directly or indirectly, any of the representatives of G2 or any of its affiliates for personnel the Company wishes to hire, directly or indirectly, without 1) requesting first permission of G2 to engage in such discussions with the representative and 2) without agreeing to pay G2 a fee of \$150,000 USD for any representative hired or engaged by the firm outside of this Engagement or for a period of 12 months following this Engagement.
- 7) **Documentation.** Any materials, analysis and information prepared by G2 for the Company in connection with the Engagement shall be the sole property of the Company. Nevertheless, the Company shall not, at any time (including without limitation after any termination of this Agreement), without G2's express written consent, use, circulate, distribute or divulge any portion of any materials, analysis and information prepared by G2 in any manner or for any reason or purpose, except with respect to the Company officers, directors, employees, agents, financing sources and financial, legal and other advisors (together, the "Representatives") on a confidential and need-to-know basis. The Company will not make any disclosure to any third party regarding the Engagement (other than the Representatives).
- 8) **Indemnification.** In consideration of, and as a condition precedent to G2's undertaking the engagement contemplated hereby, the Company agrees to the indemnification provisions and other matters set forth in Addendum 2 attached hereto and incorporated by reference into this Agreement.
- 9) **Change in Engagement Services/Additional Services.**
 - a) If in the event the scope of work for the Engagement expands beyond the analysis and advisory scope outlined in the Scope of Work and the scope expansion includes any form of financing

transaction, the Company agrees to the need for a separate and standalone engagement letter between the Company and G2. Securities are offered through Hollister Associates, LLC, Member FINRA/SIPC. Any financing process scope of work and or mandate whatsoever is included under this separate agreement.

- b) In addition to G2's capacity as the Company's advisor under this Agreement (with G2's only obligations thereunder as defined in the Scope of Work), G2 will provide advisory services related to management, lines of business and operations as determined by the Company. If the Company desires that additional services (including, but not limited to due diligence, interim management, board observation or representation) be provided by G2 during the term of this Engagement, such services shall be subject to a separate agreement and fee arrangement to be agreed upon by the parties.

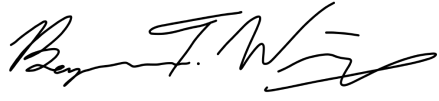
10) Relationship of the Parties. G2's relationship to the Company is that of an independent contractor, and such relationship shall not under any circumstances be construed so as to constitute G2 as a partner, joint venture, or employee of the Company. G2 shall have no authority whatsoever to make any representations on behalf of the Company or commit bind the Company in any manner whatsoever, unless this authority is granted through the Engagement as detailed in the Scope of Work to include interim management responsibility, which authority shall be specifically outlined. The Company shall have no authority to commit or bind G2 in any manner whatsoever.

11) Miscellaneous.

- a) This Agreement shall be binding upon, and inure to the benefit of, both parties and their respective successors and assigns.
- b) This Agreement (including, without limitation, Addenda 1 and 2) embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof.
- c) This Agreement may be executed in counterparts each of which shall be deemed an original and all of which, taken together, shall comprise one and the same Agreement. This Agreement may be executed by the delivery of signatures by facsimile or other electronic means.
- d) This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts (without regard to its conflicts of law principles). The parties hereby irrevocably consent to the exclusive jurisdiction of any Massachusetts state court or United States federal court sitting in Suffolk County over any action or proceeding arising out of or relating to this Agreement. Solely for purposes of enforcing the Company's obligations hereunder, the Company consents to personal jurisdiction, service and venue in any court proceeding in which any claim subject to this Agreement is brought by or against any Indemnified Person. G2 and the Company (on its own behalf and, to the extent permitted by applicable law, on behalf of its security holders and creditors) irrevocably agree to waive all rights to trial by jury.
- e) After the Engagement has been completed and publicly disclosed by the parties, G2 may refer to it in traditional "tombstone" announcements and/or its professional promotional materials. In connection therewith, G2 may use the Company's corporate logo (including electronic versions thereof) in G2's advertising or promotional materials.
- f) If requested by G2, the Company shall use a mutually acceptable reference to G2 in any press release or other public announcement made by the Company regarding the Engagement.

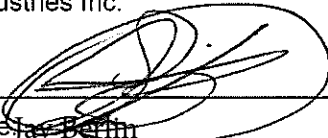
Please countersign a copy of this letter to confirm your agreement to its terms. We look forward to working with you.

Very truly yours,
G2 CAPITAL ADVISORS, LLC

By: 
Name: Ben Wright
Title: COO

AGREED TO AND ACCEPTED:

Norwood Industries Inc.

By: 
Name: Jay Berlin
Title: Chief Executive Officer

ADDENDUM 1

Rate Schedule

The following hourly rate schedule is to be applied for the Engagement:

<u>Team Member Level</u>	<u>Hourly Rate</u>
Sr. Managing Director	\$995
Managing Director	\$895
Director	\$745
Vice President	\$645
Senior Associate	\$495
Associate	\$445
Sr Analyst/Analyst	\$345
Admin	\$195

ADDENDUM 2

INDEMNIFICATION, EXCULPATION AND RELATED MATTERS

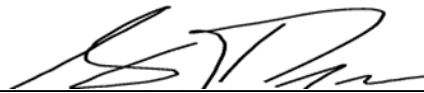
In the event that any of G2 Capital Advisors, LLC (together with its affiliates, "G2"), the respective shareholders, members, directors, managers, partners, officers, contractors, agents or employees of G2, or any affiliate of any of the foregoing (each, an "Indemnified Person") becomes involved in any action, claim, suit, investigation or proceeding (each, a "Proceeding"), actual or threatened, brought by or against any person, including stockholders, member or partner of Norwood Industries Inc. (the "Company"), in connection with the engagement contemplated by the letter agreement to which this Addendum 2 is attached (the "engagement"), the Company will reimburse such Indemnified Person for any losses, claims, fees (including reasonable fees of one legal counsel and other professional advisors), expenses, damages or liabilities related to such Proceeding (collectively, "Losses") including, without limitation, Losses incurred in investigating, responding to third party subpoenas, serving as a witness, making an Indemnified Person available to serve as a witness, or enforcing the engagement, as such expenses are incurred; provided, however, that if it is finally determined by a court or arbitral tribunal (each, a "Court") that any Loss of any Indemnified Person has resulted primarily from the gross negligence or willful misconduct of G2 or any Indemnified Person in performing the engagement, G2 will repay the portion of such Loss attributable thereto.

The Company also agrees that neither G2 nor any other Indemnified Person shall have any liability to the Company or any person asserting claims on behalf or in right of the Company in connection with or as a result of the engagement or any matter referred to in the engagement, except to the extent that any Losses incurred by the Company are finally determined by a Court to have resulted primarily from the willful misconduct or gross negligence of G2 in performing the services that are the subject of the engagement. In no event shall G2 or any other Indemnified Person be responsible for any indirect, special or consequential damages, even if advised of the possibility thereof.

The Company's obligations hereunder shall be in addition to any rights that any Indemnified Person may have at common law or otherwise.

The provisions of this Addendum 2 shall apply to the engagement (including related activities prior to the date hereof) and any modification thereof and shall remain in full force and effect regardless of the completion or termination of the engagement. If any term, provision, covenant or restriction herein is held by a court of competent jurisdiction to be invalid, void or unenforceable or against public policy, the remainder of the terms, provisions and restrictions contained herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

This is Exhibit "E" referred to in the
Affidavit #2 of **Rhett Ross**
sworn before me on September 16, 2025

A handwritten signature in black ink, appearing to read 'Sanea Tanvir', written over a horizontal line.

A Commissioner for taking Affidavits (or as may be)
Sanea Tanvir LSO #: 77838T

April 10, 2025

Lawrence Hirsh
Norwood Industries Inc.
35 Reid Dr
Barrie, ON L4N 0M4, Canada

Re: Agreement Amendment

Dear Mr. Hirsh:

Pursuant to Section 9(b) of the agreement, dated February 26th, 2025 (the “Existing Agreement”) between Norwood Industries, Inc. (“you” or the “Company”), and G2 Capital Advisors, LLC (“we”, “us” or “G2”, and together with the Company, the “Parties”, and each, a “Party”), we submit this amendment letter (the “Amendment”), to modify the terms and conditions therein.

1. Amendment to Existing Agreement. As of the Effective Date (as defined below), the Existing Agreement hereby is amended as follows:

(a) The following language shall be added to the end of Section 1: “From the Effective Date, G2 shall serve as Chief Restructuring Officer (the “CRO”) of the Company, reporting directly to the Company’s board of directors. The CRO will work collaboratively with senior management and other advisors or counsel to assist the Company in implementing a strategic restructuring process. G2 shall provide Rhett Ross, Managing Director to serve as the CRO, with support from additional G2 personnel as needed and mutually agreed upon with the Company. G2 shall provide the following advisory services (the “CRO Advisory Services”):

- Develop and prepare all budgets, projections, business updates, reports and any sensitivities;
- Assess, develop, and implement strategic/operational restructuring initiatives and plans and impact on cash flows and capital needs;
- Assist the Company with managing short term liquidity, including the preparation of a 13-week cash flow forecast;

- Lead discussions, negotiations and correspondence with key creditors, vendors, lenders, and other parties-in-interest;
- Assist the Company with the preparation of data in order to prepare pleadings and fiduciary filings required in the event the Company determines to commence a bankruptcy proceeding;
- In the event a bankruptcy proceeding is commenced, provide testimony on such matters as are within G2's expertise;
- Execute restructuring initiatives, including structuring plans of reorganization, selling all or parts of the Company, including any marketing thereof and executing a wind down of the Company's operation or otherwise liquidating assets; and
- Support the Company in such matters as the Board of Directors of the Company shall request or require from time to time."

(b) The following language shall be added to the end of Section 2: "G2 shall be due an additional fee of USD\$10,000 per week for the first three weeks of the Engagement (for a total of USD\$30,000), billable in arrears on the Effective Date. After the first three weeks of the Engagement, G2 anticipates additional fees to be between USD\$20,000 and 25,000 per week, with fees billed on an hourly basis at the Rate Schedule in Addendum 1 for the CRO Advisory Services. If fees in any given week are estimated to exceed USD\$25,000, G2 shall obtain written approval from the Company's independent board director for the incurrence of fees above such USD\$25,000 limit."

(c) The following language shall be added following the end of Section 11: "12. D&O Insurance. At the request of G2, the Company shall provide G2 with a copy of its current D&O Insurance policy, a certificate of insurance evidencing it is in full force and effect, and any other documents G2 may reasonably request evidencing such coverage. The Company shall add any G2 personnel serving as chief restructuring officer, in any other interim management role or as a director as the case may be, to such D&O Insurance policy and shall maintain D&O coverage for such G2 personnel for so long as claims may be made against them on account of their role as an officer and / or director of the Company. The Company disclaims any right to distribution on behalf of such G2 personnel. In the event the Company does not maintain reasonably satisfactory insurance covering any G2 personnel serving as chief restructuring officer, in any other interim management role or as a director, as the case may be, at any point during this Engagement, G2 reserves the right to purchase a separate D&O policy that will cover G2 personnel only."

2. Effective Date; Limited Effect. This Amendment will be deemed effective on March 31, 2025 (the "Effective Date"). Except as expressly provided in this Amendment, all of the terms and provisions of the Existing Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Existing Agreement or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Effective Date, each reference in the Existing Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to the

Existing Agreement in any other agreements, documents, or instruments executed and delivered pursuant to, or in connection with, the Existing Agreement, will mean and be a reference to the Existing Agreement as amended by this Amendment.

3. Miscellaneous.

(a) Headings. The headings in this Amendment are for reference only and shall not affect the interpretation of this Amendment.

(b) Entire Agreement. This Amendment constitutes the sole and entire agreement between the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

(c) Assignment. This Amendment shall inure to the benefit of and be binding upon each of the Parties and each of their respective permitted successors and permitted assigns.

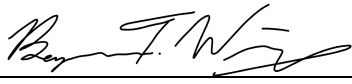
(d) Governing Law. This Amendment is governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Massachusetts or any other jurisdiction).

(e) Execution in Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Amendment delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Amendment.

Please acknowledge your agreement to the foregoing by executing this Amendment at the place indicated below and returning it to us at your earliest convenience.

Very truly yours,

G2 Capital Advisors, LLC

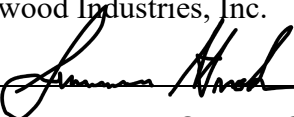
By: 

Name: Ben Wright

Title: COO

ACCEPTED AND AGREED:

Norwood Industries, Inc.

By: 

Name: LAWRENCE HIRSH

Title: DIRECTOR

This is Exhibit "F" referred to in the
Affidavit #2 of **Rhett Ross**
sworn before me on September 16, 2025

A handwritten signature in black ink, appearing to read 'Sanea Tanvir', written over a horizontal line.

A Commissioner for taking Affidavits (or as may be)
Sanea Tanvir LSO #: 77838T

April 24, 2025

Lawrence Hirsh
Norwood Industries Inc.
35 Reid Dr
Barrie, ON L4N 0M4, Canada

Re: Engagement Letter

Dear Mr. Hirsh,

We are pleased to submit this letter agreement (this “Agreement”) which sets forth the terms and conditions pursuant to which Norwood Industries Inc. (“you” or the “Company”) engages G2 Capital Advisors, LLC (“we”, “us” or “G2”) as your exclusive financial adviser to represent the Company in connection with a potential Transaction (as defined below).

1. Transaction. As set forth above, the Company is interested in evaluating strategic alternatives which may result in (a) the sale, transfer or issuance of some or all of your and/or your affiliates’ equity securities, (b) a sale, transfer, leasing or licensing of all or a material portion of your and/or your affiliates’ assets (other than sales of inventory in the ordinary course of business), (c) the Company and/or its affiliates participating in a merger, consolidation, amalgamation or similar business combination, (d) the Company and/or its affiliates entering into a joint venture or similar transaction, or (e) a financing, refinancing or other recapitalization of the Company and/or its affiliates, including any sale or placement of debt instruments or securities (in each case, whether effected in a single or series of transactions, a “Transaction”).

2. Services. The Company hereby engages G2, on an exclusive basis (*i.e.*, during the Term (as defined below), the Company shall not, and shall not cause or permit any of its affiliates to, hire or engage any other person or entity to assist it in evaluating or consummating a Transaction (other than legal, tax and accounting professionals) or to perform the same, or similar, services as are described below), to assist it in evaluating and consummating a Transaction on the terms and conditions set forth in this Agreement.

In consideration for the payments described below, G2 shall (to the extent it deems appropriate) use commercially reasonable efforts to:

- identify possible counterparties to a Transaction;
- coordinate non-disclosure agreements with such possible counterparties;
- assist you in preparing financial forecasts, a “teaser” memorandum (the “Teaser”) and a confidential information memorandum or executive summary (the “CIM”) for delivery to such possible counterparties;
- assist you in creating and populating an online data site (the “Data Site”) for due diligence inquiries made by such possible counterparties;
- assist you in managing the due diligence process likely to result during a Transaction process;

- assist you in evaluating indications of interest and letters of intent respecting a possible Transaction;
- assist you in negotiating the terms of a potential Transaction; and
- assist you in the process of completing a potential Transaction.

Notwithstanding the foregoing, G2 shall not provide you or any of your affiliates with any legal, tax or accounting advice and you and your affiliates shall rely solely on your legal, tax and accounting professionals for such advice.

Any advice or written materials we provide in connection with this engagement is solely for the benefit and use of the Company and no other person or entity. You shall not, and shall not permit any of your affiliates or your or their respective representatives, to disclose or otherwise disseminate any such advice or written materials to any other person or entity without our prior written consent (other than your employees, sr. lender and other professional advisors who have a need to know such information to help you evaluate or consummate a Transaction, and then only on a confidential basis). The immediately preceding sentence shall survive any expiration of the Term or termination of this Agreement.

In the event you require any services in addition to those set forth above, or the scope of our engagement expands or changes from that described in this Agreement, the Company and G2 shall negotiate in good faith a new agreement setting forth the terms and conditions (including additional fees and charges) pursuant to which we will provide such additional services. We shall not, however, have any obligation to perform, or enter into any further agreement respecting, such additional services. G2 reserves the right to cause any such additional services relating to securities or capital raises to be performed by Hollister Associates, LLC, Member FINRA/SIPC (and you shall enter into an appropriate agreement with Hollister Associates, LLC in connection with such services, to the extent requested by us). Securities are offered through Hollister Associates, LLC, Member FINRA/SIPC.

In the event an insolvency, administration or bankruptcy case is commenced, the Company shall apply promptly to the bankruptcy court or other relevant venue for approval of the retention of G2 pursuant to the relevant legal code nunc pro tunc to the date such case is commenced, and will use all reasonable efforts to obtain approval under such standard. The Company agrees that any post-petition compensation accrued according to the terms set forth herein and payments made pursuant to the expense reimbursement and indemnification provisions of the Agreement shall be entitled to priority as expenses of administration and shall further be entitled to the benefits of any “carve out” for professional fees and expenses (which carve-outs shall be adequate to enable the Company to pay promptly G2 the compensation and expense reimbursement contemplated hereby taking into account the Company’s obligations to other professionals entitled to the benefit of the carve-outs). The Company shall use its best efforts to ensure that any cash collateral order, debtor-in-possession financing order and/or similar order entered in such case or cases (a) permits the use of cash collateral and financing proceeds for the full and prompt payment of all of G2’s fees and expenses contemplated hereby (including, without limitation, all fees contingent upon the occurrence of transactions), and (b) contains the agreement by the lender(s) that G2’s fees and expenses shall be paid at the times and from the sources specified herein.

During the Term, you will not initiate contact with any potential counterparties to a Transaction other than through G2. In the event you receive any interest or contact from a potential counterparty to a

Transaction during the Term, you shall promptly notify us of such interest or contact and shall respond only through G2. You shall retain the sole right to accept or reject any Transaction or any potential counterparty to a Transaction and shall have no obligation to enter into any Transaction. G2 makes no representations or warranties regarding its ability to identify suitable counterparties to a Transaction, whether a Transaction will be affected or otherwise in connection with the provision of its services hereunder, all of which hereby are expressly disclaimed.

3. Information. In order for us to perform the services described above, it is important that you provide us with various documents and information concerning the Company, its affiliates, and their respective businesses. You hereby agree to provide us with all such information and documents that we reasonably request to enable us to perform the foregoing described services (the “Information”). We will hold all Information confidential as required by the Confidentiality Agreement dated February 27, 2025 to which we are each parties (the “Confidentiality Agreement”) and shall use the Information solely in connection with the performance of our services under this Agreement and in connection with a possible Transaction.

You hereby represent and warrant to us that all Information that you have previously provided to us, or that you shall provide to us in the future, is or will be (as appropriate) accurate and correct in all material respects. To the extent you have provided (or hereafter provide) us with any projections or estimates, you represent and warrant that such projections or estimates are or will be (as appropriate) prepared in good faith and based upon reasonable assumptions which you believe to be accurate. In the event you learn of any event or circumstance that causes or may cause any Information to become untrue in any material respect or that causes such assumptions to no longer be reasonable, you will promptly notify us of such matters. You will be solely responsible for the accuracy of all information set forth in any Teaser, the CIM, the Data Site, or that is otherwise disclosed in connection with a potential Transaction.

You hereby acknowledge that we will rely on the accuracy of all Information, and all other information we obtain in connection with this engagement (including information obtained from publicly available sources and from potential counterparties to a Transaction) and will have no duty to verify the accuracy of such information.

In addition to the foregoing, you will provide us with true, accurate and complete copies of all indications of interest, letters of intent, definitive agreements and other agreements entered into by the Company of any of its equity holders in connection with a Transaction promptly after their execution (and drafts of the foregoing promptly after a request therefore). Further, if requested, you will certify the structure of any Transaction to us in writing promptly after a request therefor. Notwithstanding the foregoing, we shall be permitted to disclose such documents and information to FINRA to demonstrate compliance with securities laws and exemptions.

4. Fees and Expenses.

(a) Monthly Fees. The Company shall pay G2 a monthly fee equal to USD\$20,000.00 commencing on the first day of this Agreement, prorated for the first month, if applicable, and continuing on the first day of each calendar month thereafter during the Term (all such fees, “Monthly Fees”). All Monthly Fee payments shall be fully earned when paid and shall be non-

refundable. We will not begin our work on this matter until we receive the first installment of the Monthly Fee. One-half of all Monthly Fee amounts paid by the Company shall be credited against any Success Fee paid under Section 4(b) below

(b) Success Fee. In the event that the Company and/or its affiliates (x) consummate a Transaction during the Term, (y) consummate a Transaction during the 12-month period following the end of the Term (such period, the “Tail Period”), or (z) consummate a Transaction resulting from a letter of intent or binding agreement entered into during the Term or during the Tail Period, the Company shall pay G2 a fee (the “Success Fee”) equal to USD\$750,000.00 (the “Minimum Success Fee”); PLUS 1.5% of that portion of Transaction Value that is in excess of USD\$12,500,000.00 up to USD\$17,000,000.00 and 3.0% of that portion of Transaction Value (as defined below) in excess of USD\$17,000,000.00

“Transaction Value” means the enterprise value ascribed to the Company and/or its affiliates by the parties to the Transaction. Transaction Value will be calculated assuming a sale of the Company and/or its affiliates, as appropriate, in its entirety. Further, Transaction Value is intended to include the aggregate amount paid or payable to the Company, its affiliates and/or their respective equity holders, plus the aggregate amount of liabilities of the Company and/or its affiliates retired, assumed or agreed to be retired or assumed, by the counterparty in connection with a Transaction. Transaction Value will include, without limitation amounts paid or payable in cash, by delivery of promissory notes, as contingent consideration (such as an earn-out), by delivery of securities, and in consideration for assets, equity securities, (other than reasonable wages for post-closing employment services actually performed). Transaction Value will also include, without limitation, all indebtedness (including debt for borrowed money and capital leases) assumed or repaid in connection with the Transaction. Promissory notes and contingent payments will be valued at their face amounts and securities will be valued as agreed by the Company and G2, each acting reasonably.

The Success Fee shall be paid in full in immediately available funds at the closing of the Transaction; provided, however, that in the event any portion of the Success Fee is calculated based on Transaction Value that is contingent, such portion of the Success Fee shall be paid contemporaneously with the payment of such contingent Transaction Value; and, provided, further, that notwithstanding the foregoing, in no event shall the Company pay G2 less than the amount of the Minimum Success Fee at the closing. For the avoidance of doubt, any amounts paid into escrow at the closing of the Transaction to secure purchase price adjustments, indemnity claims and the like shall not be considered to be contingent.

The Company shall not create or utilize any subsidiary, parent or affiliate entity to engage in a Transaction, or otherwise transfer or divest any assets or liabilities, with intent of circumventing G2’s entitlement to a Success Fee under this Agreement.

In the event that the Company anticipates that any Transaction will result in proceeds that are insufficient to satisfy in full the secured indebtedness of the Company, the Company shall use commercially reasonable efforts to cause the secured lenders to the Company to permit, and to cause any definitive documents respecting the Transaction to provide that, a portion of the proceeds

respecting the Transaction will be used to satisfy any Success Fee (and other sums) owed hereunder. If such documents are not acceptable to G2 for any reason, or delivered promptly, or such secured lenders do not so consent to the use of such proceeds, then G2 may suspend its provision of all services hereunder and such suspension shall not constitute a termination under Section 5 below.

(c) Expense Reimbursement. The Company shall reimburse G2 for all reasonable, documented out-of-pocket costs and expenses it or its representatives incur in connection with the engagement described in this Agreement (including, but not limited to, travel, lodging, document preparation, background investigations, duplicating, printing, reprographics, courier charges, word processing and graphics requirements, legal and other costs and expenses). G2 shall seek Company approval for any individual expense in excess of \$5,000.00. G2 shall invoice the Company for all such costs and expenses and the Company shall pay such costs and expenses within fifteen (15) days of the date of invoice.

5. Term and Termination. The term of this Agreement and our engagement by the Company hereunder (the “Term”) shall commence on the date this Agreement is countersigned by you and shall continue in full force and effect until terminated by either the Company or G2 in writing. Any notice of termination shall be effective on the date set forth therein, which shall be no sooner than five (5) days from the date the notice is provided; provided, however, that G2 may terminate this Agreement and its engagement hereunder immediately upon any breach of this Agreement by, or any bankruptcy filing by or against or any insolvency of, the Company. In the event the Company terminates this Agreement prior to payment in full of at least three (3) Monthly Fee payments, the Company shall immediately pay G2 an amount equal to the difference between the sum of three (3) Monthly Fee payments and the sum of all Monthly Fee payments previously paid. In addition to such other provisions of this Agreement which are expressly stated to survive termination of this Agreement, (a) the obligation of the Company to pay Success Fees under Section 4(b) above, (b) the obligation of the Company to make expense and cost reimbursements under Section 4(c) above, (c) the obligations of the Company under Section 6 below, and (d) the provisions of Section 7 below shall survive the expiration of the Term and any termination of this Agreement and our engagement hereunder and shall thereafter be enforceable and in full force and effect.

6. Indemnification and Exculpation.

(a) Indemnification. The Company shall indemnify and defend G2, its affiliates and their respective officers, directors, members, shareholders, partners, other equity holders, employees, consultants, agents and representatives (collectively, the “Indemnified Parties”) for, and hold the Indemnified Parties harmless from and against, any and all liabilities, losses, costs, expenses (including attorneys’ fees and the costs and expenses of enforcing the provisions of this Section 6), claims, actions, causes of action, demands and other obligations (collectively, “Indemnifiable Losses”) arising from, through or in any manner relating to (i) this Agreement, (ii) G2’s engagement hereunder, (iii) the provision by G2 of the services described in Section 2, (iv) the accuracy or completeness of any information set forth in the Teaser, the CIM or the Data Site, and (v) any Transaction or potential Transaction; provided, however, that the Company shall have no obligation to indemnify any Indemnified Parties for any Indemnifiable Losses that are determined by a court of competent jurisdiction in a final non-appealable order to have resulted primarily from the gross negligence or willful misconduct of G2.

(b) Exculpation. Notwithstanding anything to the contrary herein set forth, in no event shall any Indemnified Party have any liability or obligation to the Company, any of its affiliates or any of their respective related parties, agents or representatives for any consequential, punitive, special, speculative, treble or exemplary damages, or for any lost profits or opportunities (regardless of whether the Indemnified Party was aware of the risk thereof), in connection with (i) this Agreement, (ii) G2's engagement hereunder, (iii) the provision by G2 of the services described in Section 2 or (iv) any Transaction or potential Transaction. Without limiting the generality of the foregoing, in no event shall G2 have any liability hereunder or otherwise in connection with any of the foregoing that is greater, in the aggregate, than the amount of money actually paid to G2 in the form of Monthly Fee and Success Fee payments under this Agreement.

7. General Provisions.

(a) Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

(b) Severability. If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

(c) Entire Agreement. This Agreement, together with the Confidentiality Agreement, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

(d) Amendments. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto.

(e) Assignment. The Company may not, directly or indirectly (including by way of change of control), assign any of its rights hereunder without the prior written consent of G2. In the event that the Company undertakes a Transaction, the Company shall use commercially reasonable efforts to cause the counterparty thereto to assume the Company's obligations under this Agreement and if it is unable to do so shall provide G2 with such security or collateral as it reasonably requests to secure the payment and performance of the Company's obligations thereafter remaining to be performed (including the indemnity obligations under Section 6). This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors and permitted assigns.

(f) Governing Law. All matters arising out of or relating to this Agreement shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts without giving effect to any choice or conflict of law provision or rule (whether of the Commonwealth of Massachusetts or any other jurisdiction).

(g) Jurisdiction. Any legal suit, action, or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby shall be instituted in the federal courts of the United States of America or the courts of the Commonwealth of Massachusetts in each case located in Suffolk County, and each party irrevocably submits to the exclusive jurisdiction of such courts in any such suit, action, or proceeding. The parties irrevocably and unconditionally waive any objection to venue of any suit, action, or proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum.

(h) WAIVER OF JURY TRIAL. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE OUT OF OR RELATING TO THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(i) Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

(j) Relationship of the Parties. Nothing herein shall be construed to create a joint venture or partnership between the parties hereto or an employer/employee or agency relationship. G2 shall be an independent contractor pursuant to this Agreement. Neither party hereto shall have any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other party or to bind the other party to any contract, agreement, or undertaking with any third party.

(k) Other Relationships. You hereby acknowledge that one or more of G2, its affiliates or related entities may be engaged to provide (i) services to other parties in connection with a Transaction, or (ii) consulting or other services to, and may have other business relationships with, other parties involved in, or considering, the Transaction or their respective affiliates. If such an engagement by G2, its affiliates or its related entities is being performed or were to be undertaken, the engagement team providing the services described in Section **Error! Reference source not found.** would be separate from any engagement team providing services to any such other parties. Confidential information of the Company will not, without the Company's prior permission, be disclosed to any such other parties. Similarly, G2 and its personnel will have no responsibility to the Company (y) relating to such services or other relationships, or (z) to use or disclose information, including the identity of any such other parties that G2, its affiliates or its related entities possess by reason of their services for such other parties, whether or not such information might be considered material to the Company.

(l) Press Releases. After a Transaction has been publicly disclosed by the parties, G2 may refer to it in traditional "tombstone" announcements and/or its professional promotional

materials. In connection therewith, G2 may use the Company's company logo (including electronic versions thereof) in G2's advertising or promotional materials subject to prior approval by the sr. lender. If requested by G2, the Company shall use a mutually acceptable reference to G2 in any press release or other public announcement made by the Company regarding the Transaction.

(m) Currency. All references to currency, "dollars" or "\$" herein shall be denominated in currency of the United States of America.

Please acknowledge your agreement to the foregoing by executing this Agreement at the place indicated below and returning it to us at your earliest convenience.

Very truly yours,

G2 Capital Advisors, LLC

By: 

Printed: Ben Wright

Title: COO

ACCEPTED AND AGREED:

Norwood Industries Inc.

By: 

Printed: LAWRENCE HIRSH

Title: DIRECTOR

**IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

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

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

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceedings commenced in Toronto

AFFIDAVIT #2 OF RHETT ROSS
(Sworn September 16, 2025)

McCarthy Tétrault LLP

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

Attention: Sean Collins, KC / Saneea Tanvir
LSO#77838T

Tel: 403-260-3531 / 416-601-8181

Email: scollins@mccarthy.ca /
stanvir@mccarthy.ca

Lawyers for Norwood Industries Inc.

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE
JUSTICE STEELE

)
)
)

FRIDAY, THE 19TH
DAY OF SEPTEMBER, 2025

**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 AND RESTATED INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Rhett Ross sworn September 9, 2025 and the Exhibits thereto (the "**First Rhett Affidavit**"), the affidavit of Rhett Ross sworn September 16, 2025 (the "**Second Rhett Affidavit**"), the Pre-Filing Report of KSV Restructuring Inc. ("**KSV**") in its capacity as proposed monitor dated September 9, 2025 (the "**Pre-Filing Report**"), the consent of KSV to act as monitor of the Applicant (in such capacity, the "**Monitor**"), the First Report of the Monitor, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, counsel for those other parties present, no one else appearing although duly served as appears from the Lawyer's Certificate of Service of Saneea Tanvir dated September 17, 2025, and filed:

SERVICE AND DEFINITIONS

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

2. THIS COURT ORDERS that, for the avoidance of doubt, references in this Order to the “date of this order”, the “date hereof” or similar phrases refer to the date of the initial order of this Court granted in these proceedings, being September 12, 2025 (the “**Initial Order**”).

APPLICATION

3. THIS COURT ORDERS that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

4. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

5. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.
6. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:
 - (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and
 - (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

7. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
 - (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
 - (b) payment for goods or services actually supplied to the Applicant following the date of this Order.
8. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:
 - (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
 - (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
 - (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

9. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.
10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or pursuant to the Monroe Credit Agreement (as defined in the First Rhett Affidavit and as such agreement may be further amended).

RESTRUCTURING

11. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA, have the right to:
 - (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$500,000 in the aggregate;
 - (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
 - (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.
13. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

14. THIS COURT ORDERS that until and including November 30, 2025, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

16. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
21. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Director's Charge**") on the Property, which charge shall not exceed an aggregate amount of \$364,000, as security for the indemnity provided in paragraph 20 of this Order. The Director's Charge shall have the priority set out in paragraphs 34 and 36 herein.

22. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. THIS COURT ORDERS that KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
24. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
- (a) monitor the Applicant's receipts and disbursements;
 - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
 - (c) advise the Applicant in its preparation of the Applicant's cash flow statements, which information shall be reviewed with the Monitor on a periodic basis, but not less than once every two weeks;
 - (d) advise the Applicant in its development of the Plan and any amendments to the Plan;
 - (e) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

- (f) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
 - (g) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
 - (h) perform such other duties as are required by this Order or by this Court from time to time.
25. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.
26. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.
27. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall

not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

28. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.
29. THIS COURT ORDERS that the CRO, Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the CRO, Monitor, counsel for the Monitor and counsel for the Applicant on a bi-weekly basis or as otherwise applicable.
30. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.
31. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$250,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 34 and 36 hereof.
32. THIS COURT ORDERS that the CRO shall be entitled to the benefit of and are hereby granted a charge (the "**CRO Charge**") on the Property, which charge shall not exceed an aggregate amount of \$250,000, to secure the fees owed to the CRO pursuant to the CRO

Engagement. The CRO Charge shall have the priority set out in paragraphs 34 and 36 hereof.

33. THIS COURT ORDERS that the CRO shall be entitled to the benefit of and is hereby granted a charge (the “**Success Fee Charge**”) on any proceeds of a Transaction (as defined in the Engagement Agreement), which charge shall not exceed an aggregate amount of \$1,000,000, to secure the amounts owed to the CRO in relation to the Success Fee. The Success Fee Charge shall have the priority set out in paragraphs 34 and 36 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

34. THIS COURT ORDERS that the priorities of the Director's Charge, the Administration Charge, the CRO Charge and the Success Fee Charge, as among them, shall be as follows:
- (a) First - Administration Charge (to the maximum amount of \$500,000);
 - (b) Second - Director's Charge (to the maximum amount of \$364,000);
 - (c) Third – CRO Charge (to the maximum amount of \$250,000); and
 - (d) Fourth – Success Fee Charge (to the maximum amount of \$1,000,000).
35. THIS COURT ORDERS that the filing, registration or perfection of the Administration Charge, CRO Charge, Success Fee Charge and the Director's Charge (collectively, the “**Charges**”) shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
36. THIS COURT ORDERS that each of the Charges shall constitute a charge on the Property, and for greater clarity, the Success Fee Charge shall only constitute a charge on the proceeds of a Transaction (as defined in the Engagement Letter), and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

37. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the Charges, unless the Applicant also obtains the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.
38. THIS COURT ORDERS that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:
- (a) neither the creation of the Charges shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
 - (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges; and
 - (c) the payments made by the Applicant pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.
39. THIS COURT ORDERS that the Charges created by this Order over leases of real property in Canada shall only be a charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

40. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) and the *Insolvency Insider* newsletter, a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1000, 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, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.
41. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/filing-procedures/regional/> shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL www.ksvadvisory.com/experience/case/norwoodindustries.
42. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

43. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
44. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.
45. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.
46. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
47. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

48. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order, and is enforceable without any need for entry and filing.

**IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

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

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

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced in Toronto

AMENDED AND RESTATED INITIAL ORDER

McCarthy Tétrault LLP

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

Attention: Sean Collins, KC / Saneea Tanvir
LSO#77838T

Tel: 403-260-3531 / 416-601-8181

Email: scollins@mccarthy.ca /
stanvir@mccarthy.ca

Lawyers for Norwood Industries Inc.

TAB 4

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE)
) ~~WEEKDAY~~ FRIDAY, THE # 19TH
JUSTICE ~~_____~~ STEELE)
) DAY OF ~~MONTH~~ SEPTEMBER, ~~20YR~~ 2025

**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 ~~[APPLICANT'S NAME]~~ (the "NORWOOD INDUSTRIES INC.**

Applicant~~")~~

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~ Rhett Ross sworn ~~[DATE]~~ September 9, 2025 and the Exhibits thereto (the "First Rhett Affidavit"), the affidavit of Rhett Ross sworn September 16, 2025 (the "Second Rhett Affidavit"), the Pre-Filing Report of KSV Restructuring Inc. ("**KSV**") in its capacity as proposed monitor dated September 9, 2025 (the "**Pre-Filing Report**"), the consent of KSV to act as monitor of the Applicant (in such capacity, the "**Monitor**"), the First Report of the Monitor, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for ~~[NAMES], no one appearing for [NAME]~~[†] the Applicant, counsel for the Monitor, counsel for those other parties present, no one else appearing although duly served as appears from the ~~affidavit of service of [NAME] sworn [DATE] and on reading the consent of [MONITOR'S NAME] to act~~

[†] ~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

~~as the Monitor, Lawyer's Certificate of Service of Saneea Tanvir dated September 17, 2025, and filed:~~

~~SERVICE~~ SERVICE AND DEFINITIONS

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated² so that this Application is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS that, for the avoidance of doubt, references in this Order to the "date of this order", the "date hereof" or similar phrases refer to the date of the initial order of this Court granted in these proceedings, being September 12, 2025 (the "Initial Order").

~~APPLICATION~~ APPLICATION

3. ~~2.~~ THIS COURT ORDERS ~~AND DECLARES~~ that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

4. ~~3.~~ THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").

~~POSSESSION OF PROPERTY AND OPERATIONS~~

POSSESSION OF PROPERTY AND OPERATIONS

5. ~~4.~~ THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the **"Property"**). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner

~~² If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

consistent with the preservation of its business (the "**Business**") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

~~5. [THIS COURT ORDERS that the Applicant shall be entitled to continue to utilize the central cash management system³ currently in place as described in the Affidavit of [NAME] sworn [DATE] or replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.]~~

6. THIS COURT ORDERS that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

~~³ This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.
7. THIS COURT ORDERS that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
 - (b) payment for goods or services actually supplied to the Applicant following the date of this Order.
8. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:
- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
 - (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
 - (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured

creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

9. THIS COURT ORDERS that until a real property lease is disclaimed ~~for-resiliated~~⁴ in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.
10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business or pursuant to the Monroe Credit Agreement (as defined in the First Rhett Affidavit and as such agreement may be further amended).

~~RESTRUCTURING~~ RESTRUCTURING

11. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA ~~and such covenants as may be contained in the Definitive Documents (as hereinafter defined)~~, have the right to:

⁴ ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, ~~and~~ to dispose of redundant or non-material assets not exceeding \$•50,000 in any one transaction or \$•500,000 in the aggregate~~;~~⁵;
- (b) ~~terminate~~ the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate~~;~~ and
- (c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "**Restructuring**").

12. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days notice to such landlord and any such secured creditors. If the Applicant disclaims ~~for-resiliates~~ the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~for-resiliation~~ of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.
13. THIS COURT ORDERS that if a notice of disclaimer ~~for-resiliation~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of

⁵ ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

the disclaimer ~~for resiliation~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer ~~for resiliation~~, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

~~NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY~~

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

14. THIS COURT ORDERS that until and including ~~[DATE—MAX.~~ November 30 ~~DAYS]~~, 2025, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

~~NO EXERCISE OF RIGHTS OR~~ NO EXERCISE OF RIGHTS OR REMEDIES

15. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

~~NO INTERFERENCE WITH RIGHTS~~

NO INTERFERENCE WITH RIGHTS

16. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

~~CONTINUATION OF SERVICES~~ CONTINUATION OF SERVICES

17. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

~~NON-DEROGATION OF RIGHTS~~ NON-DEROGATION OF RIGHTS

18. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant.

Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

~~PROCEEDINGS AGAINST DIRECTORS AND OFFICERS~~

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings,⁷ except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

~~⁶This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

~~⁷The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

21. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "~~Directors'~~Director's Charge")⁸ on the Property, which charge shall not exceed an aggregate amount of \$~~●~~364,000, as security for the indemnity provided in paragraph ~~{20}~~ of this Order. The ~~Directors'~~Director's Charge shall have the priority set out in paragraphs ~~{38}~~34 and ~~{40}~~36 herein.
22. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~{20}~~ of this Order.

~~APPOINTMENT OF MONITOR~~APPOINTMENT OF MONITOR

23. THIS COURT ORDERS that ~~[MONITOR'S NAME]~~KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
24. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
- (a) monitor the Applicant's receipts and disbursements;

~~⁸Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;

~~(c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;~~

(c) ~~(d)~~ advise the Applicant in its preparation of the Applicant's cash flow statements ~~and reporting required by the DIP Lender~~, which information shall be reviewed with the Monitor ~~and delivered to the DIP Lender and its counsel~~ on a periodic basis, but not less than ~~[TIME INTERVAL], or as otherwise agreed to by the DIP Lender~~ once every two weeks;

(d) ~~(e)~~ advise the Applicant in its development of the Plan and any amendments to the Plan;

(e) ~~(f)~~ assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(f) ~~(g)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;

(g) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(h) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

25. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of

the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

26. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.
27. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant ~~and the DIP Lender~~ with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.
28. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

29. THIS COURT ORDERS that the CRO Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the CRO Monitor, counsel for the Monitor and counsel for the Applicant on a ~~[TIME INTERVAL] basis and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$● [, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time~~bi-weekly basis or as otherwise applicable.
30. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.
31. THIS COURT ORDERS that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$●250,000.00, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~{38}~~34 and ~~{40}~~36 hereof.

~~DIP FINANCING~~

~~32. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$● unless permitted by further Order of this Court.~~

~~33. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed.~~

~~34. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~

32. ~~35.~~ THIS COURT ORDERS that the ~~DIP Lender~~CRO shall be entitled to the benefit of and ~~is~~are hereby granted a charge (the "~~DIP Lender's Charge~~""CRO Charge") on the Property, which ~~DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's~~charge shall not exceed an aggregate amount of \$250,000, to secure the fees owed to the CRO pursuant to the CRO Engagement. The CRO Charge shall have the priority set out in paragraphs ~~{38}~~34 and ~~{40}~~36 hereof.

~~36. THIS COURT ORDERS that, notwithstanding any other provision of this Order:~~

- ~~(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~
- ~~(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ● days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a~~

~~bankruptcy order against the Applicant and for the appointment of a trustee in
bankruptcy of the Applicant; and~~

~~(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any
trustee in bankruptcy, interim receiver, receiver or receiver and manager of the
Applicant or the Property.~~

33. ~~37.~~ THIS COURT ORDERS ~~AND DECLARES~~ that the ~~DIP Lender~~ shall be treated as
unaffected in any plan of arrangement or compromise filed by the Applicant under the
CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of
Canada (the "BIA"), with respect to any advances made under the ~~Definitive
Documents~~; that the CRO shall be entitled to the benefit of and is hereby granted a charge
(the "Success Fee Charge") on any proceeds of a Transaction (as defined in the
Engagement Agreement), which charge shall not exceed an aggregate amount of
\$1,000,000, to secure the amounts owed to the CRO in relation to the Success Fee. The
Success Fee Charge shall have the priority set out in paragraphs 34 and 36 hereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

34. ~~38.~~ THIS COURT ORDERS that the priorities of the ~~Directors'~~ Director's Charge, the
Administration Charge, the CRO Charge and the ~~DIP Lender's~~ Success Fee Charge, as
among them, shall be as follows⁹:

(a) First - Administration Charge (to the maximum amount of \$ ~~●~~ 500,000);

(b) Second - ~~DIP Lender's~~ Director's Charge; ~~and~~ (to the maximum amount of
\$364,000);

⁹ ~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking
may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly,
the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA
now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order
(and the rankings, above), where appropriate.~~

(c) Third – ~~Directors' CRO~~ Charge (to the maximum amount of \$ ~~250,000~~); and

(d) Fourth – Success Fee Charge (to the maximum amount of \$1,000,000).

35. ~~39.~~ THIS COURT ORDERS that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's~~ CRO Charge, Success Fee Charge and the Director's Charge (collectively, the "Charges") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

36. ~~40.~~ THIS COURT ORDERS that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~ Charges shall constitute a charge on the Property, and for greater clarity, the Success Fee Charge shall only constitute a charge on the proceeds of a Transaction (as defined in the Engagement Letter). and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, **"Encumbrances"**) in favour of any Person.

37. ~~41.~~ THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, ~~any of the Directors' Charge, the Administration Charge or the DIP Lender's Charge~~ the Charges, unless the Applicant also obtains the prior written consent of the Monitor, ~~the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~ Charges, or further Order of this Court.

38. ~~42.~~ THIS COURT ORDERS that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~ Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the **"Chargees"**) ~~and/or the DIP Lender~~ thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to

such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges ~~nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents~~ shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the ~~Applicant entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents~~; and
- (c) the payments made by the Applicant pursuant to this Order, ~~the Commitment Letter or the Definitive Documents~~, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

39. ~~43.~~ THIS COURT ORDERS that ~~any Charge~~ the Charges created by this Order over leases of real property in Canada shall only be a ~~Charge~~ charge in the Applicant's interest in such real property leases.

~~SERVICE AND NOTICE~~ SERVICE AND NOTICE

40. ~~44.~~ THIS COURT ORDERS that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~ The Globe and Mail (National Edition) and the Insolvency Insider newsletter, a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1000, 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, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

41. ~~45.~~ THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/~~<https://www.ontariocourts.ca/scj/filing-procedures/regional/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ~~www.ksvadvisory.com/experience/case/norwoodindustries.~~

42. ~~46.~~ THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

~~GENERAL~~ GENERAL

43. ~~47.~~ THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

44. ~~48.~~ THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

45. ~~49.~~ THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.
46. ~~50.~~ THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
47. ~~51.~~ THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

48. ~~52.~~ THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order, and is enforceable without any need for entry and filing.



IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

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

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

Ontario
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceedings commenced in Toronto

AMENDED AND RESTATED INITIAL ORDER

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Summary report: Litera Compare for Word 11.10.0.38 Document comparison done on 09/16/25 2:09:57 PM	
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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

**MOTION RECORD
(Amended and Restated Initial Order
returnable September 19, 2025)**

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