

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SHAW-ALMEX INDUSTRIES LIMITED
AND SHAW ALMEX FUSION, LLC

Applicants

**FACTUM OF THE APPLICANTS
(RE:STAY EXTENSION AND AMENDED DIP FACILITY – RETURNABLE MAY 30, 2025)**

May 28, 2025

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TO: THE SERVICE LIST

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PART I – OVERVIEW

1. Shaw-Almex Industries Limited (“**SAIL**”) and Shaw Almex Fusion, LLC (“**Fusion**” and together with SAIL, the “**Applicants**”) obtained an Initial Order commencing these CCAA (as defined herein) proceedings on May 13, 2025. Since that time, the Applicants have been working diligently and in good faith with FTI Consulting Canada Inc. (“**FTI**” and in its capacity as monitor of the Applicants, the “**Monitor**”) to pursue the restructuring efforts that these proceedings are facilitating, including accomplishing the first stage of the SISP (as defined herein) that this Court also authorized the Monitor to conduct on May 13, 2025.

2. The Applicants return before this Ontario Superior Court of Justice (Commercial List) (the “**Court**”) seeking a stay extension order in the form appended at Tab 3 of the Applicants’ motion record (the “**Stay Extension Order**”), which, among other things:

- (a) extends the stay of proceedings up to and including July 18, 2025 (the “**Extended Stay Period**”);
- (b) authorizes the Applicants to borrow up to a maximum principal amount of \$2,626,500 under an amended DIP Facility (the “**Amended DIP Facility**”) from the DIP Lender (as defined herein) to finance the Applicants’ working capital requirements and to pay the costs and expenses of this proceeding, as more fully described in the amendment to the Amended DIP Term Sheet (the “**First Amendment**”) between the Applicants and the DIP Lender; and
- (c) increases the quantum of the DIP Lender’s Charge to the maximum amount of \$2,626,500, plus fees and interest.

3. The relief sought in the Stay Extension Order will protect the status quo and maintain the stabilized environment required for the Applicants to continue with its restructuring efforts,

including the continued implementation of the SISP.

4. Without the protections afforded by the Stay Extension Order, the Applicants will be left with insufficient protection and liquidity to preserve the operations of the Business (as defined herein). A shutdown of operations will destroy the value of the Business for stakeholders given that most of the Applicants' value lies in their goodwill, client relationships, and accounts receivable.

5. The relief sought on this motion is supported by the Monitor and the DIP Lender and will allow the second and final stage of the sale process to be completed for the benefit of the Applicants' stakeholders generally.

6. For these and additional reasons set out in greater detail below, the Applicants submit that the relief sought is fair, reasonable and in the interests of the Applicants and their stakeholders.

PART II – FACTS

7. The background to these CCAA proceedings and more detailed information on the Applicants is set out in the Affidavit of Andrew Hustrulid sworn May 8, 2025 (the "**Initial Affidavit**"), delivered in support of the Initial Order (as defined herein), and in the Affidavit of Andrew Hustrulid sworn May 27, 2025 (the "**Second Hustrulid Affidavit**").

A. Background of the Restructuring Proceedings

8. The Applicants are in the business of providing customized solutions for all aspects of conveyor belt systems (the "**Business**").¹

¹ Affidavit of Andrew Hustrulid, sworn May 27, 2025, **Motion Record of the Applicants**, at Tab 2 [**"Second Hustrulid Affidavit"**] at [para 7](#).

9. SAIL is the parent company of a global enterprise operating under the “Shaw Almex” name (the “**Almex Group**”). The Almex Group has 15 locations, plus exclusive distributors, across six continents worldwide. Through these locations, the Applicants service customers across 123 countries worldwide.²

10. As described in the Initial Affidavit, the Applicants’ financial difficulties were attributable to combination of factors including, among others, significant issues securing a new reliable supplier of rubber, increased operational costs due to external market factors, insufficient financial reporting and controls overseen by former management, and losses suffered as a result of currency hedging transactions.³

11. In light of these challenges and the Applicants’ cash flow crisis, SAIL filed a Notice of Intention to Make a Proposal (“**NOI**”) under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**NOI Proceeding**”). FTI consented to act as a proposal trustee in the NOI Proceeding.

12. On May 13, 2025, this Honourable Court granted the following orders, among others:

- (a) an initial order (the “**Initial Order**”) that, among other things:
 - (i) continued the NOI Proceeding commenced by SAIL under the purview of the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”);
 - (ii) declared that the Applicants are each a “debtor company” to which the

² Second Hustrulid Affidavit at [para 8](#).

³ Second Hustrulid Affidavit at [para 10](#).

CCAA applies;

- (iii) appointed FTI as the Court-appointed monitor of the Applicants (in such capacity, the “**Monitor**”) with enhanced powers in respect of the affairs of the Applicants;
- (iv) granted a stay of all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the current directors or officers of the Applicants, or affecting the Applicants’ business or any of the Applicants’ current and future assets, licences, undertakings, and properties of every nature and kind whatsoever, and wherever situate including all proceeds (collectively, the “**Property**”), except with the written consent of the Applicants and the Monitor, or with leave of the Court, until May 30, 2025 (the “**Initial Stay Period**”);
- (v) authorized the Applicants to borrow up to a maximum principal amount of \$1,836,000 under a facility (the “**DIP Facility**”) from Royal Bank of Canada (in its capacity as lender under the DIP Facility, the “**DIP Lender**”) to finance the Applicants’ working capital requirements and to pay the costs and expenses of this proceeding, as more fully described in the amended and restated interim financing term sheet (the “**Amended DIP Term Sheet**”) between the Applicants and the DIP Lender;
- (vi) granted the following charges over the Applicants’ Property:
 - 1. First – an administration charge in the amount of \$350,000; and
 - 2. Second - a “**DIP Lender’s Charge**” in the maximum principal amount of \$1,836,000; and

- (a) an order (the “**SISP Approval Order**”) approving a sale and investment solicitation process (the “**SISP**”).⁴

13. The continuation of the restructuring proceedings with the granting of the Stay Extension Order is critical to the ongoing operations and restructuring efforts of the Applicants. Without the Stay Extension Order and access to further funding under the First Amendment, the Applicants will have no liquidity to continue operations or continue with the implementation of the SISP. In such circumstances, the Applicants would be forced to cease all operations which would be detrimental to the Applicants’ stakeholders and to the current going-concern nature of the SISP.⁵

B. Applicants’ Activities Since the Initial Order and SISP Approval Order

14. After the Initial Order and the SISP Approval Order was granted, the Applicants engaged in individual, targeted communications with their employees, suppliers and customers explaining the general nature of the CCAA proceedings.⁶

15. The Applicants have undertaken operational restructuring efforts to preserve the Applicants’ liquidity crisis and reduce long-term operational costs. In particular, the Applicants have, among other things:

- (a) laid off the majority of Fusion’s employees;⁷
- (b) reallocated the work among the subsidiaries within the Almex Group are developing a forward-looking plan for each entity;⁸
- (c) engaged with certain former SAIL employees to form a team aimed at increasing

⁴ Second Hustrulid Affidavit at [para 4](#).

⁵ Second Hustrulid Affidavit at [para 12-13](#).

⁶ Second Hustrulid Affidavit at [para 15](#).

⁷ Second Hustrulid Affidavit at [para 20](#).

⁸ Second Hustrulid Affidavit at [para 21](#).

production at the global manufacturing facility;⁹ and

- (d) identified non-essential assets that may be best disposed of through an auction process.¹⁰

PART III – ISSUES

16. The issues to be determined by this Court are:

- (a) whether the Extended Stay Period should be approved; and
- (b) whether the First Amendment should be approved and the corresponding DIP Lender's Charge be increased.

PART IV – LAW & ARGUMENT

A. The Court Should Approve the Extended Stay Period

17. The Initial Order provided for a Initial Stay Period up to and including May 30, 2025. The proposed Stay Extension Order seeks to extend the Initial Stay Period to July 18, 2025, which is a period intended to allow for the completion of the SISP and a return to Court for approval of a proposed transaction.

18. Section 11.02(2) of the CCAA gives this Court the authority to grant an extension of the stay of proceedings for any period "it considers necessary".¹¹ To do so, this Court must be satisfied that circumstances exist that make the order appropriate and that the Applicants have

⁹ Second Hustrulid Affidavit at [para 22](#).

¹⁰ Second Hustrulid Affidavit at [para 23](#).

¹¹ *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("CCAA"), [s 11.02\(2\)](#).

acted, and are acting, in good faith and with due diligence.¹² A stay of proceedings is appropriate to provide a debtor with breathing room while it seeks to emerge from the CCAA.¹³

19. The Applicants have acted and are continuing to act in good faith and with due diligence. Since the granting of the Initial Order, the Applicants have, among other things, reached out to numerous stakeholders, including its customers, their employees, suppliers, the management of the subsidiaries within the Almex Group, and the DIP Lender.

20. The Applicants have also have also terminated the majority of Fusion's employees and assisted the Monitor in implementing the SISP, with the objective of facilitating an operational and financial restructuring of the Business.

21. The Applicants believe the Extended Stay Period is necessary and appropriate in the circumstances. The requested extension of the Initial Stay Period will provide the Applicants with the breathing space and operational stability to continue preserve the Business as a going concern while maximizing value for the benefit of their stakeholders through these CCAA proceedings and SISP.

22. With the assistance of the Monitor, the Applicants have prepared a nine-week cash flow forecast for the period ending the week of July 18, 2025 (the "**Cash Flow Forecast**").¹⁴

23. The Cash Flow Forecast demonstrates that the Applicants have sufficient liquidity to operate through the proposed Extended Stay Period, subject to the approval of the First Amendment and the corresponding increase of the DIP Lender's Charge.¹⁵

¹² CCAA, [s 11.02\(3\)](#).

¹³ *Ted Leroy Trucking [Century Services] Ltd (Re)*, 2010 SCC 60 at [para 14](#).

¹⁴ Second Hustrulid Affidavit at [para 26](#).

¹⁵ First Report of FTI Consulting Canada Inc. in its capacity as court-appointed monitor of the Applicants, dated May 27, 2025 (the "**First Report**") at [para 76](#).

24. The Monitor and DIP Lender are both supportive of the proposed Extended Stay Period.¹⁶

B. The Court Should Approve the First Amendment and Increase the DIP Lender's Charge

25. Pursuant to the Initial Order, this Court approved the Applicants' Amended DIP Term Sheet and granted a corresponding DIP Lender's Charge in the maximum principal amount of \$1,836,000 plus interest and fees.¹⁷ The Applicants are now seeking approval to increase the DIP Facility to the maximum amount of \$2,626,500 and approve the corresponding increase of the DIP Lender's Charge.

26. Section 11.2 of the CCAA permits the Court to grant the Amended DIP Facility and the DIP Lender's Charge on notice to those secured creditors that would be affected and in an amount that the Court considers appropriate having regard to the Applicants' cash flow forecast.¹⁸

27. All secured creditors who are affected by the proposed DIP Lender's Charge, including the increase thereof, have been served with a copy of the Applicants' motion record.¹⁹

28. To date, the Court has approved the Amended DIP Term Sheet and granted the DIP Lender's Charge in the initial amount of \$1,836,000, taking into account the factors set out at subsection 11.2(4) of the CCAA.²⁰ The Applicants submit that factors under subsection 11.02(4) of the CCAA continue to be satisfied under the circumstances, and support the request for an extension of the borrowings under the First Amendment and a corresponding increase to the DIP Lender's Charge.

¹⁶ First Report at [para 82](#); Second Hustrulid Affidavit at [para. 32](#).

¹⁷ Second Hustrulid Affidavit, Exhibit B, Endorsement of Justice J. Dietrich dated May 13, 2025 ("Dietrich Endorsement") at [paras 34-38](#).

¹⁸ CCAA, [s. 11.2\(1\)](#).

¹⁹ Second Hustrulid Affidavit, Exhibit B, Initial Order [Prologue](#); Affidavit of Service of Levi Rivers sworn May 28, 2025.

²⁰ Dietrich Endorsement at [para 38](#).


29. In particular, the Cash Flow Forecast shows that the Applicants require access to the Amended DIP Facility to provide the Applicants with necessary funding to continue their Business and operations and to advance their restructuring efforts, including the on-going continuation of the SISP.²¹

30. The Monitor supports the amendment to the DIP Facility by the Applicants and the corresponding increase to the DIP Lender's Charge.²² The Cash Flow Forecast demonstrates that at least \$625,000 will have to be advanced under the First Amendment to fund the Applicants' working capital needs for the nine weeks reflected in the Cash Flow Forecast.²³


PART V – RELIEF REQUESTED

31. Based on the foregoing, the Applicants request the Stay Extension Order, substantially in the form appended at Tab 3 of the Applicants' motion record.

PURSUANT TO RULE 4.06(2.1), THE UNDERSIGNED certifies that they are satisfied as to the authenticity of every authority cited in this factum.


 SIMRAN JOSHI (LSO#89775A)

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 28th DAY OF MAY, 2025


RECONSTRUCT LLP

²¹ Second Hustrulid Affidavit at [para 27](#).

²² First Report at [para 76](#).

²³ First Report, [Appendix "E"](#), Revised and Extended Cash Flow Forecast.

SCHEDULE "A"

List of Authorities

- | |
|--|
| 1. <i>Ted Leroy Trucking [Century Services] Ltd (Re)</i> , 2010 SCC 60 |
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SCHEDULE "B"

Statutory Authorities

Companies' Creditors Arrangement Act, RSC 1985, c C-36

Stays, etc. — other than initial application

11.02 (2) A court may, on an application in respect of a debtor company other than an initial application, make an order, on any terms that it may impose,

- (a) staying, until otherwise ordered by the court, for any period that the court considers necessary, all proceedings taken or that might be taken in respect of the company under an Act referred to in paragraph (1)(a);
- (b) restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and
- (c) prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Burden of proof on application

(3) The court shall not make the order unless

- (a) the applicant satisfies the court that circumstances exist that make the order appropriate; and
- (b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

Interim financing

11.2 (1) On application by a debtor company and on notice to the secured creditors who are likely to be affected by the security or charge, a court may make an order declaring that all or part of the company's property is subject to a security or charge — in an amount that the court considers appropriate — in favour of a person specified in the order who agrees to lend to the company an amount approved by the court as being required by the company, having regard to its cash-flow statement. The security or charge may not secure an obligation that exists before the order is made.

Priority — secured creditors

(2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the company.

Priority — other orders

(3) The court may order that the security or charge rank in priority over any security or charge arising from a previous order made under subsection (1) only with the consent of the person in whose favour the previous order was made.

Factors to be considered

(4) In deciding whether to make an order, the court is to consider, among other things,

- (a) the period during which the company is expected to be subject to proceedings under this Act;
- (b) how the company's business and financial affairs are to be managed during the proceedings;
- (c) whether the company's management has the confidence of its major creditors;
- (d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;
- (e) the nature and value of the company's property;
- (f) whether any creditor would be materially prejudiced as a result of the security or charge; and
- (g) the monitor's report referred to in [paragraph 23\(1\)](#)(b), if any.

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

Court File No. CV-25-00743136-00CL

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF SHAW-ALMEX INDUSTRIES LIMITED AND SHAW ALMEX
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Proceedings commenced at Toronto

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