

**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: SECOND STAY EXTENSION ORDER)**

June 25, 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 (together with SAIL, the “**Applicants**”) obtained an initial order (the “**Initial Order**”) commencing these restructuring 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 finalizing a definitive agreement with the Successful Bidder (as defined herein).

2. On May 13, 2025, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) also granted an order (the “**SISP Approval Order**”) approving a sale and investment solicitation process (the “**SISP**”).

3. On May 30, 2025, this Court granted a stay extension order (the “**Stay Extension Order**”) that, among other things, extended the Stay of Proceedings (as defined herein) up to and including July 18, 2025 (the “**Stay Period**”), and authorized the Applicants to borrow up to a maximum principal amount of \$2,626,500 pursuant to an amendment to the DIP Facility (the “**First Amendment**”)

4. The Applicants now seek a second stay extension order in the form appended at Tab 3 of the Applicants’ motion record (the “**Second Stay Extension Order**”), which, among other things:

- (a) extends the Stay Period up to and including August 1, 2025 (the “**Extended Stay Period**”);
- (b) authorizes the Applicants to borrow up to a maximum principal amount of \$3,646,500 under an amended DIP Facility (the “**Second 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 second amendment to the Amended DIP Term Sheet (the “**Second Amendment**”) between the Applicants and the DIP Lender; and

- (c) increases the quantum of the DIP Lender’s Charge to the maximum amount of \$3,646,500, plus fees and interest.

5. The relief sought in the Second Stay Extension Order will protect the status quo and stabilize the going-concern operations of the Business while providing the Applicants with the breathing room to finalize a definitive agreement with the Successful Bidder (as defined herein) and come back before this Court to seek approval of such transaction.

6. The relief sought on this motion is supported by the Monitor and the DIP Lender.

PART II – FACTS

7. The background to this restructuring proceeding 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 June 24, 2025, in support of the Second Stay Extension Order.

A. Background of the Restructuring Proceeding

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

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

¹ Affidavit of Andrew Hustrulid sworn June 24, 2025 Motion Record, at Tab 2 [“**Third Hustrulid Affidavit**”] at [para. 8](#).

continents 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.⁴

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

- (a) an 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) appointed 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;
 - (iii) granted a stay of all proceedings (the "**Stay of Proceedings**") and remedies taken or that might be taken in respect of the Applicants, the

² Third Hustrulid Affidavit at [para. 9](#).

³ Third Hustrulid Affidavit, [para. 10](#).

⁴ Third Hustrulid Affidavit, [para. 3](#).

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;

(iv) 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;

(v) 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

(b) the SISP Approval Order.⁵

13. On May 30, 2025, the Court granted the Stay Extension Order.⁶

⁵ Third Hustrulid Affidavit, [para. 4](#).

⁶ Third Hustrulid Affidavit, [para. 5](#).

B. Applicants' Activities Since the Stay Extension Order

14. Since this Court's approval of the Stay Extension Order, the Applicants, in close consultation and with the assistance of the Monitor have acted in good faith and with due diligence to stabilize their Business and operations. Among other actions, the Applicants have:

- (a) worked with the management team of SAIL to increase production at the global manufacturing facilities, and at the Parry Sound location in particular;⁷
- (b) met with current and former employees of the Applicants in order to seek to stabilize employee retention issues and to solicit the interest in recently departed or retired employees to return to contribute their expertise to support the Business, either in its current structure or under new ownership;⁸ and
- (c) continued to engage with the management teams of the subsidiaries within the Almex Group to reallocate resources, where necessary, and to develop a go-forward plan for each entity.⁹

SISP

15. The SISP Approval Order authorized and directed the Monitor to undertake the SISP to canvass the market and solicit interest in, and opportunities for, a sale of, investment in or recapitalization of, all or part of the Applicants', its Property, including their wholly owned subsidiaries and Business.¹⁰

⁷ Third Hustrulid Affidavit, [para. 15\(b\)](#).

⁸ Third Hustrulid Affidavit, [para. 15\(c\)](#).

⁹ Third Hustrulid Affidavit, [para. 22\(e\)](#).

¹⁰ Third Hustrulid Affidavit, [para. 17](#).

16. The Monitor and Applicants have engaged in extensive discussions with potential bidders regarding the opportunity and responding to due diligence requests.¹¹

17. Pursuant to the SISP, qualified bidders were required to submit a Qualified Purchase Bid or Qualified Investment Bid (each as defined in the SISP) by no later than June 12, 2025 at 5:00 p.m. (the “**Bid Deadline**”).¹²

18. The Monitor received competitive bids on the Bid Deadline. The Monitor continues to assess and discuss those bids with the prospective purchasers.¹³

19. Upon finalizing definitive agreement in respect of the highest or otherwise best bid from the SISP (the “**Successful Bid**” and the bidder of such bid, the “**Successful Bidder**”), the Applicants intend to apply to this Court for an order approving the transaction contemplated by such Successful Bid.¹⁴

PART III – ISSUES

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

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

¹¹ Third Hustrulid Affidavit, [para. 18](#).

¹² Third Hustrulid Affidavit, [para. 19](#).

¹³ Third Hustrulid Affidavit, [para. 20](#).

¹⁴ Third Hustrulid Affidavit, [para. 21](#).

PART IV – LAW & ARGUMENT

A. The Court Should Approve the Extended Stay Period

21. The Stay Extension Order provided for a Stay Period up to and including July 18, 2025. The Second Stay Extension Order seeks to extend the Stay Period to August 1, 2025, which is the period intended to allow for finalizing the definitive agreement with the Successful Bidder, return to Court for approval of a proposed transaction and close such transaction.

22. 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”.¹⁵ To do so, this Court must be satisfied that circumstances exist that make the order appropriate and that the Applicants have acted, and are acting, in good faith and with due diligence.¹⁶ A stay of proceedings is appropriate to provide a debtor with breathing room while it seeks to emerge from the CCAA.¹⁷

23. The Applicants have acted and are continuing to act in good faith and with due diligence. Since the granting of the Stay Extension Order, the Applicants have, among other things, met with their current employees to establish a production schedules, responded to prospective purchasers’ due diligence inquiries, and met with former employees who have offered to contribute their expertise to support the Business.

24. The Applicants believe the Extended Stay Period is necessary and appropriate in the circumstances. The requested extension of the 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 the implementation of a transaction with the Successful Bidder.

¹⁵ Companies' Creditors Arrangement Act, RSC 1985, c C-36 (“**CCAA**”), [s 11.02\(2\)](#).

¹⁶ CCAA, [s 11.02\(3\)](#).

¹⁷ *Ted Leroy Trucking [Century Services] Ltd (Re)*, 2010 SCC 60 at [para 14](#).

25. With the assistance of the Monitor, the Applicants have prepared a seven-week revised cash flow forecast for the period ending the week of August 1, 2025 (the “**Revised Cash Flow Forecast**”).¹⁸

26. The Revised Cash Flow Forecast demonstrates that the Applicants have sufficient liquidity to operate through the proposed Extended Stay Period, subject to the approval of the Second Amendment and the corresponding increase of the DIP Lender’s Charge.¹⁹

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

B. The Court Should Approve the Second Amendment and Increase the DIP Lender’s Charge

28. Pursuant to 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.²⁰ As per the Stay Extension Order, this Court approved the Applicants’ First Amendment and increased the corresponding DIP Lender’s Charge to the maximum principal amount of \$2,626,500.²¹ The Applicants are now seeking to increase the DIP Facility to the maximum amount of \$3,646,500 and approve the corresponding increase of the DIP Lender’s Charge.

29. Section 11.2 of the CCAA permits the Court to grant the Second 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.²²

¹⁸ Third Hustrulid Affidavit, [para. 24](#).

¹⁹ Third Hustrulid Affidavit, [para. 25](#).

²⁰ Third Hustrulid Affidavit, Exhibit “A”, Endorsement of Justice J. Dietrich dated May 13, 2025 at [paras 34-38](#).

²¹ Third Hustrulid Affidavit, Exhibit “C”, Endorsement of Justice J. Dietrich dated May 30, 2025 [“**Dietrich May 30 Endorsement**”] at [para. 16](#).

²² CCAA, [s. 11.2\(1\)](#).

30. 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.²³

31. To date, the Court has approved the Amended DIP Term Sheet and the First Amendment and granted the DIP Lender's Charge in the maximum amount of \$2,626,500, taking into account the factors set out at subsection 11.2(4) of the CCAA.²⁴ 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 Second Amendment and a corresponding increase to the DIP Lender's Charge.

32. The Revised Cash Flow Forecast shows that the Applicants require access to the Second Amended DIP Facility to provide the Applicants with necessary funding to continue their Business and operations and to advance their restructuring efforts.

33. The Monitor supports the Second Amendment to the Amended DIP Term Sheet by the Applicants and the corresponding increase of the DIP Lender's Charge. The Revised Cash Flow Forecast demonstrates that at least a further \$1,000,000 will need to be advanced under the Second Amendment to fund the Applicants' working capital needs over the Extended Stay Period.

PART V – RELIEF REQUESTED

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

²³ Affidavit of Service of Sofia Guido sworn June 25, 2025.

²⁴ Dietrich May 30 Endorsement at [paras. 13-16](#).

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 25th DAY OF JUNE, 2025

/s/ Reconstruct

RECONSTRUCT LLP

SCHEDULE "A"

List of Authorities

- | |
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| 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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