

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL
LOCALITY OF MONTRÉAL

SUPERIOR COURT
(Commercial Division)
Companies' Creditors Arrangement Act

No: 500-11-064451-244

**IN THE MATTER OF THE COMPROMISE
OR ARRANGEMENT OF:**

MEDXL INC.

LIEBEL-FLARSHEIM CANADA INC

9431-0091 QUÉBEC INC.

9190-2395 QUÉBEC INC.

Debtors

-and-

FTI CONSULTING CANADA INC.

Monitor

APPLICATION FOR AN EXTENSION OF THE STAY OF PROCEEDINGS

(Sections 11, 11.02(2), 11.3, 11.51, 11.52, 11.7 and 23 of the *Companies' Creditors Arrangement Act* (the "**CCAA**")

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN COMMERCIAL DIVISION FOR THE DISTRICT OF MONTRÉAL, THE DEBTORS RESPECTFULLY SUBMIT AS FOLLOWS:

I. INTRODUCTION

The Debtors/Applicants, MedXL Inc. ("**MedXL**"), Liebel-Flarsheim Canada Inc. ("**LFC**"), 9190-2394 Québec inc. ("**9190**") and 9431-0091 Québec inc. ("**RealCo**") (collectively "**MedXL Group**" or the "**Debtors**") hereby seek an Order (extending the stay of proceedings until November 22, 2024, the whole substantially in the form of the draft order communicated herewith as **Exhibit R-1** (the "**Draft Order**").

II. PROCEDURAL BACKGROUND

On July 26, 2024, the Honourable David R. Collier, j.c.s. issued an Initial Order pursuant to the CCAA (the "**Initial Order**") pursuant to which, *inter alia*:

- a) all proceedings against the Debtors were stayed until August 5, 2024 (the “**Stay Period**”);
 - b) FTI Consulting Canada Inc. was appointed as the Monitor of the Debtors (the “**Monitor**”); and
 - c) interim financing was approved in an amount of \$1,200,000, along with an interim lender’s charge (the “**DIP Charge**”) in the amount of \$1,440,000.
2. On August 5, 2024, the Honourable Christian Immer, j.c.s. issued an order extending the Initial Order until August 6, 2024.
3. On August 6, 2024, the Honourable Christian Immer, j.c.s. issued:
- a) an Amended and Restated Initial Order (the “**ARIO**”) which, *inter alia*:
 - i) extended the Stay Period to September 19, 2024; and
 - ii) approved an increase of the interim financing to \$ 4,000,000 and of the DIP Charge to \$4,800,000 (the “**Interim Financing**”); and
 - b) an Order (the “**SISP Order**”) approving the conduct of a Sales and Investment Solicitation Process (the “**SISP**”) in accordance with the procedures appended to the SISP Order (the “**SISP Procedures**”).
4. On September 20, 2024, the Honourable Christian Immer, j.c.s. issued a Second Amended and Restated Initial Order (the “**Second ARIO**”) which, *inter alia*:
- i) extended the Stay Period to October 25, 2024; and
 - ii) approved an increase of the interim financing to \$ 1,800,000 and of the DIP Charge to \$2,160,000 (the “**Supplemental Interim Financing**”).

III. STAY EXTENSION

5. Since the issuance of the Second ARIO on September 20, 2024, the Debtors have:
- a) continued the resumption of production in lines 1 to 4 and recalled the necessary personnel for this purpose;
 - b) collaborated with the Monitor in the stabilization of their operations and implementation of measures to preserve liquidities;
 - c) collaborated with the Monitor in the implementation of Phase 2 of the SISP. It should be noted that, after consultation with the Debtors’ senior secured creditors and in accordance with the terms of the SISP Procedures, the Monitor advised all Phase II Qualified Bidders that the delay to file a binding

offer was extended from October 10th, 2024 to October 15, 2024 (the “**Phase II Bid Deadline**”);

- d) reviewed and assessed, with the Monitor and the Debtors’ senior secured creditors, the results of Phase 2 of the SISP following the Phase II Bid Deadline; and, finally,
 - e) after consulting with the Debtors’ senior secured creditors, identified and designated a Successful Bid (as such term is defined in the SISP) on October 22, 2024, which, if approved by the Court and implemented, will allow the pursuit of the operations as a going concern;
6. The Debtors request an extension of the Stay Period until November 22, 2024 in order to:
- a) continue their restructuring efforts and finalize Phase 2 of the SISP by, notably, negotiating the definitive documentation in respect of the Successful Bid and presenting an application to obtain the Approval Order (as such term is defined in the SISP); and
 - b) should the transaction be approved by this Court:
 - i) implement the transactions contemplated in the Successful Bid by no later November 7, 2024; and, subsequently
 - ii) seek the authorization from the Court to distribute the proceeds from the above transaction.
7. The Debtors have acted in good faith and with due diligence since the issuance of the Second ARIO and continue to do so.
8. The extension sought will not negatively impact the Debtors’ creditors as the Debtors continue to satisfy their post-filing obligations in the normal course of business.
9. The Monitor will notify a report in anticipation of the hearing of this Application which will include its recommendation with respect to the extension of the Stay Period, as well as a revised and extended cash flow forecast.

IV. CONCLUSION

- 10. Considering the foregoing, the Debtors respectfully submit that the Draft Order should be issued in accordance with its conclusion.
- 11. The Monitor supports the relief sought in the present application as will be more fully detailed in the Monitor’s filed in support of this application.
- 12. The present application is well founded in fact and in law.

FOR THESE REASONS, IT PLEASE THIS COURT TO:

GRANT the *Application for an Extension of the Stay of Proceedings*;

ISSUE an order substantially in the form of the Draft Extension of the Stay of Proceedings communicated in support of the Application as Exhibit R-1;

THE WHOLE WITHOUT COSTS, save and except in the event of contestation.

Montréal, this October 23, 2024

Fasken Martineau DuMoulin LLP

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SWORN STATEMENT

I, the undersigned, Paul Parisien, having an address at 285 Labrosse Avenue in the city of Pointe-Claire, district of Montréal, Province of Quebec, H8N 2J8, do solemnly declare:

1. I am the President and sole director of MedXL Inc., Liebel-Flarsheim Canada Inc. and 9431-0091 Québec inc..
2. I have read the *Application for an Extension of the Stay of Proceedings* (the “**Application**”);
3. All of the facts alleged in the Application of which I have personal knowledge are true;
4. All the facts alleged in the present application are true.

AND I HAVE SIGNED :

DocuSigned by:

Paul Parisien

DS-63A2B5849A0B40E...

PAUL PARIISIEN

Declared under oath before me, by technological means (Microsoft TEAMS) in Montréal, on October 23, 2024

DocuSigned by:

Melissa Joly

E790C5CBD49044C...

Commissioner of Oaths for Québec



NOTICE OF PRESENTATION

ADDRESSEE(S):

SERVICE LIST

1. PRESENTATION OF THE APPLICATION

TAKE NOTICE that if you intend to contest the *Application for an Extension of the Stay of Proceedings* (the “**Application**”), you must advise in writing the party that initiated the proceeding at the contact information indicated in this notice of presentation by no later than **Thursday, October 24 at 3:00 p.m.**

Be advised that in the event that no contestation is notified within this delay, a judgment will be issued without a hearing and without further notice of delay.

In the event of a contestation, please note that the Application will be presented for adjudication **virtually** before the honourable judge Christian Immer of the Superior Court, sitting in commercial division for the district of Montréal on **October 25, 2024 at 11:30** or so soon thereafter as counsel may be heard, in a room to be determined.

PLEASE GOVERN YOURSELVES ACCORDINGLY.

Montréal, this October 23, 2024

Fasken Martineau DuMoulin LLP

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Monitor

LIST OF EXHIBITS

EXHIBIT R-1: Draft Order Extending the Stay of Proceedings

Montréal, this October 23, 2024

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Attorneys for the Debtors

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Proposed Monitor

22324/338975.00001

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APPLICATION FOR AN EXTENSION OF
THE STAY OF PROCEEDINGS, SWORN
STATEMENT, NOTICE OF PRESENTATION,
LIST OF EXHIBITS AND EXHIBIT R-1

ORIGINAL

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