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CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL
COURT N°:500-11-064451-244

SUPERIOR COURT OF QUEBEC
(Commercial Division)

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

MEDXL INC.

-and-

LIEBEL-FLARSHEIM CANADA INC.

-and-

9431-0091 QUÉBEC INC.

-and-

9190-2395 QUÉBEC INC.

Debtors

-and-

FTI CONSULTING CANADA INC.

Monitor

**THIRD REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. On July 25, 2024, MedXL Inc. ("**MedXL**"), Liebel-Flarsheim Canada Inc. ("**Liebel**"), 9431-0091 Québec Inc. ("**9431**") and 9190-2395 Québec inc. ("**9190**") (collectively, the "**Debtors**") filed an application (the "**Initial Application**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCA**") seeking the issuance by the Superior Court of Québec (the "**Court**") of (i) an initial order (the "**Proposed Initial Order**") ordering, *inter alia*, a stay of proceedings against the Debtors, their properties and their directors and officers, the appointment of FTI Consulting Canada Inc. as monitor ("**FTI**" or the "**Monitor**") in the context of such proceedings (the "**CCA Proceedings**"), the approval of an interim financing term sheet and corresponding interim financing charge, as well as certain other priority charges further described in the Proposed Initial Order; (ii) an order (the "**SISP Order**") approving the conduct by the Monitor of a sale and investment solicitation process (the "**SISP**") in respect of the Debtors' business and assets; and (iii) an amended and restated initial order (the "**ARIO**").
2. On July 25, 2024, FTI, then in its capacity as proposed Monitor, issued its pre-filing report to the Court (the "**Pre-Filing Report**") as part of the CCA Proceedings. The purpose of the Pre-Filing Report was to provide information to the Court with respect to (i) FTI's qualification to act as monitor; (ii) the Debtors business, affairs and financial difficulties; (iii) the proposed restructuring efforts to be implemented during the CCA Proceedings, including the conduct of a SISP; (iv) the cash flow forecast; (v) the proposed interim financing facility; (vi) the charges sought in the Proposed Initial Order; (vii) the Debtors' request for a declaration that their center of main interest is in Canada; and (viii) the Proposed Monitor's conclusions and recommendations on the above.
3. On July 26, 2024, the Court granted, in part, the Initial Application and rendered the Proposed Initial Order, which provided for, *inter alia*, (i) a stay of proceedings against the Debtors, their properties and their directors and officers until and including August 5, 2024 (the "**Stay Period**"); (ii) the appointment of FTI as Monitor to the Debtors in the context of the CCA Proceedings ; (iii) the approval of an Interim Financing Term Sheet entered into between Vaxiron Inc. ("**Vaxiron**") and Briva Finance (Équité) S.E.C. ("**Briva**"), as co-interim lenders (collectively, the "**Interim Lenders**"), and the Debtors, as borrowers, as well as the authorization for the Debtors to borrow thereunder an amount of up to \$1,200,000, to be secured by a "**First Interim Lenders' Charge**" of \$1,440,000, and (iv) the establishment of an "**Administration Charge**" of \$300K, and a "**D&O Charge**" of \$300K (the First Interim Lenders' Charge, the Administration Charge and the D&O Charge shall be referred to herein as the "**CCA Charges**").
4. On August 30, 2024, the Debtors' counsel sent an email to the parties on the Service List prepared for the purpose of these CCA Proceedings advising them of the Court's limited availability for a "**comeback hearing**" on August 5, 2024, and that the Stay Period would therefore be extended by the Court without a court hearing until August 6, 2024, unless a party notified its objection to the Debtors by August 2, 2024 at 2:30pm.
5. Since no party notified any objection to the extension of the Stay Period, on August 5, 2024, the Court rendered an order extending the Stay Period until August 6, 2024, and scheduled on such date a "**comeback hearing**" to hear the Debtors' request for balance of the reliefs sought in the Initial Application.
6. On August 6, 2024, the Court granted the ARIO sought by the Debtors, and ordered, *inter alia*, (i) an extension of the Stay Period until September 19, 2024; (ii) the authorization for the Debtors to borrow under the Interim Financing Term Sheet an amount of up to \$4,000,000, to be secured by an increased Interim Lenders' Charge of \$4,800,000, and (iii) an increase to the quantum of the Administration Charge to an aggregate amount of \$750K, and to the quantum of the D&O Charge to an aggregate amount of \$600K.

7. On August 6, 2024, the Court also granted the SISP Order thereby approving the conduct by the Monitor of a SISP in accordance with the procedures annexed to the SISP Order (the “**Bidding Procedures**”).
8. The purpose of this Third Report of the Monitor (the “**Third Report**”) is to provide an update to the Court with respect to:
 - (a) The operations of MedXL since the issuance of the ARIO and of the SISP Order;
 - (b) The activities of the Monitor since the issuance of the ARIO and of the SISP Order;
 - (c) The conduct of the SISP;
 - (d) The Debtors’ cash flow results for the period ended September 15, 2024;
 - (e) The Debtor’s weekly cash-flow projections for the period ending on October 27, 2024 (the “**September 15 Forecast**”);
 - (f) The Debtors’ Application for an Amended and Restated Initial Order Extending the Stay of Proceedings and Approving New Interim Financing (the “**Application**”), and the relief sought by the Debtors therein; and
 - (g) The Monitor’s conclusions and recommendations.
9. The present Third Report should be read in conjunction with the Monitor’s Pre-Filing Report dated July 25, 2024 and its Second Report dated August 5, 2024.

TERMS OF REFERENCE

10. In preparing this Third Report, the Monitor has relied upon unaudited financial information of the Debtors, the Debtors’ books and records, certain financial information prepared by the Debtors and discussions with various parties (the “**Information**”).
11. Except as otherwise described in this Third Report:
 - (a) The Monitor has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) The Monitor has not examined or reviewed financial forecasts and projections referred to in this Third Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
12. Future oriented financial information reported or relied on in preparing this Third Report is based on the assumptions of the management of the Debtors (“**Management**”) regarding future events; actual results may vary from forecasts and such variations may be material.
13. Unless otherwise stated, all monetary amounts contained herein are expressed in **Canadian Dollars**. Capitalized terms not otherwise defined herein have the meanings given to them in the Second Report or in the ARIO.

UPDATE ON THE OPERATIONS OF MEDXL

14. Since the issuance of the ARIO and of the SISP Order, the Debtors have continued the gradual relaunch of their operations, and continued to operate their production lines 1 to 4. In this context, the Debtors have had many communications with several of their main customers, suppliers and other key stakeholders to explain to them the current situation and their proposed restructuring, and to ensure their ability to pursue their operations as a going concern.
15. In addition, the Debtors have also pursued their ongoing discussions with their secured lenders, PDP and Mitsubishi and their respective legal and financial advisors, and have provided to them with all requested information and documentation, including in relation to the SISP and their ongoing operations.
16. As indicated to the Court by the Monitor in its Pre-Filing Report, as well as at the initial hearing on the Initial Application, one of the proposed restructuring measures of the Debtors was to progressively recall the majority of their employees who were temporarily laid off on July 12, 2024, so as to proceed with a gradual relaunch of their operations.
17. As of the date of this Third Report:
 - (a) 94 employees of the Debtors have been recalled, and their unpaid wages and salaries for the payroll that was payable on June 28, 2024 have been paid; and
 - (b) Production lines 1 to 4 have restarted.
18. The Monitor understands that in the following weeks, the Debtors intend to recall additional employees, and launch the production of line 5, which produces 10cc syringe size with 3.5 & 10 ml fill capabilities.
19. Members of the Debtors' Management have advised the Monitor that they are confident that the Debtors will be in a position to launch line 5 with the assistance of their employees, suppliers, clients, under the supervision of the Monitor.

UPDATE ON THE ACTIVITIES OF THE MONITOR

20. Since the issuance of the ARIO and of the SISP Order, the Monitor has set up a dedicated email address for the purpose of this matter (medxl@fticonsulting.com), and has responded to several inquiries received from various parties in connection with the CCAA proceedings.
21. In addition, the Monitor also posted on its website a copy of all motions, orders and report filed as part of these CCAA Proceedings', and the Monitor will continue to update its website on a regular basis.
22. On August 12, 2024, a second notice to creditors was published in La Presse+ (French version) and in the Globe and Mail National Edition (English version), in order to advise all creditors of the Debtors as well as other potentially interested parties of these CCAA Proceedings and of the SISP.
23. In order to ensure a strict control over the Debtors' receipts and disbursements, the Monitor obtained from the Court the power to control the Debtors' receipts and disbursements. Furthermore, and in accordance with the terms of the Interim Financing Term Sheet, the Monitor also implemented a weekly review of the Debtor's cash-flow forecasts and disbursement requests, pursuant to which all disbursements in excess of \$25,000

(excluding taxes) were to be approved by Raymond Chabot Grant Thornton, in its capacity as financial advisor to the Interim Lenders and to the Senior Secured Creditors (the “**Financial Advisor**”).

24. As such, since the issuance of the Initial Order, weekly reports have been sent to the Senior Secured Creditors and Interim Lenders and the Financial Advisor as it relates to the actual receipts and disbursements in comparison with the forecast.
25. The Monitor has continued to assist the Debtors in preparing revised cash flow projections and modeling the different scenarios regarding the funding of its operations. As part of such a process, the Monitor received full collaboration from Management.
26. Finally, with respect to the SISP, the Monitor has had multiple discussions and communications with FTI Capital Advisors (“**FTICA**”) and the Debtors regarding the preparation and progress of the SISP, which will be further discussed in the section below.

UPDATE ON THE CONDUCT OF THE SISP

27. In accordance with the SISP Order, the Monitor and its affiliate, FTICA, with the assistance of the Debtors, and in consultation with the Senior Secured Creditors, have been conducting the SISP. Capitalized terms used in this section have the meaning ascribed to them in the SISP Order.
28. The Monitor, with the assistance of the Debtors, and in consultation with the Senior Secured Creditors, began developing a list of known potential bidders as well as the relevant solicitation materials to be sent to potential bidders upon the commencement of the SISP.
29. However, pursuant to the Restructuring Term Sheet entered into between the Debtors, the Interim Lenders and the Senior Secured Creditors concurrently with the Interim Term Sheet, such parties agreed that Vaxiron would be granted the option to submit an offer to the Debtors for a potential transaction by no later than August 12, 2024 (“**Vaxiron Option**”) and, within five business days of the submission of such offer, if applicable, the Debtors, the Senior Secured Creditors and the Monitor would review such offer and determine whether it would be appropriate to either (a) suspend the SISP and apply to the Court for the approval of Vaxiron’s offer or (ii) pursue the SISP. On August 12, 2024, Vaxiron advised the Monitor and FTICA that it would not exercise the Vaxiron Option.
30. Consequently, on August 12, 2024, the Monitor and FTICA officially commenced the SISP, and a press release announcing the SISP was issued with Canada Newswire as provided by the SISP Order.
31. In addition, an announcement of the SISP was also published in La Presse+ (French version) and in the Globe and Mail National Edition (English version) on August 16, 2024.
32. Since then, an extensive SISP marketing process has been undertaken. The key aspects of the SISP marketing process are summarized as follows:
 - (a) The Monitor, assisted by FTICA and the Debtors, and in consultation with the Senior Secured Creditors, assembled a list of 249 potential buyers and investors (the “**Prospective Bidders**”). The Prospective Bidders included both strategic purchasers and financial investors and any additional potential interested parties that were not originally included in the list that came forward during the SISP.

- (b) The Monitor, assisted by FTICA, and together with the Debtors, prepared and sent a “teaser” and NDA to all Prospective Bidders on or about August 12, 2024.
 - (c) Prospective Bidders that executed an NDA were provided with a CIM and access to the VDR; in total, 43 interested parties executed the NDA. The remaining Prospective Bidders either decided not to pursue the opportunity prior to signing an NDA or did not respond despite efforts by the Monitor to follow up.
 - (d) As set out in the SISP, the deadline to submit a non-binding letter of intent by any interested bidder was 5:00pm (Eastern Time) on September 12, 2024 (the “**Phase 1 Bid Deadline**”).
 - (e) Non-binding letters of intent were received by the Phase 1 Bid Deadline (the “**LOIs**”). A summary is attached hereto as Appendix A (Under seal).
 - (f) Following the receipt of the LOIs, the Monitor, together with FTICA, sought certain clarification with respect to some of the terms and conditions of such LOIs.
 - (g) On September 16, 2024, after review of the LOIs received, the Monitor, in consultation with FTICA, the Debtors and the Senior Secured Creditors, advised the offerors under the LOIs that they had been qualified to proceed to Phase 2 of the SISP.
33. At a high level, the Bidding Procedures describe Phase 2 of the SISP as follows: a) all Phase 2 Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Debtors will need to submit a Binding Offer to the Monitor by no later than 5:00pm (Eastern Time) on **October 10, 2024** (the “**Phase 2 Bid Deadline**”); and b) each Binding Offer must be submitted in conformity with the requirements for a Sale Proposal or an Investment Proposal set out in the SISP.
34. As at the date of this Third Report, the Monitor and FTICA continue to conduct the SISP with the assistance of the Debtors and in consultation with the Senior Secured Creditors, and a further update on the results of the SISP will be provided to the Court in due course.

THE CASH FLOW RESULT FOR THE EIGHT-WEEK PERIOD ENDED ON SEPTEMBER 15, 2024

35. Appendix A of the Pre-Filing Report set out the Debtors’ cash flow projection for the period ending September 29, 2024 (the “**July 22 Forecast**”).
36. Since the issuance of the Second Report, various analysis were performed by the Monitor in collaboration with the Financial Advisor and based on those analysis and thorough review of MedXL July 22 Forecast, the cash flow forecast for the ten-week period ending on September 29, 2024 had to be amended to take into consideration an adjustment to the forecasted cash receipts. Management, with the assistance of the Monitor, modified the weekly cash flow forecast and submitted an amended version to the Financial Advisor.
37. The amended cash flow forecast for the ten-week period ending September 29, 2024 (the “**Amended Cash Flow Forecast**”) is attached hereto as **Appendix B**.
38. The Debtors’ actual cash flow for the eight-week period ended on September 15, 2024 is compared to the Amended Cash Flow Forecast in the table attached hereto as **Appendix C**.

39. The Debtors' closing cash balance as at September 15, 2024 was \$1,825K, which constitutes a favourable variance of approximately \$785K. The Monitor has the following comments regarding the key elements of the Debtors' cash flow to September 15, 2024:

- (a) Net receipts were \$26K higher than projected.
- (b) Net disbursements were approximately \$559K lower than projected primarily due to timing:
 - (i) Raw materials – Kohope (\$217K), the syringes arrived later than expected, consequently the payment was delayed. Management anticipates that payment will be made within the next few weeks.
 - (ii) Insurance (\$110K), this positive variance is mainly due to timing since payment for group insurance was planned during the week ended September 8, 2024. The payment will be made in the week ending September 29, 2024.
 - (iii) Professional fees and Professional fees – MCT and RCGT (\$180K), this positive variance is mainly due to timing. The payment will be made in the week ending September 22, 2024.

40. As requested by the Court, the following table presents a summary of the professional fees incurred as at September 8, 2024.

MedXL Inc., Liebel-Flarsheim Canada Inc., Professional fees up September 8, 2024	Paid ⁽¹⁾ \$	To be Paid ⁽¹⁾ \$	Total ⁽¹⁾ \$
Fasken Martineau DuMoulin	227,551	76,347	303,898
FTI Consulting Canada	419,074	57,566	476,640
FTI Capital Advisors	131,999	88,410	220,409
Stikeman Elliot	60,846	45,610	106,456
Other	29,865	-	29,865
	869,335	267,933	1,137,268
McCarthy Tétrault	205,550	28,516	234,066
Raymond Chabot Grant Thornton	71,500	20,063	91,563
	277,050	48,579	325,629
	1,146,385	316,512	1,462,897

⁽¹⁾ All amounts include taxes

41. As of the date of this Third Report, all post-filing expenses incurred by the Debtors have been or will be paid in the normal course of business out of the existing working capital of the Debtors.

THE DEBTOR'S WEEKLY CASH-FLOW PROJECTIONS FOR THE PERIOD ENDING ON OCTOBER 27, 2024

42. MedXL, with the assistance of the Monitor, has prepared the September 15 Forecast for the six-week period ending on October 27, 2024 (the "Cash Flow Period") for the purpose of projecting MedXL's estimated liquidity needs during the Cash Flow Period. A copy of the September 15 Forecast is attached as **Appendix D** to this Third Report.

43. The September 15 Forecast shows a net cash outflow of approximately \$3,7 million for the Cash Flow Period, as summarized below. Such forecasts exclude advances to be made under the Supplemental Interim Financing Term Sheet, the purpose of which will be to fund the Debtors' working capital and the costs of these CCAA Proceedings:

\$CAD in thousands	Total
Operating Receipts	704
Disbursements	
Purchases	(902)
Other operating disbursements	(938)
Payroll	(675)
Professional fees	(1,658)
DIP interest and fees	(214)
Total Disbursements	(4,387)
Net cash variation	(3,683)
Cash balance at beginning	1,825
Net cash variation	(3,683)
DIP funding	1,900
Cash balance at end	42

44. The Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of Management, employees and advisors of the Debtors. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the September 15 Forecast. The Monitor has also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the September 15 Forecast.
45. Based on its review, nothing has come to the attention of the Monitor that causes it to believe that, in all material respects:
- (a) The hypothetical assumptions are not consistent with the purpose of the September 15 Forecast;
 - (b) As at the date of this Third Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Debtors or do not provide a reasonable basis for the September 15 Forecast, given the hypothetical assumptions; or the September 15 Forecast does not reflect the probable and hypothetical assumptions.
46. Since the September 15 Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the September 15 Forecast will be achieved.
47. The September 15 Forecast has been prepared solely for the purpose described in Note A on the face of the September 15 Forecast and readers are cautioned that it may not be appropriate for other purposes.

THE DEBTORS' APPLICATION AND THE RELIEF SOUGHT THEREIN

(A) Approval of Additional Interim Financing and Establishment of a Second Interim Lender's Charge

48. As indicated in prior reports, the Interim Lenders currently consist of Vaxiron and Briva.
49. Pursuant to the Interim Financing Term Sheet, all obligations of the Debtors were to be repaid in full on the "**Maturity Date**", being the earliest of:
 - (a) the date on which the Interim Lender demanded repayment of the Interim Facility upon the occurrence of an Event of Default (as such terms are defined in the Interim Financing Term Sheet);
 - (b) the date of the termination of the Stay Period or the conversion of the CCAA proceedings into bankruptcy or receivership proceedings;
 - (c) the date on which the stay in the CCAA proceedings would be lifted, in whole or in part, without the prior written consent of the Interim Lenders, which consent would not be unreasonably withheld;
 - (d) the date on which the Debtors would successfully implement a plan of restructuring and/or arrangement that is satisfactory to the Interim Lenders or sell all or substantially all of their assets and business during the CCAA Proceedings; and
 - (e) September 29, 2024.
50. As indicated previously in this Third Report, in order to pursue their restructuring efforts and the SISF, the Debtors require an extension of the Maturity Date, as well as additional interim financing.
51. Indeed, as indicated in the cash flow projections for the period ending on September 29, 2024, which were annexed to the Monitor's Pre-Filing Report, it was and remains the expectation that all interim financing provided under the Interim Financing Term Sheet will be fully exhausted by September 29, 2024.
52. Over the course of the past week, the Monitor and the Debtors have had several discussions with the Interim Lenders, their counsel and the Financial Advisor with a view to determine whether or not these Interim Lenders would be prepared to extend the Maturity Date and increase the amount of interim financing to be provided to the Debtors.
53. Vaxiron has advised the Monitor that even though it is not interested in advancing additional interim financing to the Debtors, it was prepared to extend the September 29, 2024 Maturity Date to November 8, 2024, subject to an agreement that has yet to be concluded.
54. As for Briva, the Monitor was advised that the latter agreed to extend the September 29, 2024 Maturity Date to November 8, 2024, subject to an agreement that has yet to be concluded, and to advance an additional amount of \$1,9 million to the Debtors on the terms for the most part similar to the Interim Financing Term Sheet, with the following main differences:
 - (a) the issuance by the Court of the Second ARIO;

- (b) the approval of the Supplemental Term sheet by Briva's credit committee, which is expected to occur next Tuesday;
 - (c) interest rate at 12.5% (same rate as the Interim Financing Term Sheet), it being understood that the interest payment on the new financing shall not be inferior to an amount equal to 3 months of interest;
 - (d) payment of a \$ 38,000 commitment fee, a \$ 38,000 exit fee and a monthly management fee of \$ 5,000;
 - (e) a maturity date of November 8, 2024; and
 - (f) a supplemental interim financing charge of \$2,280,000, which shall rank immediately after the DIP Charge (the "**Second Interim Lender's ARIO**").
55. At the time of signing this Third Report, the Monitor understands that the terms of the Supplemental Term Sheet are still subject to negotiation. It is therefore possible that changes may occur prior to the hearing on the Second ARIO application, in which case the Monitor will report to the Court in due course.
56. The Debtors therefore seek the issuance of the Second ARIO, which provides for, *inter alia*, the authorization for the Debtors to borrow an amount of up to \$1,9 million from Briva pursuant to the terms of the Supplemental Term Sheet, and the establishment of the Second Interim Lender's Charge in an amount of \$2,280,000.
57. Without the benefit of the above additional financing, the Debtors will not be in a position to pursue their restructuring efforts or the SISF.
58. For these reasons, the Monitor believes that the approval of the Supplemental Term Sheet and the establishment of the Second Interim Lender's Charge is reasonable in the circumstances.

(B) Extension of the Stay Period

59. The Stay Period is currently set to expire on September 19, 2024.
60. The Debtors are seeking an extension of the Stay Period until October 25, 2024, in order to pursue their restructuring process, which will involve, *inter alia*:
- (a) the continued sale of inventory; and
 - (b) the continuance of the SISF with a view to maximize the value of the Debtors' business and assets and, if possible, ensure the pursuit of their operations as a going concern; and
 - (c) the progressive recall of the Debtors' employees needed to launch their production line 5 and the progressive increase of their production at the Liebel facility.

61. The Stay Period allows the Debtors to operate in a more structured and stable environment, and for Management to concentrate on the restructuring process, the ongoing SISP and on the operations of the Debtors, the whole for the benefit of all stakeholders.
62. Moreover, at the expiry of the Stay Period being sought, Phase 2 of the SISP will have been completed (subject to any further extension as may be necessary) and a successful bidder may have been selected by MedXL. MedXL and the Monitor will therefore have clearer visibility at that time as to the potential outcomes from the SISP.
63. The Debtors intend to continue to pay its trade creditors for services rendered and goods provided in the normal course of business during the CCAA Proceedings.
64. As demonstrated in the September 15 Forecast, and subject to the approval of the Supplemental Term Sheet, the Debtors should have sufficient liquidity to continue to meet its obligations during the extension period.

THE MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

65. In light of the foregoing, the Monitor is of the view that:
 - (a) The extension of the Stay Period up to October 25, 2024, is appropriate to allow the Debtors to pursue their restructuring efforts and continue the SISP for the benefit of all their stakeholders;
 - (b) The approval of the Supplemental Term Sheet and the granting of an authorization in favour of the Debtors to borrow additional interim financing of up to \$ 1,9 million, and the establishment of the Second Interim Lender's Charge in an amount of \$2,280,000 is also appropriate to allow the Debtors to pursue their restructuring efforts and continue the SISP for the benefit of all their stakeholders; and
 - (c) Based on the information presently available, the Monitor believes the Debtors' creditors will not be materially prejudiced by the above relief sought as part of the Debtors' Application.

The Monitor respectfully submits to the Court this Third Report.

DATED AT MONTRÉAL, this 18th day of September 2024

FTI Consulting Canada Inc.

In its capacity as Monitor of MedXL Inc.,
Liebel-Flarsheim Canada Inc., 9431-0091 Québec Inc. and
9190-2395 Québec Inc.



Martin Franco, CPA, CIRP, LIT
Senior Managing Director

Appendix A

Under seal

Appendix B

MedXL - LFC - 9431-0031 Quebec Inc.
 Revised Consolidated Weekly Cash-flow
 For the period from July 22 to September 29, 2024
 Production on L1 to L4
 \$CAD in thousands

Week starting	22/Jul	29/Jul	5/Aug	12/Aug	19/Aug	26/Aug	2/Sep	9/Sep	16/Sep	23/Sep	
Week ending	28/Jul	4/Aug	11/Aug	18/Aug	25/Aug	1/Sep	8/Sep	15/Sep	22/Sep	29/Sep	Total
Receipts											
Canadian receivables	-	-	175	-	-	-	109	54	63	283	684
Euro receivables	-	-	-	-	-	-	17	-	-	2	19
Accounts receivable beginning balance	-	-	224	-	-	247	-	-	-	-	471
Other	-	-	-	56	-	-	-	-	-	-	56
GST/QST receivable	91	-	-	-	-	-	-	-	-	-	91
Total receipts	91	-	399	56	-	247	126	54	63	285	1,321
Disbursements											
Accounts payable - Pre-filing balance :											
Asian suppliers	-	-	-	183	-	-	-	-	-	-	183
Raw materials - Kohope	-	-	-	-	-	217	-	-	-	193	410
Sterilization - Nordion	56	1	5	22	13	12	11	14	15	15	164
Raw materials - Other	-	-	18	13	-	115	-	-	115	-	261
Transportation - Containers	-	-	16	44	8	-	-	45	-	-	113
Payroll	59	61	87	57	115	102	158	-	195	-	834
Rent	-	348	7	-	-	-	297	-	-	-	652
Deposit - Utility providers	-	5	124	-	-	-	-	-	-	-	129
Energy	-	-	-	-	-	9	55	-	-	-	64
Repair, maintenance & operating supplie	-	-	8	12	4	23	23	23	23	23	139
Insurance	6	-	18	-	1	84	90	-	-	-	199
Professional fees	19	-	127	328	-	180	124	138	136	369	1,421
Professional fees - MCT and RCGT	-	-	106	149	-	23	31	31	31	113	484
Interests	8	-	-	-	-	-	-	-	-	-	8
Bank fees	-	1	-	-	-	-	1	-	-	-	2
DIP fee	-	-	-	80	-	-	-	-	-	-	80
DIP interest	-	-	-	-	-	-	-	-	79	-	79
Other interim lender expenses and fees	-	-	-	12	-	12	-	-	-	-	24
Newspaper publication	-	-	-	15	7	-	-	-	-	-	22
Total Disbursements	148	416	516	915	148	777	790	251	594	713	5,268
Net cash variation	(57)	(416)	(117)	(859)	(148)	(530)	(664)	(197)	(531)	(428)	(3,947)
DIP funding	-	1,200	-	1,400	-	1,200	-	-	-	-	3,800
Cash balance at beginning	228	171	955	838	1,379	1,231	1,901	1,237	1,040	509	228
Cash balance at end	171	955	838	1,379	1,231	1,901	1,237	1,040	509	81	81

Appendix C

MedXL Inc., Liebel-Flarsheim Canada Inc., 9431-0091 Québec Inc. and 9190-2495 Québec Inc. Budget to Actual	For the two-week period ended August 4, 2024 Actual	For the six-week period ended September 15, 2024 Actual	Total	For the eight-week period ended September 15, 2024 Revised Budget	Variance
Receipts					
Canadian receivables	-	252	252	338	(86)
Euro receivables	-	119	119	17	102
Accounts receivable beginning balance	-	481	481	471	10
Other	-	56	56	56	-
GST/QST receivable	91	-	91	91	-
Total receipts	91	908	999	973	26
Disbursements					
Accounts payable - Pre-filing balance : Asian suppliers	-	183	183	183	-
Raw materials - Kohope	-	-	-	217	217
Sterilization - Nordion	57	95	152	134	(18)
Raw materials - Other	-	187	187	146	(41)
Transportation - Containers	-	76	76	113	37
Payroll	120	540	660	639	(21)
Rent	348	304	652	652	-
Deposit - Utility providers	5	124	129	129	-
Energy	-	-	-	64	64
Repair, maintenance & operating supplies	-	75	75	93	18
Insurance	6	83	89	199	110
Professional fees	19	780	799	916	117
Professional fees - MCT and RCGT	-	277	277	340	63
Interests	8	-	8	8	-
Bank fees	1	-	1	2	1
DIP fee	-	80	80	80	-
Other interim lender expenses and fees	-	12	12	24	12
Newspaper publication	-	22	22	22	-
Total disbursements	564	2,838	3,402	3,961	559
Net cash variance	(473)	(1,930)	(2,403)	(2,988)	585
DIP Funding	1,200	2,800	4,000	3,800	200
Cash balance at beginning	228	955	228	228	-
Cash balance at end	955	1,825	1,825	1,040	785

Appendix D

MedXL - LFC - 9431-0031 Quebec Inc.
 Consolidated Weekly Cash-flow
 For the period from September 16 to October 27, 2024
 Production on L1 to L5
 \$CAD in thousands

Week starting	16/Sep	23/Sep	30/Sep	7/Oct	14/Oct	21/Oct	16/Sep
Week ending	22/Sep	29/Sep	6/Oct	13/Oct	20/Oct	27/Oct	27/Oct
							Total incl. L5
Receipts							
Canadian receivables	-	283	84	104	69	162	702
Euro receivables	-	2	-	-	-	-	2
Total receipts	-	285	84	104	69	162	704
Disbursements							
Raw materials - Kohope	-	483	-	-	-	-	483
Sterilization - Nordion	15	15	19	24	21	24	118
Raw materials - Other	86	29	115	-	-	-	230
Transportation - Containers	1	37	-	-	33	-	71
Payroll	186	50	211	-	228	-	675
Rent	-	-	297	-	-	-	297
Deposit - Utility providers	51	-	-	-	-	-	51
Energy	32	-	55	-	-	32	119
Repair, maintenance & operating supplies	-	63	104	34	34	34	269
Insurance	3	-	198	-	-	-	201
Professional fees	142	148	167	167	186	848	1,658
Bank fees	-	-	1	-	-	-	1
Other interim lender expenses and fees	-	30	24	-	-	-	54
DIP interest	-	-	20	-	140	-	160
Newspaper publication	-	-	-	-	-	-	-
Total Disbursements	516	855	1,211	225	642	938	4,387
Net cash variation	(516)	(570)	(1,127)	(121)	(573)	(776)	(3,683)
DIP funding	-	1,900	-	-	-	-	1,900
Cash balance at beginning	1,825	1,309	2,639	1,512	1,391	818	1,825
Cash balance at end	1,309	2,639	1,512	1,391	818	42	42
DIP balance	4,000	5,900	5,900	5,900	5,900	5,900	5,900

APPENDIX D

NOTE A – PURPOSE

The purpose of these cash-flow projections is to determine the liquidity requirements of the Debtors during the period from September 16, 2024 to October 27, 2024.

NOTE B

The Cash Flow Statement has been prepared by the Debtors using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement

The Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Management. Since the hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Statement.

NOTE C - DEFINITIONS

(1) CASH-FLOW STATEMENT:

In respect of a Company, means a statement indicating, on a weekly basis (or such other basis as is appropriate in the circumstances), the projected cash-flow of the Company as defined in section 2(1) of the Act based on Probable and Hypothetical Assumptions that reflect the Debtors planned course of action for the period covered.

(2) HYPOTHETICAL ASSUMPTIONS:

Means assumptions with respect to a set of economic conditions or courses of action that are not necessarily the most probable in the Debtors' judgment but are consistent with the purpose of the Cash-Flow Statement.

(3) PROBABLE ASSUMPTIONS:

Means assumptions that:

- (i) The Debtors believe reflect the most probable set of economic conditions and planned courses of action, Suitably Supported that are consistent with the plans of the Debtors; and
- (ii) provide a reasonable basis for the Cash-Flow Statement.

(4) SUITABLY SUPPORTED:

Means that the Assumptions are based on either one or more of the following factors:

- (i) The past performance of the Debtors;
- (ii) The performance of other industry/market participants engaged in similar activities as the Debtors;
- (iii) Feasibility studies;
- (iv) Marketing studies; or
- (v) Any other reliable source of information that provides objective corroboration of the reasonableness of the Assumptions.

The extent of detailed information supporting each Assumption, and an assessment as to the reasonableness of each Assumption, will vary according to circumstances and will be influenced by factors such as the significance of the Assumption and the availability and quality of the supporting information.

NOTE C – ASSUMPTIONS

Assumptions	Source	Probable Assumption	Hypothetical Assumption
Cash balance at beginning	Based on current bank balances.	X	
Forecast cash receipts			
Sales from operation	Based on the latest forecasts available prepared by Management.	X	
Forecast cash disbursements			
Purchases	Based on Management’s knowledge of actual purchase orders and future orders that will be needed for the Debtors to maintain the going concern.		X
Transportation-containers	Inbound freight for purchased merchandise and duty for international purchases based on Management’s knowledge and historical expense patterns.		X
Payroll	Based on Debtors’ historical payroll reports and on budgeted number of employees.	X	
Rent	Based on lease agreements.	X	
Energy	Based on Debtors’ historical electricity and natural gas expenses.	X	
Repair, maintenance & operating supplies	Based on Management’s estimate of the operating costs of the facilities such as telecommunications, maintenance, and quality control.		X
Professional fees	Management estimate of professional fees to be incurred in the following months for the monitor, the financial advisor, legal services and SISP fees.		X