

**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**

**FIRST REPORT OF FTI CONSULTING CANADA INC.  
IN ITS CAPACITY AS MONITOR OF SHAW-ALMEX INDUSTRIES LIMITED  
AND SHAW ALMEX FUSION, LLC**

**May 27, 2025**

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

A. INTRODUCTION

1. On March 29, 2025, Shaw-Almex Industries Limited (“**SAIL**”) filed a notice of intention to make a proposal (“**NOI**”) pursuant to the provisions of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) with the Office of the Superintendent of Bankruptcy. FTI Consulting Canada Inc. (“**FTI**”) consented to act as the proposal trustee (the “**Proposal Trustee**”) of SAIL’s estate.
2. On April 25, 2025, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an Order (the “**Stay Extension Order**”) which, among other things:
  - (a) extended the time to file a proposal, and expanded and extended the stay of proceedings triggered under the BIA by the NOI filing, until and including May 13, 2025;
  - (b) approved an administration charge (the “**Administration Charge**”) as security for payment of professional fees and disbursements; and
  - (c) approved a debtor-in-possession credit facility (the “**DIP Facility**”) from Royal Bank of Canada (“**RBC**”, and in its capacity as DIP Facility lender, the “**DIP Lender**”) and granted a corresponding charge (the “**DIP Lender’s Charge**”).

3. On May 13, 2025, the Court granted an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the “**CCAA**”) with respect to SAIL and Shaw Almex Fusion, LLC’s (“**Fusion**”, and together with SAIL, the “**Applicants**”), which, among other things:
- (a) continued the NOI proceeding commenced by SAIL under the purview of the CCAA;
  - (b) appointed FTI as the Court-appointed monitor of the Applicants (in this capacity, the “**Monitor**”) with enhanced powers, including the power to:
    - (i) apply to this Court for any orders necessary or advisable to carry out its powers and obligations under the Initial Order or any other Order granted by this Court; and
    - (ii) initiate, manage and direct, or cause the Applicants to initiate, manage and direct, all legal proceedings in respect of the Applicants, the Property, or the Business (each as defined in the Initial Order);
  - (c) granted a stay of all proceedings until May 30, 2025 (the “**Stay of Proceedings**”);
  - (d) authorized the Applicants to borrow up to a maximum principal amount of \$1.836 million<sup>1</sup> under the DIP Facility from the DIP Lender pursuant to the terms of an amended and restated interim financing term sheet (the “**Amended DIP Term Sheet**”);
  - (e) granted the following charges (“**Charges**”) over the Applicants’ Property, which charges rank in priority to all other security interests, trusts, liens, charges and encumbrances in favour of any person:<sup>2</sup>

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<sup>1</sup> \$36,000 is RBC’s commitment fee, so the amount available to the Applicants would be \$1.8 million.

<sup>2</sup> Paragraph 45 of the Initial Order specified that the Charges shall not rank in priority to the mortgage of BDC (the “**BDC Mortgage**”) registered on title on January 7, 2022 against the real property owned by the Applicants at 17 Shaw Almex Road, Parry Sound, Ontario, provided that the rights of the beneficiaries of the Administration Charge to seek priority of that charge over the BDC Mortgage is specifically reserved and may be argued at a later hearing.

- (i) *first* – an Administration Charge in the amount of \$350,000, as security for the payment of professional fees and disbursements incurred and to be incurred by the Monitor, counsel to the Monitor, and counsel to the Applicants, in connection with this CCAA proceeding; and
    - (ii) *second* – a DIP Lender’s Charge as security for the Applicants’ obligations under the Amended DIP Term Sheet, in the maximum principal amount of \$1.836 million plus fees and interest;
  - (f) authorized Fusion to act as the foreign representative of the Applicants in respect of this proceeding for the purpose of having these CCAA proceedings recognized and approved in a jurisdiction outside of Canada, including in the United States Bankruptcy Court.
4. Also on May 13, 2025, the Court entered:
- (a) an Order (the “**SISP Order**”), among other things, approving a sale, refinancing and investment solicitation process (the “**SISP**”); and
  - (b) an Order, among other things, discharging FTI as Proposal Trustee in connection with the NOI proceeding.

## **B. PURPOSE OF THIS REPORT**

5. The purpose of this First Report of the Monitor (the “**First Report**”) is to provide information to this Court with respect to the Applicants’ motion returnable May 30, 2025, seeking to, among other things:
- (a) extend the Stay of Proceedings until and including July 18, 2025;
  - (b) authorize the Applicants to borrow up to a maximum principal amount of approximately \$2,626,500 under the DIP Facility on the terms set out in the amendment to the amended and restated debtor-in-possession loan agreement (the “**Amended DIP Term Sheet Amendment**”) between the Applicants and the DIP Lender, and to authorize a corresponding increase in the DIP Lender’s Charge as

security for the Applicants' obligations under the Amended DIP Term Sheet Amendment;

6. The purpose of the First Report is to also provide information to this Court with respect to the Monitor's motion returnable May 30, 2025, seeking to, among other things:
  - (a) compel Timothy Shaw, his agents, representatives and anyone else acting on his behalf deliver to the Monitor any and all Property in their possession and control;
  - (b) authorize the Monitor to take all reasonable and necessary steps to recover and secure the Property;
  - (c) impose restrictions on Timothy Shaw's conduct with respect to the Property and prohibit him from soliciting the Applicants' employees; and
  - (d) authorize the Monitor to take all reasonable and necessary steps to recover and secure the Property for the benefit of the Applicants; and
  - (e) authorize the Monitor to examine under oath any Person (as defined in the Initial Order) reasonably thought to have knowledge of the affairs of the Applicants or any Person who is or has been an agent or mandatary, or a clerk, a servant, an officer, a director or an employee of the Applicants, respecting the Applicants or the Applicants' dealings or Property.
7. This First Report is not intended to provide a comprehensive update on all aspects of the CCAA proceedings or all of the activities of the Monitor. Updates on the CCAA proceedings are posted periodically on the website established by the Monitor at <http://cfcanada.fticonsulting.com/ShawAlmex> (the "Monitor's Website"). The Proposal Trustee posted materials in connection with the NOI proceeding on the same website.

#### **C. TERMS OF REFERENCE**

8. In preparing this First Report, the Monitor has relied upon various sources of information including, among others, audited and unaudited financial information of the Applicants' books and records, certain financial information and forecasts prepared by the Applicants,

and discussions with various parties, including senior management (“**Management**”) of, and advisors to, the Applicants (collectively, the “**Information**”).

9. Except as otherwise described in this First 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;
  - (b) the Monitor has not examined or reviewed the financial forecasts or projections referred to in this First Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook; and
  - (c) the Monitor’s understanding of factual matters expressed in this First Report concerning SAIL, Fusion and their Business (as defined herein) is based on the Information, and not independent factual determinations made by the Monitor.
10. Future-oriented financial information referred to or relied on in this First Report is based on Management’s assumptions regarding future events. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
11. The Monitor has prepared this First Report in connection with its motion seeking the relief set out in paragraphs 5 and 6 above. This First Report should not be relied on for any other purpose.
12. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

#### **D. UPDATE ON THE MONITOR’S ACTIVITIES**

13. As noted in the First Report of the Proposal Trustee dated April 24, 2025 (the “**Trustee’s First Report**”), and the Second Report of the Proposal Trustee dated May 11, 2025 (the

“**Trustee’s Second Report**”),<sup>3</sup> the Proposal Trustee had difficulty obtaining information from SAIL due to, in part, stretched resources in SAIL’s finance and accounting group. A copy of the Trustee’s Second Report is attached to this First Report at **Appendix “A”**. The Monitor has had a similar experience in the CCAA proceeding, although the flow of information is improving.

14. The conduct of Mr. Tim Shaw (SAIL’s only director and its former CEO and President) and Mrs. Pamela Shaw (SAIL’s former Vice President, Community Engagement and Philanthropy, Marketing) have frustrated the Monitor’s efforts to preserve the orderliness and integrity of the Applicants’ restructuring, as detailed in Section G below.
15. Since the granting of the Initial Order on May 13, 2025, the Monitor has, *inter alia*:
  - (a) regularly engaged in discussions and met with the Applicants’ management team regarding the CCAA proceeding;
  - (b) monitored and commented on the Applicants’ receipts and disbursements;
  - (c) assisted the Applicants in preparing a nine-week cash flow forecast;
  - (d) participated in discussions with and responded to inquiries from stakeholders, including, among others, suppliers, creditors, employees, customers and RBC and BDC;
  - (e) corresponded regularly with Almex Group (as defined below) employees regarding operational, financial and personnel-related matters, including Management, regional managers, plant production managers, the controller and the payroll manager;
  - (f) attended to various matters involving Mr. Shaw and Mrs. Shaw, including the return of Property in their possession;
  - (g) advanced the SISP process, including:

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<sup>3</sup> The Trustee’s Second Report dated May 11, 2025, was also the Pre-Filing Report of the Proposed Monitor.



- (i) entering into non-disclosure agreements with prospective purchasers;
  - (ii) negotiating the terms of non-disclosure agreements with prospective purchasers;
  - (iii) scheduling manufacturing plant visits;
  - (iv) responding to diligence requests;
  - (v) reviewing letters of intent; and
  - (vi) discussing the results of the first phase of the SISP with the DIP Lender and BDC;
- (h) managed the Monitor's Website;
  - (i) operated and monitored telephone hotlines and email accounts for stakeholder enquiries;
  - (j) prepared this First Report; and
  - (k) engaged with the Monitor's legal counsel in connection with the foregoing activities.

## **E. BACKGROUND**

16. A more comprehensive overview of the Applicants and the events leading to the CCAA proceeding is available in the Trustee's First Report and the Trustee's Second Report.
17. SAIL is the parent company of a global business that operates under the "Shaw Almex" name (such business, the "**Almex Group**"). The Almex Group is in the business of the manufacturing of conveyor belt vulcanizing equipment, technology, services and expertise (the "**Business**").
18. SAIL's head office is in Stoney Creek, Ontario. It operates a manufacturing facility in Parry Sound, Ontario, and has an office and manufacturing facility in Hamilton, Ontario. SAIL has approximately 50 Canadian employees, of whom 16 are subject to a Union Collective

Agreement with United Steelworkers effective January 2024 for a term until December 2027.

19. SAIL is the primary operating entity in the Almex Group. The Almex Group as a whole employs approximately 200 employees globally. It has operations in approximately 15 locations plus exclusive distributors across six continents. The Almex Group's customers are in 123 countries and operate in varied industries including mining, steel mills, ports, power generation, package handling, and aerospace.
20. Fusion is an indirect subsidiary of SAIL that is organized pursuant to the laws of the State of Georgia in the United States of America. Fusion operates from Atlanta, Georgia, and manufactures primarily Shaw Almex presses and rubber products. Until recently, Fusion had approximately 20 employees. 16 of these employees were recently laid off. None of Fusion's employees are unionized.
21. SAIL's Business, and particularly its Business in the United States, experienced financial hardship and operational challenges in recent years. On March 19, 2025, RBC issued a demand letter and notice of intention to enforce its security. On March 28, 2025, Business Development Bank of Canada ("**BDC**") did the same.
22. On or around March 28, 2025, SAIL engaged FTI as its financial advisor. On March 29, 2025, SAIL commenced the NOI proceeding. On May 13, 2025, following an application by SAIL and Fusion, this Court granted the Initial Order.
23. The Applicants' restructuring efforts since commencement of the CCAA proceeding have focused on improving and maintaining their liquidity position and advancing the SISP.

**F. UPDATE ON THE SISP**

24. The Court approved the SISP on May 13, 2025, as part of the SISP Order. As set out in the Trustee's Second Report, the SISP is being overseen by the Monitor. The Proposal Trustee started the SISP on May 2, 2025, and by the time the SISP Order was granted, the SISP was already underway. The Monitor has continued the Proposal Trustee's efforts.

25. The key milestones and deadlines in the SISP are set out below:

| Milestone  | Deadline  |
|--|---|
| Commencement of the SISP                                   | May 2, 2025   |
| Deadline for the submission of letter of intents           | No later than 5:00 p.m. (Toronto Time) on May 22, 2025  |
| Monitor to advise parties if they are a “Qualified Bidder” | No later than 5:00 p.m. (Toronto Time) on May 26, 2025  |
| Deadline for the submission of binding offers              | No later than 5:00 p.m. (Toronto Time) on June 12, 2025 |
| Closing of transaction(s) arising from the SISP            | No later than July 4, 2025                              |

26. The terms of the SISP provided that in the event no “Qualified Bidder” was identified following the submission of letters of intent, or if the Applicants and the Monitor, in consultation with the DIP Lender, determine that it will not be in the best interests of the Applicants to continue with the SISP, then the SISP would not proceed to its second phase (being the submission of binding offers).
27. The Monitor can confirm that it received letters of intent by May 22, 2025, and that, following consultation with the DIP Lender, “Qualified Bidders” have been invited to the second phase of the SISP. Those Qualified Bidders have until June 12, 2025, to submit a binding offer. Further information with respect to the SISP will be provided to this Court if and when the Applicants seek approval of a sale of, or investment in, the Almex Group.

**G. CHALLENGES TO SECURE THE APPLICANTS’ PROPERTY & CONDUCT THAT FRUSTRATES THE RESTRUCTURING**

28. In the course of the NOI proceeding, the Proposal Trustee had difficulty obtaining reliable, timely, and consistent information from SAIL. The Proposal Trustee also had difficulty relying on Management, and in particular Mr. Shaw (who was, at the time, SAIL’s only director, its CEO and President). As stated in the Trustee’s Second Report, Mr. Shaw appeared to conduct himself in a manner that was, at times, not consistent with a good faith restructuring process.

29. On May 9, 2025, the Proposal Trustee emailed Mr. Shaw to flag certain concerns with Mr. Shaw's conduct. That email, and Mr. Shaw's response later that same day, was attached as Appendix "B" to the Trustee's Second Report.
30. Later on May 9, 2025, counsel to the Proposal Trustee sent Mr. Shaw a formal letter addressing its concerns with Mr. Shaw's conduct. A copy of that letter was attached to the Trustee's Second Report as Appendix "C".
31. As set out in the Trustee's Second Report, the concerns and allegations of misconduct that were brought to the Proposal Trustee's attention by SAIL's employees and Management regarding Mr. Shaw's conduct were serious and included the following:
- (a) some of SAIL's Property had been transferred to other parties outside of the ordinary course of business and without the Proposal Trustee's consent or knowledge. For example, Mr. Shaw moved (or caused to be moved) 21 of SAIL's machines to a related party's warehouse, and the Proposal Trustee was only advised of this occurrence after-the-fact. The Proposal Trustee further understood that plans may have been in development to sell or transfer equipment that may be subject to security agreements, and it learned that plans were in development to sell Fusion-owned equipment to cover unpaid employee payroll and compensation amounts that potentially expose Mr. Shaw to personal liability;
  - (b) the Proposal Trustee was advised that Mr. Shaw requested and received portable hard drives containing copies of certain of SAIL's intellectual property;
  - (c) in connection with the Trustee's First Report, the Proposal Trustee was advised by Mr. Shaw that approximately \$1.25 million in intercompany receivables would arrive the week ending May 9, 2025, from SAIL's Australia division. SAIL's cash flow forecasts, prepared with the assistance of the Proposal Trustee, reported on this information and advised the Court of the timing of this intercompany receivable. Subsequent discussions with personnel in Australia at that time suggested that this timeline was wrong, and that the intercompany receivable was likely not to arrive until sometime in June (and potentially the end of June). This

timing difference causes significant disruptions to SAIL's cash flow forecasts and operational planning, necessitating additional funding requests from the DIP Lender;

- (d) the Proposal Trustee was advised that Mr. Shaw had been asking employees about their interest and loyalty in joining a new company that may acquire some or all of SAIL's Business. If true, this conduct may be a breach of Mr. Shaw's duties and obligations to SAIL and could undermine SAIL's interests and/or jeopardizes SAIL's restructuring prospects; and
  - (e) Mr. Shaw failed to sufficiently participate in management meetings and/or operational processes. His lack of engagement threatened the on-going operation of SAIL, and was generally detrimental to the strategic and operational decision-making processes required during SAIL's restructuring.
32. The Proposal Trustee did not have the opportunity to investigate all of the aforementioned concerns and allegations. These concerns and allegations, however, are serious—particularly those related to Mr. Shaw removing Property from the Applicants and refusing to return that Property to the Applicants. For these reasons, among others, the DIP Lender required that the Initial Order grant the Monitor enhanced powers that were broader than the powers found in the model CCAA initial order. These enhanced powers—often referred to as “super monitor” powers—were a requirement of the Amended DIP Term Sheet.
33. The Monitor has continued the Proposal Trustee's efforts to secure the Applicants' Property and to further investigate the aforementioned concerns and allegations. These efforts have been challenging and time-consuming. As set out in further detail below, Mr. Shaw and Mrs. Shaw are in possession of certain of the Applicants' property. They have not engaged in meaningful communication with the Monitor despite the Monitor's efforts to communicate with them, and they have been generally uncooperative. While some Property has been returned to the Applicants, much of it remains in Mr. Shaw and Mrs. Shaw's possession.

### ***Termination of Mr. Shaw***

34. Mr. Shaw was terminated by SAIL on May 13, 2025, with such termination effective immediately. Mr. Shaw's termination notice instructed him to make arrangements with SAIL for the return of "all company property including any laptops and call phones. Arrangements will be made for vehicles etc." Employment of certain individuals related to Mr. Shaw was also terminated.
35. Notwithstanding Mr. Shaw's termination, Mr. Shaw continued to engage in conduct that frustrated the Applicants' restructuring efforts. With the exception of three vehicles that have been returned, Mr. Shaw has not facilitated the return of any of the Applicants' other Property in his possession.

### ***Cease & Desist Letter Dated May 15, 2025***

36. On May 15, 2025, counsel to the Monitor sent Mr. Shaw a letter setting out its grave concerns with Mr. Shaw's use and attempted use of the Applicants' Property. A copy of this letter is attached to this First Report as **Appendix "B"**. In that letter, the Monitor set out its concerns that Mr. Shaw may have:
- (a) contacted the Applicants' employees regarding the copying and acquisition of proprietary information (the "**Proprietary Information**"), including engineering drawings and calculations, order history, pricing tools, electrical drawings and marketing information;
  - (b) obtained two portable hard drives owned by the Applicants that contain Proprietary Information, including the Applicants' engineering and marketing data;
  - (c) made copies of emails and contact information, both of which constitute Proprietary Information;
  - (d) indicated to employees that he intended to enter the Applicants' facilities after his termination, and that he had the Applicants' keys in his possession; and
  - (e) advised certain of the Applicants' employees that he intended to establish a new business to compete with the Applicants, that he intended to use the Proprietary

Information in furtherance of same, and that he had been soliciting certain of the Applicants' employees to resign from their employment with the Applicants and start employment with his new business.

37. The May 15, 2025, letter demanded that Mr. Shaw, his agents, and his representatives, among other things, cease certain conduct and return to the Monitor all Proprietary Information in his, his agents' or his representatives' possession, and to return to the Monitor all other Property owned by the Applicants.
38. On May 16, 2025, Mr. Shaw emailed the Monitor and its counsel with the following message:

The vehicles will be partially returned over weekend however you have not specified to what location. The offices of Shaw Almex do not have space for 5 additional vehicles to be parked at the offices. Please advise where they should be returned. Secondly the Kia Stinger tires are not safe to drive on and so the vehicle should be picked up on a flatbed at 491 Second Road East. Also the chevrolet Malibu as 250,000 Kilometers and is not road worthy so it will also need to be towed. The keys to the building will be returned with the vehicles

The computers can be returned once the expenses are paid as a result of Mr. Burella placing Mrs Shaw's credit card on Shaw Almex Corporate accounts. The current balance is approximately 2,500 dollars. This matter as already been brought to the attention of FTI and Almex without any resolution.

There is also the matter of unpaid rent on the premises at 103 Isabella Street in Parry Sound that will need to be addressed.

All other matters are not agreed to by Mrs Shaw & Myself as alleged in the attached letter however we will comply with the those requests.

39. Counsel to the Monitor replied later that day with instructions on the return of vehicles, keys, and hard drives.
40. On May 17, 2025, Mrs. Shaw advised the Monitor and its counsel that Mr. Shaw was in hospital. She asked for additional time to return the Applicants' Property.

41. Later on May 17, 2025, the Monitor learned that Mr. Shaw had changed the locks to SAIL's premises at 103 Isabella Street in Parry Sound, Ontario ("**103 Isabella Street**").
42. On May 18, 2025, counsel to the Monitor advised Mr. Shaw and Mrs. Shaw that the Monitor was willing to pick up the Applicants' Property where convenient. The Monitor set a deadline of 5 pm on Monday, May 19, 2025, to for Mr. Shaw to provide the keys to 103 Isabella Street.
43. On May 19, 2025, Mrs. Shaw advised the Monitor and its counsel that "I am working to return property as soon as I can, given the circumstances." A copy of the email correspondence described above is attached to this First Report as **Appendix "C"**.

***Letter to the Shaws dated May 22, 2025***

44. By May 22, 2025, no Property belonging to the Applicants had been returned by Mr. Shaw to the Monitor. Accordingly, counsel to the Monitor sent a letter to Mr. Shaw and Mrs. Shaw on May 22, 2025, setting out Mr. Shaw's failure to comply with the Monitor's demands from May 15, 2025. A copy of this letter is attached to this First Report as **Appendix "D"**. The May 22, 2025, letter emphasized that Mr. Shaw failed to provide any particulars with respect to the return of any and all Proprietary Information, including Proprietary Information on hard drives.
45. The May 22, 2025, letter demanded that Mr. Shaw provide full compliance with the Monitor's demands by 5:00 pm on May 23, 2025, failing which the Monitor may seek an order from this Court that, if granted, may require Mr. Shaw's full compliance with the Monitor's demands and the payment of legal costs associated with such motion.
46. The May 22, 2025, letter also addressed new information that the Monitor had learned with respect to a residential home owned by SAIL at 15 Shaw Almex Drive, Parry Sound, Ontario. This home is located on the same parcel of land as SAIL's manufacturing facility at 17 Shaw Almex Drive, Parry Sound. On December 15, 2024, the home at 15 Shaw Almex Drive was rented to a tenant. To date, the tenant has paid \$11,000 in rent, all of which was paid directly to Mrs. Shaw. Mrs. Shaw has not remitted any of this rent to SAIL. The Monitor demanded in the May 22, 2025, letter, that Mrs. Shaw remit all rental income



to the Monitor. The Monitor also advised Mrs. Shaw that the tenant had been instructed to make all future rent payments to the Monitor.

47. The May 22, 2025, letter cautioned Mr. and Mrs. Shaw that their conduct to date was not consistent with the Initial Order, which requires full co-operation with the Monitor by the Applicants and their shareholders, officers, directors and assistants—which included both Mr. and Mrs. Shaw.

48. On May 23, 2025, Mrs. Shaw sent the following email to the Monitor and its counsel:

We are working to comply with the return of vehicles, computers, hard drives, and phones by end of day today.

With regard to the funds you have requested returned for the Viceroy [the home at 15 Shaw Almex Drive], we will need to calculate against the amount owed for the rent and utilities due for 103 Isabella and the outstanding credit card charges owed to me personally.

49. Mrs. Shaw immediately sent a follow-up email claiming that she was under her doctor's care. She attached a note from a doctor at a walk-in clinic that read as follows:

To Whom It May Concern:

This patient was totally disabled on Thursday, May 22, 2025 and I estimate through to Sunday, May 25, 2025.

Return to regular work on Monday, May 26, 2025.

This information was confirmed on the basis of my direct examination or management of this patient.

50. As of the date of this First Report, three out of five vehicles owned by the Applicants but in the possession of Mr. Shaw and Mrs. Shaw have been returned to the Applicants.

51. No hard drives containing Proprietary Information (or Proprietary Information in any other form) have been returned to the Applicants or the Monitor. The Monitor wishes to emphasize that returning three vehicles is more complicated than returning hard drives, and that if vehicles are being returned, it takes only minimal additional effort to place hard

drives in that vehicle. An adverse inference can—and should, in the Monitor’s view—be drawn from Mr. Shaw and Mrs. Shaw’s failure to return the hard drives to the Applicants.

52. Mrs. Shaw has failed to remit any rent paid in connection with 15 Shaw Almex Drive to the Monitor.

***Removal of Fusion’s Property and Other Concerns with Fusion***

53. As noted above in paragraph 31(a), the Monitor had information to suggest that some of SAIL’s Property had been transferred to other parties outside of the ordinary course of business, and in particular that Mr. Shaw moved (or caused to be moved) 21 of SAIL’s machines to a related party’s warehouse. On or around May 25, 2025, the Monitor obtained further information about this concern. The Monitor has set out this information below. Much of this information has come from conversations and correspondence with the Applicants’ employees, and much of the information has multiple corroborating sources. The Monitor has not had a chance to fully investigate every aspect of the information it has learned; nevertheless, the Monitor is concerned about the overall narrative being suggested by the information it has learned.
54. In or around early May, employees of Fusion were directed by Mr. Shaw beginning in or around early May to move Fusion’s Property from its rented facility in Decatur, Georgia, (the “**Atlanta Facility**”) to an adjacent property (“**Building 4**”). The Monitor understands that the Fusion was in arrears with the landlord of the Atlanta Facility and that there were purportedly concerns that it would exercise its right of distraint (or a similar remedy) and seize the assets in the Atlanta Facility.
55. Building 4 is owned by Shaw DeKalb Properties, LLC. Shaw DeKalb Properties, LLC is a limited liability company organized and existing under the laws of the State of Georgia. Based on court records from the U.S. District Court for the Northern District of Georgia that were reviewed by the Monitor’s counsel, membership in Shaw DeKalb Properties, LLC is limited to Mr. Shaw and/or Mrs. Shaw. Mrs. Shaw is purportedly the owner, sole manager, president and CEO of Shaw DeKalb Properties, LLC.

56. The Fusion Property that was initially transferred from the Atlanta Facility to Building 4 was approximately 20 presses in development for clients (these presses are approximately 80% to 90% complete). These presses, to be clear, are distinct from the machines described above in paragraphs 31(a) and 53. The presses have a retail value of approximately \$1 million and would generate significant revenue for Fusion if they were finished and delivered to customers. Because they are now in storage in a facility controlled by Mr. Shaw, Fusion cannot finish their manufacturing or deliver them to customers.
57. The Monitor understands that as the removal process progressed, Mr. Shaw ordered the removal of all assets from the Atlanta Facility.
58. On account of Building 4 being too small to house all of Fusion's assets, Mr. Shaw directed that Fusion's employees find alternative storage solutions. Movable trailers were picked as the alternative storage solution. The Monitor understands that approximately three trailers, estimated to be roughly 40 to 53 feet long (40 feet being the size of a standard large shipping container and 53 feet being the size of a standard 18-wheel tractor trailer) were loaded with Fusion's Property. At least two of these trailers were moved to Building 4. The third trailer was last reported to be at the Atlanta Facility.
59. Some smaller Fusion Property (such as furniture and electronic items) was moved to a personal residence in the Atlanta-area owned by Mr. Shaw.
60. At some point in the process of moving assets out of the Atlanta Facility, Mr. Shaw directed that the security cameras be turned off.
61. The timeline for the removal of Fusion's Property from the Atlanta Facility is not clear. However, the Monitor understands that it started on or before May 4, 2025, and continued after the granting of the Initial Order.
62. Fusion's employees and laid-off employees assisted with the removal of Fusion's Property at Mr. Shaw's direction. Mr. Shaw paid them out of petty cash, which was supplemented by the sale of scrap metal. One employee claims to have voiced concerns about the legality of removing Fusion's Property from the Atlanta Facility; they were assured by Mr. Shaw that it was legal.

63. On or around May 7, 2025, Mr. Shaw engaged in discussions with a prospective purchaser of certain of Fusion's equipment. Mr. Shaw was purportedly planning to use the proceeds of the equipment's sale to fund employee payroll. When a price was agreed with the prospective purchaser, the prospective purchaser was told to make the cheque payable to Bristol Herrington, Inc. KMPG LLP, in its independent auditor's report for SAIL, described Bristol Herrington, Inc. as a company "significantly influenced by the same shareholder [as SAIL] through control by an immediate family member". Bristol Herrington, Inc. is not an applicant under the Initial Order. The sale to the prospective purchaser did not ultimately proceed, purportedly due to an intermediary becoming concerned that Mr. Shaw lacked the authority to sell the equipment.
64. Mr. Shaw discussed with certain of Fusion's employees the possibility of starting a new business, which Mr. Shaw referred to as "Newco". Mr. Shaw approached at least one employee and purportedly suggested that they accept a position at Newco. Mr. Shaw promised back pay and comparable salary and benefits along with voting shares in Newco.
65. Finally, the Monitor understands that Mr. Shaw explicitly directed certain of Fusion's employees to not communicate with Andrew Hustrulid (the Senior Vice President of Global Services at SAIL, who is assisting with the Applicants' restructuring) or the Monitor without also including Mr. Shaw in that communication.

***The Shaws Continue to Retain the Applicants' Property***

66. To the Monitor's knowledge, neither Mr. Shaw nor Mrs. Shaw have retained counsel to assist them with the CCAA proceeding. The May 15, 2025, letter and May 22, 2025, letter from the Monitor's counsel to Mr. and Mrs. Shaw ask that they bring the letters to their counsel's attention if they have retained counsel.
67. Given the conduct of Mr. Shaw and Mrs. Shaw as set out above, the Monitor believes that it is necessary that this Court order that:
- (a) Mr. Shaw, his agents, representatives, and anyone else acting on his behalf deliver to the Monitor any and all Property in their possession and control, including any vehicles owned by the Applicants; hard drives containing the Applicants'

intellectual property; any phones, computers, laptops and other electronic devices owned by the Applicants; and any equipment and work-in-progress machines removed from the Applicants' facilities;

- (b) Mr. Shaw deliver to the Monitor copies of and details regarding any of the Applicants' intellectual property that is in his possession or control but which is stored remotely, and to thereafter delete any of the intellectual property that is stored remotely and provide confirmation of same to the Monitor;
- (c) Mr. Shaw and Mrs. Shaw co-operate fully with the Monitor in its efforts to recover and secure the Property for the benefit of the Applicants and that they provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out such functions;
- (d) Mr. Shaw not directly or indirectly, by any means whatsoever, alter, conceal, deface, delete, destroy, discard, dispose of, erase, interfere with or remove from the Applicants any Property currently in the Applicants' possession or control;
- (e) Mr. Shaw not enter any of the Applicants' buildings or facilities other than to facilitate the return of Property to the Applicants; and
- (f) until the termination of these CCAA proceedings, Mr. Shaw not, directly or indirectly, by any means whatsoever:
  - (i) employ, engage, offer employment or engagement to or solicit the employment or engagement of or otherwise entice away from the employment or engagement of the Applicants any individual who is employed or engaged by the Applicants whether or not such individual would commit any breach of their contract or terms of employment or engagement by leaving the employ or engagement of the Applicants; or
  - (ii) procure or assist any other Person to employ or engage, offer employment, or engagement, or solicit the employment or engagement of or otherwise

entice away from the employment or engagement of the Applicants any such individual.

68. The Monitor further seeks an order of this Court authorizing the Monitor to:
- (a) take all reasonable and necessary steps to recover and secure the Property for the benefit of the Applicants, and that if a Person has in their possession or power any of the Property of the Applicants, or any book, document or paper of any kind relating in whole or in part to the Applicants, their dealings or Property, that they may be required by the Monitor to produce the book, document or paper for the information of the Monitor, or to deliver to the Monitor any Property of the Applicants in their possession;
  - (b) without further order, examine under oath before a person who is qualified to hold examinations for discovery or other authorized person, any Person reasonably thought to have knowledge of the affairs of the Applicants or any Person who is or has been an agent or a mandatary, or a clerk, a servant, an officer, a director or an employee of the Applicants, respecting the Applicants or the Applicants' dealings or Property and that any Person liable to be so examined must produce any books, documents, correspondence or papers in that Person's possession or power relating in all or in part to the Applicants or the Applicants' dealings or property.

***Concerns about Operations in India***

69. The Monitor understands, based on the Affidavit of Andrew Hustrulid sworn May 8, 2025, that Timothy Shaw and his siblings are the shareholders of Shaw-Almex Overseas Ltd. (“SAOL”). SAOL is not an Applicant in the CCAA proceeding. SAOL holds 80% of the shares of Shaw Almex India PVT Ltd. (“SAIPVT”, and together with SAOL, “**Shaw India**”), with the balance of shares held by the former managing director of SAIPVT. The Monitor understands that SAOL and SAIPVT operate under the “Almex” name in India, but they are not in the same corporate group as the Almex Group (SAIL is the parent company in the Almex Group; SAOL and SAIPVT are not subsidiaries of SAIL and have a different ownership structure).

70. The Monitor has been reviewing the relationship between the Applicants and Shaw India. The Monitor has been informed, but has not independently verified, that the Applicants (or other members of the Almex Group) historically provided Shaw India with services and/or intellectual property (such as drawings and other engineering information). The Monitor has not found any agreements between the Applicants and Shaw India setting out the provision of such services and/or intellectual property, and the Monitor is not aware of any payments by Shaw India to the Applicants as compensation for these services and/or intellectual property. The Monitor is concerned that Shaw India may be using (or at risk of using) the Applicants' own services and/or intellectual property to compete with the Applicants.
71. The Monitor has paused Shaw India's access to certain of the Applicants' electronic systems. Shaw India continues to have access to some electronic systems, including email.
72. The Monitor is continuing to investigate the Applicants' relationship with Shaw India. If the Monitor is otherwise not satisfied with the nature of the relationship between the Applicants and Shaw India, then the Monitor may stop the provision of services and/or intellectual property to Shaw India and is seeking Court authorization to do so if needed.
73. The Monitor has made efforts to have a call with representatives of Shaw India, but as of the date of this First Report no call has happened.

**H. PROPOSED INCREASE IN THE DIP FACILITY AND DIP LENDER'S CHARGE**

74. In the course of the NOI proceeding, this Court approved debtor-in-possession financing from the DIP Lender up to a maximum principal amount of \$1 million. The DIP Facility was secured by the DIP Lender's Charge in the same amount. The Initial Order approved the Amended DIP Term Sheet, which increased the maximum principal amount available under the DIP Facility to \$1.836 million, which was secured in a corresponding amount under the DIP Lender's Charge.
75. The Amended DIP Term Sheet Amendment contemplates an increase in the maximum principal amount under the DIP Facility of \$2,626,500. The proposed Stay Extension Order authorizes a corresponding increase to the DIP Lender's Charge. As before, the DIP

Lender's Charge is to rank in priority to all other encumbrances and charges, other than (a) the BDC Mortgage; and (b) the Administration Charge.

76. The Applicants require additional funding under the DIP Facility to maintain operations during the proposed extension to the Stay of Proceedings, as set out in the cash flow projection attached to this First Report as **Appendix "E"** (the "**Revised and Extended Cash Flow Projections**"). The Revised and Extended Cash Flow Projections present the consolidated projections for SAIL and its subsidiaries, including Fusion.
77. The Monitor considers the increase in the maximum principal amount under the DIP Facility to be appropriate in the circumstances. The Monitor considers it sufficient to take the SISP through to the completion of its second phase and (subject to the outcome of the SISP) to engage in negotiations with prospective bidders and prepare for the approval of a successful bid.

#### **I. THE STAY OF PROCEEDINGS**

78. The Applicants benefit from the Stay of Proceedings, which is set to expire at the end of the day on May 30, 2025. As part of the relief sought in the proposed Stay Extension Order, the Applicants are seeking to extend the Stay of Proceedings to and including July 18, 2025 (the "**Extended Stay of Proceedings**").
79. As is demonstrated in the Revised and Extended Cash Flow Projections, the Applicants are forecasted to have sufficient liquidity to fund their obligations and the costs of these CCAA proceedings through to the end of the Extended Stay of Proceedings by accessing the DIP Facility.



80. The Revised and Extended Cash Flow Projections for the nine-week period from May 17, 2025, through to July 18, 2025, are summarized below:

| <i>(\$CAD in Thousands)</i>                  | <b>9-Week Total</b> |
|--|---------------------|
| Receipts                                     | \$ 10,972           |
| Operating Disbursements                      | (11,237)            |
| <b>Net Cash From Operations</b>              | <b>(265)</b>        |
| Restructuring Disbursements                  |                     |
| Professional Fees                            | (1,106)             |
| <b>Net Cash before Financing</b>             | <b>(1,371)</b>      |
| Financing Requirements                       |                     |
| Monitor's Account                            | 441                 |
| DIP Financing                                | 625                 |
| <b>Total Financing Requirements</b>          | <b>1,066</b>        |
| <b>Net Cash Flows</b>                        | <b>\$ (305)</b>     |
| <i>Cash in Almex Group Accounts</i>          |                     |
| Beginning Cash                               | \$ 2,370            |
| Net Receipts/(Disbursements)                 | (305)               |
| <b>Ending Cash in Almex Group's Accounts</b> | <b>\$ 2,065</b>     |
| <i>Cash in Monitor's Account</i>             |                     |
| Beginning Balance                            | \$ 441              |
| Advances to Applicants                       | (441)               |
| <b>Ending Cash in Monitor's Account</b>      | <b>-</b>            |
| <i>DIP Loan</i>                              |                     |
| Beginning DIP Balance                        | \$ (1,000)          |
| DIP Financing Advances                       | (625)               |
| <b>Ending DIP Loan</b>                       | <b>\$ (1,625)</b>   |

81. The beginning cash balance represents the total consolidated cash holdings of SAIL and its subsidiaries. Cash held in certain foreign jurisdictions can not be readily transferred to SAIL due to, *inter alia*, government restrictions and the fiduciary duties of the local managing directors of the subsidiaries. The beginning cash balance also includes customer deposits held by SAIL and its subsidiaries. Accordingly, the DIP Facility is necessary to meet the Applicants' immediate cash requirements.

82. The Monitor recommends that the Stay of Proceedings be in place to July 18, 2025, for the following reasons, among others:
- (a) the Monitor does not believe that any creditor will be materially prejudiced by the length of the Extended Stay of Proceedings;
  - (b) the Applicants have acted and continue to act in good faith and with due diligence to advance the CCAA proceedings;
  - (c) granting the Extended Stay of Proceedings allows the Applicants to:
    - (i) advance and complete the second phase of the SISP and, if the SISP results in a successful bid, return to this Court to seek approval of same; and
    - (ii) maintain current SAIL operations.
  - (d) RBC, as the DIP Lender and SAIL's primary secured creditor, is supportive of the length of the Extended Stay of Proceedings if the Amended DIP Term Sheet Amendment is approved;
  - (e) the service list was served with motion materials on May 27, 2025, three days before the motion seeking approval of the Stay Extension Order; and
  - (f) as of the date of this First Report, the Monitor is not aware of any party opposed to the Extended Stay of Proceedings.
83. Without the benefit of the Extended Stay of Proceedings, the Applicants' creditors (and in particular, certain of their secured creditors) are likely to take enforcement steps that could impact their enterprise value and going-concern operations (including their ability to employ their workforce).

## **J. CONCLUSION**

84. Based on the foregoing the Monitor respectfully recommends that this Court grant the relief set out in paragraphs 5 and 6 above.

All of which is respectfully submitted this 27th day of May, 2025.

FTI Consulting Canada Inc.  
solely in its capacity as Monitor of Shaw-Almex  
Industries Limited and Shaw Almex Fusion,  
LLC and not in its personal or corporate capacity

A handwritten signature in blue ink, appearing to read "Jeffrey Rosenberg", with a stylized flourish at the end.

Jeffrey Rosenberg  
Senior Managing Director

**APPENDIX “A”**

**[ATTACHED]**

**Court File No. BK-25-03205249-0031  
Estate No. 31-3205249  
District of Ontario  
Division No. 14 - Parry Sound**

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

**IN THE MATTER OF THE  
*BANKRUPTCY AND INSOLVENCY ACT*,  
RSC 1985, C B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL  
OF SHAW-ALMEX INDUSTRIES LIMITED OF THE TOWN OF PARRY SOUND,  
IN THE PROVINCE OF ONTARIO**

**SECOND REPORT OF FTI CONSULTING CANADA INC., AS PROPOSAL TRUSTEE**

**- AND -**

**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**

**PRE-FILING REPORT OF FTI CONSULTING CANADA INC.  
AS PROPOSED MONITOR OF SHAW-ALMEX INDUSTRIES LIMITED  
AND SHAW ALMEX FUSION, LLC**

**May 11, 2025**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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**IN THE MATTER OF THE  
*BANKRUPTCY AND INSOLVENCY ACT*,  
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**SECOND REPORT TO THE COURT  
SUBMITTED BY FTI CONSULTING CANADA INC.,  
IN ITS CAPACITY AS PROPOSAL TRUSTEE**

**- AND -**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF SHAW-ALMEX INDUSTRIES LIMITED  
AND SHAW ALMEX FUSION, LLC**

**PRE-FILING REPORT TO THE COURT  
SUBMITTED BY FTI CONSULTING CANADA INC.  
IN ITS CAPACITY AS PROPOSED MONITOR**

**A. INTRODUCTION**

1. On March 29, 2025, Shaw-Almex Industries Limited (“**SAIL**”) filed a notice of intention to make a proposal (“**NOI**”) pursuant to the provisions of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”) with the Office of the Superintendent of Bankruptcy. FTI Consulting Canada Inc. (“**FTI**”) consented to act as the proposal trustee (the “**Proposal Trustee**”) of SAIL’s estate.

2. On April 25, 2025, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an Order (the “**Stay Extension Order**”) which, among other things:
- (a) extended the time to file a proposal, and expanded and extended the stay of proceedings triggered under the BIA by the NOI filing, until and including May 13, 2025;
  - (b) approved an administration charge (the “**Administration Charge**”) as security for payment of professional fees and disbursements; and
  - (c) approved a debtor-in-possession credit facility (the “**DIP Facility**”) from Royal Bank of Canada (“**RBC**”, and in its capacity as DIP Facility lender, the “**DIP Lender**”) and granted a corresponding charge (the “**DIP Charge**”).

**B. PURPOSE OF THIS REPORT**

3. The purpose of this Second Report of the Proposal Trustee and Pre-Filing Report of the Proposed Monitor (the “**Second Report**”) is to provide information to this Court with respect to SAIL and Shaw Almex Fusion, LLC’s (“**Fusion**”, and together with SAIL, the “**Applicants**”) application under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36 (the “**CCAA**”) returnable May 13, 2025, seeking:
- (a) an Order (the “**Initial Order**”), *inter alia*:
    - (i) continuing the NOI proceeding commenced by SAIL under the purview of the CCAA;
    - (ii) declaring that the Applicants are each a “debtor company” to which the CCAA applies;
    - (iii) appointing FTI as the Court-appointed monitor of the Applicants (in this capacity, the “**Monitor**”) with enhanced powers;
    - (iv) granting 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 thereof (collectively, the “**Property**”), except with the written consent of the Applicants and the Monitor, or with leave of the Court, until May 31, 2025 (the “**Stay of Proceedings**”);

- (v) authorizing the Applicants to borrow up to a maximum principal amount of \$1.836 million<sup>1</sup> under the DIP Facility from the DIP Lender to finance the Applicants' working capital requirements and to pay the costs and expenses of this proceeding, as will be set out in an amended and restated interim financing term sheet that the Proposal Trustee and proposed Monitor intend to file with this Court as part of a supplemental report (the “**Amended DIP Term Sheet**”);
- (vi) granting the following charges over the Applicants' Property, which charges (“**Charges**”) shall rank in priority to all other security interests, trusts, liens, charges and encumbrances in favour of any person:
  - (A) *first* – an Administration Charge in the amount of \$350,000, as security for the payment of professional fees and disbursements incurred and to be incurred by the Monitor, counsel to the Monitor, and counsel to the Applicants, in connection with this CCAA proceeding; and
  - (B) *second* – a DIP Lender's Charge as security for the Applicants' obligations under the Amended DIP Term Sheet, in the maximum principal amount of \$1.836 million plus fees and interest;
- (vii) authorizing the Applicants to pay, with the consent of the Monitor, up to the maximum amount of \$250,000 owing to their suppliers for critical goods or services actually supplied to the Applicants prior to the Filing Date if, in the opinion of the Applicants and the Monitor, such payment is necessary or

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<sup>1</sup> \$36,000 is RBC's commitment fee, so the amount available to the Applicants would be \$1.8 million.

desirable to avoid disruption to the operations of the business or the Property of the Applicants during the CCAA proceedings; and

- (viii) authorizing Fusion to act as the foreign representative of the Applicants in respect of this proceeding for the purpose of having these CCAA proceedings recognized and approved in a jurisdiction outside of Canada, including in the United States Bankruptcy Court;
  - (b) an Order (the “**SISP Order**”), *inter alia*, approving a sale, refinancing and investment solicitation process (the “**SISP**”); and
  - (c) an Order (the “**Discharge Order**”), *inter alia*:
    - (i) approving the activities and conduct of the Proposal Trustee as set out in the First Report of the Proposal Trustee dated April 25, 2025 (the “**First Report**”) and this Second Report;
    - (ii) approving the fees and disbursements of the Proposal Trustee and its legal counsel, as described in this Second Report; and
    - (iii) discharging FTI as Proposal Trustee in connection with the NOI proceeding; and
    - (iv) releasing the Proposal Trustee, counsel to the Proposal Trustee and counsel to SAIL from all claims, liabilities and obligations of any kind based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the date of the proposed Discharge Order in any way relating to the NOI proceeding or with respect to their conduct in the NOI proceeding, other than any claim or liability arising out of gross negligence or wilful misconduct.
4. This Second Report is not intended to provide a comprehensive update on all aspects of this NOI proceeding or all of the activities of the Proposal Trustee. Updates on the NOI proceeding are posted periodically on the website established by the Proposal Trustee at <http://cfcanada.fticonsulting.com/ShawAlmex> (the “**Proposal Trustee’s Website**”). If the

Initial Order is granted and FTI is appointed as Monitor in the CCAA proceedings, FTI, in such capacity, intends to maintain this website and provide updates thereon on the CCAA proceedings.

## C. TERMS OF REFERENCE

5. In preparing this Second Report, the Proposal Trustee and proposed Monitor have relied upon various sources of information including, *inter alia*, audited and unaudited financial information of the Applicants' books and records, certain financial information and forecasts prepared by the Applicants, and discussions with various parties, including senior management ("**Management**") of, and advisors to, the Applicants (collectively, the "**Information**").
6. Except as otherwise described in this Second Report:
  - (a) neither the Proposal Trustee nor the proposed Monitor have 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;
  - (b) neither the Proposal Trustee nor the proposed Monitor have examined or reviewed the financial forecasts or projections referred to in this Second Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook; and
  - (c) the Proposal Trustee and the Monitor's understanding of factual matters expressed in this Second Report concerning SAIL, Fusion and their Business (as defined herein) is based on the Information, and not independent factual determinations made by the Proposal Trustee or the proposed Monitor.
7. Future-oriented financial information referred to or relied on in this Second Report is based on Management's assumptions regarding future events. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not

ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

8. The Proposal Trustee and the proposed Monitor have prepared this Second Report in connection with SAIL and Fusion's motion seeking the relief set out in paragraph 3 above. This Second Report should not be relied on for any other purpose.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

## **D. BACKGROUND**

### ***Overview***

10. SAIL is the parent company of a global business that operates under the "Shaw Almex" name (such business, the "**Almex Group**"). The Almex Group is in the business of the manufacturing of conveyor belt vulcanizing equipment, technology, services and expertise (the "**Business**").
11. SAIL's head office is in Stoney Creek, Ontario. It operates a manufacturing facility in Parry Sound, Ontario, and has an office and manufacturing facility in Hamilton, Ontario. SAIL has approximately 80 Canadian employees, of whom 35 are subject to a Union Collective Agreement with United Steelworkers effective January 2024 for a term until December 2027.
12. SAIL is the primary operating entity in the Almex Group. The Almex Group as a whole employs approximately 500 employees globally. It has operations in approximately 15 locations plus exclusive distributors across six continents. The Almex Group's customers are in 123 countries and operate in varied industries including mining, steel mills, ports, power generation, package handling, and aerospace.

### ***SAIL's Financial Difficulties***

13. The Proposal Trustee and proposed Monitor understands from Management that SAIL's Business, and particularly its Business in the United States, has experienced financial hardship and operational challenges in recent years. These challenges include:

- (a) difficulties securing a reliable rubber supplier after a competitor purchased SAIL's former rubber supplier in or around 2022, and quality control issues arising from a replacement rubber supplier; and
  - (b) large monetary losses arising from currency hedging transactions conducted under the supervision of the former Chief Financial Officer. Many of these transactions did not go in SAIL's favour, resulting in SAIL having to meet monthly margin calls that, at their highest, were almost \$3 million. The counterparties to these currency transactions do not hold any security to secure SAIL's obligations thereunder and SAIL has advised them of the NOI proceeding and that SAIL cannot meet the current margin calls.
- 14. On March 19, 2025, RBC issued a demand letter and notice of intention to enforce its security. On March 28, 2025, Business Development Bank of Canada ("**BDC**") did the same.
- 15. On or around March 28, 2025, SAIL engaged FTI as its financial advisor. On March 29, 2025, SAIL commenced the NOI proceeding. Only SAIL, and none of its subsidiaries, is subject to the NOI proceeding. The Proposal Trustee understands that SAIL's objective with its NOI proceeding is to implement a sale and investment solicitation process ("**SISP**").
- 16. SAIL's present liabilities are estimated to be approximately \$54.9 million, based on its list of creditors filed with the NOI. That amount may include money owing to non-arm's length parties. The present book value of SAIL's assets, based on internal unaudited financial statements as at December 31, 2024, is estimated to be \$24.7 million.
- 17. SAIL has several secured creditors, including RBC, BDC, BDC Capital Inc., and various equipment financiers. RBC is SAIL's principal secured creditor. SAIL is indebted to RBC in the principal amount of \$15,589,239.09 and the principal amount of US\$523,779.53, plus accrued and unpaid interest.

**E. THE PROPOSAL TRUSTEE'S ACTIVITIES**

18. As noted in the First Report, the Proposal Trustee had difficulty obtaining information from SAIL due to, in part, stretched resources in SAIL's finance and accounting group. This continues to be the case.
19. Since the First Report, the Proposal Trustee has, *inter alia*:
  - (a) regularly engaged in discussions and met with SAIL's management team and its legal counsel regarding this NOI proceeding;
  - (b) monitored and commented on SAIL's receipts and disbursements;
  - (c) assisted SAIL in preparing a four (4) week cash flow forecast;
  - (d) assisted SAIL in preparing various iterations of cash flow forecasts for all of its operating subsidiaries and consolidating same;
  - (e) participated in discussions with and responded to inquiries from stakeholders, including, *inter alia*, suppliers, creditors, employees, customers and RBC;
  - (f) corresponded regularly with Almex Group employees regarding operational, finance and governance matters, including senior management, regional managers, plant production managers, the supply chain manager and the payroll manager;
  - (g) responded to numerous allegations of wrongful conduct by SAIL's sole director, President and CEO, Tim Shaw, and requested a meeting with Mr. Shaw;
  - (h) corresponded with multiple parties that have reached out regarding a potential purchase of SAIL;
  - (i) commenced the SISP process, including:
    - (i) compiling a target list of prospective purchasers with input from Management;
    - (ii) populating a virtual data room;

- (iii) preparing a marketing teaser setting out the opportunity to purchase or invest in SAIL;
- (iv) preparing a non-disclosure agreement for prospective purchasers;
- (v) circulating the teaser and non-disclosure agreement to the target list;
- (vi) negotiating the terms of the non-disclosure agreement with prospective purchasers; and
- (vii) scheduling manufacturing plant visits;
- (j) engaged in matters related to the proposed conversion of the NOI proceedings to CCAA proceedings;
- (k) managed the Proposal Trustee's Website;
- (l) operated and monitored telephone hotlines and email accounts for stakeholder enquiries;
- (m) prepared this Second Report; and
- (n) engaged with the Proposal Trustee's legal counsel in connection with the foregoing activities.

**F. CONTINUATION OF THE NOI PROCEEDING UNDER THE CCAA**

20. The Initial Order seeks to continue the NOI proceeding under the CCAA. The reasons for SAIL commencing the NOI proceedings were set out in the First Report. The Proposal Trustee understands that the NOI proceeding was commenced on an urgent basis following the receipt of two demand letters and notices of intentions to enforce security from secured creditors. The NOI proceedings enabled SAIL to obtain a stay of proceedings, during which time it has considered how to restructure.
21. SAIL's restructuring efforts since commencement of the NOI proceeding have focused on improving and maintaining its liquidity position and developing the SISP. SAIL now seeks

to continue the NOI proceeding under the CCAA to, among other things, use the flexibility of the CCAA to explore a value maximizing sale transaction.

### ***Inclusion of Fusion as an Applicant***

22. Fusion is not subject to the NOI proceeding, but it is an applicant in the proposed CCAA proceedings. Fusion is an indirect subsidiary of SAIL that is organized pursuant to the laws of the State of Georgia in the United States of America. Fusion operates from Atlanta, Georgia, and manufactures primarily Shaw Almex presses and rubber products. Fusion's operations are functionally and operationally integrated with those of SAIL such that it cannot operate independently of SAIL's Canadian operations.
23. Until recently, Fusion's had approximately 30 employees; 26 of these employees were recently laid off. None of Fusion's employees are unionized. The proposed Monitor understands that Fusion owes approximately US\$198,000 to some of its employees for unpaid prior bonuses, and approximately US\$134,000 for payroll that was due in the week ending May 2, 2025, but left unpaid due to lack of funds.

### ***The Applicants' Liabilities***

24. SAIL's present liabilities are estimated to be approximately \$54.9 million, based on its list of creditors filed with the NOI—an amount in excess of the \$5 million threshold for the CCAA. SAIL's liabilities exceed the present book value of its assets, which based on internal unaudited financial statements as at December 31, 2024, are estimated to be \$24.7 million.
25. Based on internal unaudited financial statements as at December 31, 2024, Fusion's assets are estimated to be \$4.1 million, and its liabilities are estimated to be \$15.7 million.
26. The Applicants are named as defendants (often co-defendants) in various litigation proceedings. The proposed Monitor understands that the Applicants have not had sufficient resources to adequately respond to all of the litigation such that many of the actions have not been defended by the Applicants.



***The Proposed Monitor Supports the CCAA Proceeding***

27. The proposed Monitor supports SAIL's application to continue the NOI proceeding under the CCAA and to include Fusion as an applicant in the CCAA proceeding because, *inter alia*:

- (a) pursuant to the BIA, a debtor must make a proposal to its creditors no later than six months after filing an NOI (being September 29, 2025). It is unclear whether that provides SAIL with sufficient time to consummate a sale transaction and terminate the NOI proceedings by then. By converting to a CCAA proceeding, SAIL will have the flexibility to continue operating as a going concern while it works towards a successful sale transaction, and SAIL avoids the economic costs associated with a potential liquidation in the event that no proposal can be filed under the BIA within the prescribed timeframe;
- (b) a debtor in a CCAA proceeding is only required to return to Court when necessary, thus providing flexibility and efficiency as compared to a proposal proceeding under the BIA, which obligates the debtor to return at statutory intervals for extensions of time to file a proposal. By continuing this matter as a CCAA proceeding, the SAIL will save on professional costs associated with court appearances;
- (c) the proposed CCAA proceeding should:
  - (i) stabilize and preserve the going concern operations of the Applicants for the benefit of their stakeholders; and
  - (ii) give the Applicants the breathing room to implement the SISP and fully canvass the market for potential purchasers of the Business through the Court-supervised sale process and to return to the Court to seek approval of a transaction identified therein; and
- (d) the proposed CCAA proceeding is a preferable forum for restructuring the Applicants, particularly if the Applicants require a recognition proceeding in the

United States and other international venues depending on potential purchaser requirements.

**G. QUALIFICATIONS TO ACT AS MONITOR**

28. Since being engaged by SAIL, FTI has acquired knowledge of the Business and SAIL's operations, including its personnel, stakeholders and the key issues in the proposed CCAA proceedings. As a result, FTI is in a position to immediately act as Monitor in the CCAA proceedings if appointed by this Court.
29. FTI is a licensed trustee within the meaning of s. 2 of the BIA. Neither FTI nor any of its representatives or affiliates has been at any time in the past two years:
- (a) a director, officer or employee of the Applicants;
  - (b) related to the Applicants or to any director or officer of the Applicants or any other member of the Almex Group; or
  - (c) the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel, of the Applicants or any member of the Almex Group.
30. An aggregate retainer of approximately \$117,347.50 has been paid by Applicants to the proposed Monitor and the proposed Monitor's counsel.
31. FTI has consented to act as Monitor should this Court grant the Initial Order.

**H. PROPOSED CONTINUATION & MODIFICATION OF COURT-ORDERED CHARGES**

***The DIP Facility & DIP Lender's Charge***

32. As part of the Stay Extension Order, this Court approved debtor-in-possession financing from the DIP Lender up to a maximum principal amount of \$1 million. The DIP Facility was secured by the DIP Lender's Charge in the same amount. The DIP Lender's Charge ranked in priority to all other encumbrances and charges, other than (a) the interests of BDC in a mortgage against the real property owned by SAIL located at 17 Shaw Almex Road, Parry Sound (the "**BDC Mortgage**"); and (b) the Administration Charge.

33. The proposed Initial Order contemplates an increase to the “**Maximum Loan Amount**” under the DIP Facility to \$1.836 million, with interest accruing at a rate of 10% per annum. This funding is required to maintain operations during the proposed extension to the Stay of Proceedings, as set out in the cash flow projection attached to this Second Report as **Appendix “A”** (the “**Revised and Extended Cash Flow Projections**”). The Revised and Extended Cash Flow Projections present the consolidated projections for SAIL and its subsidiaries, including Fusion.
34. The Proposed Monitor considers the Maximum Loan Amount appropriate in the circumstances. The Proposed Monitor originally expected the Maximum Loan Amount to be lower, but as discussed in Section J below, a higher-than-expected amount of interim financing is needed to fill a funding gap.
35. The proposed Initial Order contemplates the continuation of the DIP Lender’s Charge (charging the Property of both Applicants), but with an increase in the amount secured by the DIP Lender’s Charge to a maximum amount of \$1.836 million.
36. The Proposed Monitor consider the changes to the DIP Lender’s Charge appropriate.

#### ***The Administration Charge***

37. The Stay Extension Order granted the Administration Charge up to a maximum amount of \$350,000 to secure the fees and disbursements incurred by the Proposal Trustee, counsel to the Proposal Trustee, and counsel to SAIL in connection with the NOI proceeding. The Administration Charge ranked in priority to all other encumbrances and charges, other than the BDC Mortgage.
38. The proposed Initial Order contemplates the continuation of the Administration Charge (charging the Property of both Applicants) to secure the fees and disbursements of the proposed Monitor, counsel to the proposed Monitor, and counsel to the Applicants in connection with the CCAA proceedings. These professionals have contributed to, and will continue to contribute to, the advancement of the CCAA proceeding and the completion of a successful restructuring.

39. The proposed Initial Order changes the ranking of the Administration Charge by making the BDC Mortgage subordinate to the Administration Charge. BDC has been given notice of its priming.
40. The Proposed Monitor consider the changes to the Administration Charge appropriate.

## **I. THE PROPOSED SALES PROCESS**

### ***Marketing Efforts to Date***

41. The Proposal Trustee understands that over twelve months ago, when SAIL began to experience financial difficulties, it canvased options for a possible sale or refinancing of its operations. This process was informal, the Almex Group did not engage an investment banking advisor, and it was not what the Proposal Trustee would consider a fulsome sale or refinancing process. SAIL also explored the possibility of a management buy-out. None of these efforts were ultimately successful.
42. Since the commencement of the NOI proceedings, the Proposal Trustee has received inbounds from multiple prospective purchasers seeking information about potential opportunities involving SAIL. The Proposal Trustee engaged in discussions with these parties and formed the view that there is interest in SAIL's Business, although a wider canvas of the market is necessary.

### ***The Proposed Sale Process***

43. The Applicants seek the proposed SISP Order which, *inter alia*, authorizes the Applicants to implement the SISP and continue the work already put in by the Proposal Trustee.
44. The Proposal Trustee started advancing the process contemplated by the SISP on May 2, 2025. To date, a list of approximately 135 prospective purchasers has been created. These prospective purchasers include parties based in Canada and internationally, and represent competitors, industry-adjacent businesses, private equity funds, investors and interested parties that have reached out to the Proposal Trustee. All 135 prospective purchasers have received a teaser setting out the opportunity to purchase or invest in SAIL.

45. The Proposal Trustee has established a virtual data room that contains relevant documents and information for prospective purchasers. A number of prospective purchasers have already entered into non-disclosure agreements and are in the process of being provided with access to the virtual data room. The Proposal Trustee continues discussions regarding the terms of the non-disclosure agreements with several other prospective bidders.
46. The particulars of the proposed SISP are summarized in the Affidavit of Andrew Hustrulid sworn May 8, 2025, commencing at paragraph 142. In brief:
- (a) the SISP is being overseen by the Monitor;
  - (b) the SISP is designed to culminate in the closing of a transaction by no later than July 5, 2025;
  - (c) there are two phases in the SISP:
    - (i) Phase 1 calls for non-binding letters of interest, which are to be submitted no later than 5 pm ET on May 22, 2025;
    - (ii) “Qualified Bidders” can then participate in Phase 2, with binding offers submitted by no later than 5 pm ET on June 12, 2025; and
  - (d) in the event that there is no “Qualified Bidder”, or the Applicants and the Monitor, in consultation with the DIP Lender, determine that it will not be in the best interests of the Applicants to continue with the SISP, the SISP will not proceed to Phase 2.
  - (e) at the conclusion of Phase 2, the Monitor and the Applicants, in consultation with the DIP Lender, will review and evaluate each offer received. The Monitor, in consultation with the Applicants and the DIP Lender, will then either:
    - (i) select the bid or bids that are in the best interest of the Applicants’ stakeholders (the “**Successful Bid**”); or
    - (ii) direct the Monitor to conduct an auction wherein the highest bid at the Auction will be selected as the Successful Bid.

47. After the selection of the Successful Bid, the Applicants shall apply to the Court for an order approving the Successful Bid.
48. The Monitor may extend the SISP deadlines in consultation with the Applicants and with the consent of the DIP Lender, without Court approval.
49. The proposed Monitor is of the view that the SISP is an appropriate continuation of the efforts of SAIL and the Proposal Trustee during the NOI proceeding and, in the circumstances, ought to be approved. The proposed Monitor is further of the view that the proposed SISP is typical in terms of duration and process of sales process typically granted in an NOI or CCAA proceeding and represents the best opportunity to identify a potential going concern transaction for the Applicants and maximize value for the benefit of their stakeholders.

## **J. MONITOR'S PROPOSED ENHANCED POWERS**

### ***Background to the Enhanced Powers***

50. In the course of the NOI proceeding, the Proposal Trustee has had difficulty obtaining reliable, timely, and consistent information from SAIL. The Proposal Trustee has also had difficulty relying on Management, and in particular Mr. Shaw (SAIL's only director and its CEO and President). It appears that Mr. Shaw may have at times conducted himself in a manner that is not consistent with a good faith restructuring process, and the Proposal Trustee has on multiple occasions cautioned him with respect to his conduct.
51. On May 9, 2025, the Proposal Trustee wrote to Mr. Shaw to flag certain concerns with Mr. Shaw's conduct. Mr. Shaw replied later that same day. A copy of this email exchange is attached to this Second Report as **Appendix "B"**. Later on May 9, 2025, counsel to the Proposal Trustee sent Mr. Shaw a formal letter addressing its concerns with Mr. Shaw's conduct. A copy of that letter is attached to this Second Report as **Appendix "C"**.
52. The Proposal Trustee has not yet had the opportunity to investigate all of the concerns and allegations of misconduct that have been brought to the Proposal Trustee's attention by SAIL's employees and Management regarding Mr. Shaw's conduct. These concerns and allegations, however, are serious and include the following:

- (a) some of SAIL's property has been transferred to other parties outside of the ordinary course of business and without the Proposal Trustee's consent or knowledge. For example, Mr. Shaw moved (or caused to be moved) 21 of SAIL's machines to a related party's warehouse, and the Proposal Trustee was only advised of this occurrence after-the-fact. The Proposal Trustee further understands that plans may have been in development to sell or transfer equipment that may be subject to security agreements, and it has learned that plans were in development to sell equipment in the US division to cover employee payroll and compensation;
- (b) the Proposal Trustee was advised that Mr. Shaw requested portable hard drives containing copies of certain of SAIL's intellectual property;
- (c) in connection with the First Report, the Proposal Trustee was advised by Mr. Shaw that approximately \$1.25 million in intercompany receivables would arrive the week ending May 9, 2025, from SAIL's Australia division. SAIL's cash flow forecasts, prepared with the assistance of the Proposal Trustee, reported on this information and advised the Court of the timing of this intercompany receivable. Subsequent discussions with personnel in Australia now suggest that this timeline is wrong, and that the intercompany receivable likely will not arrive until sometime in June (and potentially the end of June). This timing difference causes significant disruptions to SAIL's cash flow forecasts and operational planning, necessitating additional funding requests from the DIP Lender;
- (d) employees of certain of SAIL's subsidiaries have resigned, and other employees are seriously concerned about layoffs. While this can be expected to a certain degree during an insolvency proceeding, the Proposal Trustee has been advised that Mr. Shaw has been asking employees about their interest and loyalty in joining a new company that may acquire some or all of SAIL's Business. If true, this conduct may be a breach of Mr. Shaw's duties and obligations to SAIL and could undermine SAIL's interests and/or jeopardizes SAIL's restructuring prospects; and
- (e) Mr. Shaw has failed to sufficiently participate in management meetings and/or operational processes. His lack of engagement threatens the on-going operation of

SAIL, and is generally detrimental to the strategic and operational decision-making processes required during SAIL's restructuring.

53. The above factors have contributed to, amongst other things, a lack of faith in management and a worsening cash flow position.
54. In light of the concerns set out above, amongst others, the DIP Lender requires that the proposed Monitor be granted enhanced powers that are broader than the powers found in the model CCAA initial order. The proposed Monitor supports this expansion of its power. These enhanced powers—often referred to as “super monitor” powers—are expected to be a requirement in the Amended DIP Term Sheet.

***Details of the Monitor's Expanded Powers***

55. The super monitor powers included in the proposed Initial Order authorize and empower, but do not require, the Monitor to, *inter alia*:
  - (a) exercise any powers which may be properly exercised by a board of directors of the Applicants;
  - (b) exercise any shareholder, partnership, joint venture or other rights which the Applicants may have, including the right to elect or to cause the election or removal of any of the directors of the Applicants' subsidiaries;
  - (c) cause the Applicants to terminate employees;
  - (d) cause the Applicants to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the Applicants in dealing with the Property;
  - (e) take any and all actions and steps, and execute all documents and writings, on behalf of, and in the name of the Applicants to facilitate the performance of any ongoing obligations of the Applicants and to carry out the Monitor's duties under this Order or any other Order of this Court in the CCAA proceeding;



- (f) propose or cause the Applicants or any one or more of them to propose one or more Plans in respect of the Applicants or any one or more of them;
- (g) cause the Applicants to engage the services of any person as an employee, consultant, appraiser, agent, expert, auditor, accountant, manager, counsel, and such other persons from time to time and on whatever basis, including on a temporary basis, all under the supervision and direction of the Monitor and on the terms as agreed with the Monitor;
- (h) apply to this Court for any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter, and including any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers;
- (i) engage, deal, communicate, negotiate, agree and settle with any creditor or other stakeholder of the Applicants in the name of or on behalf of the Applicants;
- (j) claim or cause the Applicants to claim any and all insurance refunds or tax refunds, including refunds of harmonized sales taxes, to which the Applicants are entitled;
- (k) initiate, manage and direct, or cause the Applicants to initiate, manage and direct, all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the Applicants, the Property, or the Business, including initiating, prosecuting, continuing, defending, settling or compromising the proceedings;
- (l) meet with and direct management of the Applicants with respect to any of the foregoing including, without limitation, operational and restructuring matters; and
- (m) approve and make any funding requests under the DIP Facility.

56. The proposed Initial Order provides that the Monitor is not and shall not be deemed to be a director, officer, or employee of the Applicants. Further, all employees of the Applicants shall remain employees of the Applicants until such time as the Applicants may terminate

the employment of such employees. The Monitor is not liable for any employee-related liabilities or duties, including, without limitation, wages, severance pay, termination pay, vacation pay and pension or benefit amounts, as applicable.

57. The proposed Initial Order provides that banks and/or financial institutions that maintain the Applicants' Cash Management System (which includes, for the avoidance of doubt, each of the Applicants' bank accounts) are directed to recognize and permit the Monitor and its representatives to complete any and all transactions on behalf of the Applicants in connection with such Cash Management System.

58. The proposed Monitor believes that these enhanced powers will enable a fair and efficient restructuring process and reduce the risk of the Applicants' management making decisions that undermine the restructuring process.

#### **K. CRITICAL SUPPLIERS**

59. The proposed Initial Order authorizes the Applicants to pay critical suppliers pre-filing amounts provided that (a) in the opinion of the Applicants and Monitor, with the consent of the DIP Lender, such payment is necessary to maintain the uninterrupted operations of the Business; and (b) the aggregate amount of such payments does not exceed \$250,000.

60. The Applicants are of the view that there is significant risk that critical suppliers will not continue to provide services and/or products to the Applicants if their respective pre-filing amounts are not paid.

61. The proposed Monitor agrees that without the continued supply of certain goods and services, the Applicants would be unable to maintain their key customer contracts, which would have a significant and immediate adverse impact on the value of the Business. The proposed Monitor acknowledges that the Applicants' funding is limited and that it will work with the Applicants to ensure that payments to critical suppliers for pre-filing liabilities are restricted to only what is necessary. The proposed Monitor supports granting the Applicants the authority to make such ad hoc payments, allowing urgent supplier issues to be addressed flexibly and on an as-needed basis.

**L. THE STAY OF PROCEEDINGS**

62. SAIL benefits from a stay of proceedings that is set to expire at the end of the day on May 13, 2025. As part of the relief sought in the proposed Initial Order, SAIL is seeking an order granting the Stay of Proceedings to and including May 30, 2025.
63. The proposed length of the Stay of Proceedings exceeds the 10-day initial stay period permitted under section 11.02(1) of the CCAA. The proposed Monitor's counsel has consulted cases in which an initial order is sought through a motion to continue NOI proceedings under the CCAA and understands that courts have used their discretion to deviate from the strict application of section 11.02(1) of the CCAA. Unlike with a typical CCAA application, the present CCAA application is not brought *ex parte*: the Applicants' service list was served with the CCAA application. Further, creditors and other stakeholders have had notice of the NOI proceedings for at least a month. In light of the foregoing, the proposed Monitor is supportive of a Stay of Proceedings that is longer than 10 days.
64. As is demonstrated in the Revised and Extended Cash Flow Projections, the Applicants are forecasted to have sufficient liquidity to fund their obligations and the costs of the proposed CCAA proceeding through to the end of the Stay of Proceedings on May 30, 2025, by accessing the DIP Facility.
65. The Revised and Extended Cash Flow Projections for the 4-week period from May 3, 2025, through May 30, 2025, are summarized below:<sup>2</sup>

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<sup>2</sup> The Proposal Trustee has not included in this Second Report a variance report setting out differences between the cash flow projections in the First Report and this Second Report due to challenges obtaining information from SAIL.

(\$CAD in Thousands)

| Forecast Week Ending                             | 09-May-25      | 16-May-25      | 23-May-25      | 30-May-25      | 4-Weeks        |
|--|----------------|----------------|----------------|----------------|----------------|
| Receipts   | 956            | 728            | 845            | 1,502          | 4,031          |
| Operating Disbursements                          | \$ (1,098)     | \$ (1,269)     | \$ (1,576)     | \$ (1,385)     | \$ (5,329)     |
| <b>Net Cash From Operations</b>                  | <b>(142)</b>   | <b>(542)</b>   | <b>(731)</b>   | <b>117</b>     | <b>(1,297)</b> |
| Restructuring Disbursements                      |                |                |                |                |                |
| Professional Fees                                | (100)          | (375)          | (100)          | (100)          | (675)          |
| <b>Net Cash before Financing</b>                 | <b>(242)</b>   | <b>(917)</b>   | <b>(831)</b>   | <b>17</b>      | <b>(1,972)</b> |
| Financing Requirements                           |                |                |                |                |                |
| Proposal Trustee Account Funds                   | -              | 760            | -              | -              | 760            |
| DIP Financing                                    | -              | -              | 400            | 400            | 800            |
| Total Financing Requirements                     | -              | 760            | 400            | 400            | 1,560          |
| <b>Net Cash Flows</b>                            | <b>(242)</b>   | <b>(157)</b>   | <b>(431)</b>   | <b>417</b>     | <b>(413)</b>   |
| Cash in Almex Group Accounts                     |                |                |                |                |                |
| Beginning Cash                                   | 2,546          | 2,304          | 2,147          | 1,716          | 2,546          |
| <b>Ending Cash in Almex Group's Accounts</b>     | <b>2,304</b>   | <b>2,147</b>   | <b>1,716</b>   | <b>2,133</b>   | <b>2,133</b>   |
| Cash in Proposal Trustee's Account               |                |                |                |                |                |
| Beginning Balance                                | 760            | 760            | -              | -              | 760            |
| Advances to Applicants                           | -              | (760)          | -              | -              | (760)          |
| <b>Ending Cash in Proposal Trustee's Account</b> | <b>760</b>     | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| DIP Loan   |                |                |                |                |                |
| Beginning DIP Balance                            | (1,000)        | (1,000)        | (1,000)        | (1,400)        | (1,000)        |
| DIP Financing Advances                           | -              | -              | (400)          | (400)          | (800)          |
| <b>Ending DIP Loan</b>                           | <b>(1,000)</b> | <b>(1,000)</b> | <b>(1,400)</b> | <b>(1,800)</b> | <b>(1,800)</b> |

66. The beginning cash balance represents the total consolidated cash holdings of SAIL and its subsidiaries. Cash held in certain foreign jurisdictions can not be readily transferred to SAIL due to, *inter alia*, government restrictions and the fiduciary duties of the local managing directors of the subsidiaries. The beginning cash balance also includes customer deposits held by SAIL and its subsidiaries. Accordingly, the DIP Facility is necessary to meet the Applicants' immediate cash requirements.
67. Subject to the proposed Monitor being appointed and being granted the requested enhanced powers, the proposed Monitor recommends that the Stay of Proceedings be in place to May 30, 2025, for the following reasons, *inter alia*, and:
- (a) the proposed Monitor does not believe that any creditor will be materially prejudiced by the length of the Stay of Proceedings;

- (b) SAIL acted and continues to act in good faith and with due diligence to advance its NOI proceeding and restructuring process, and is expected to continue to do so during the CCAA proceeding;
  - (c) granting the Stay of Proceedings until and including May 30, 2025, allows the Applicants to:
    - (i) implement the SISP, if approved by the Court;
    - (ii) assess any Phase 1 non-binding letters of interest, which are to be submitted by May 22, 2025 pursuant the proposed SISP; and
    - (iii) maintain current SAIL operations.
  - (d) RBC, as the DIP Lender and SAIL's primary secured creditor, is supportive of the length of the Stay of Proceedings if the Amended DIP Term Sheet is approved; and
  - (e) the service list was served with motion materials on May 8, 2025, five days before the Applicants' application under the CCAA, and the application under the CCAA had been flagged to stakeholders in connection with the motion for the Stay Extension Order;
  - (f) as of the date of this Second Report, the Proposal Trustee and proposed Monitor are not aware of any party opposed to the Stay of Proceedings.
68. Without the benefit of the Stay of Proceedings, the Applicants' creditors (and in particular, certain of their secured creditors) are likely to take enforcement steps that could impact their enterprise value and going-concern operations (including their ability to employ their workforce).

**M. APPROVAL OF THE FEES AND ACTIVITIES OF THE PROPOSAL TRUSTEE AND COUNSEL**

69. The proposed Discharge Order provides a mechanism for the discharge of the Proposal Trustee and the termination of the NOI proceeding. As part of its discharge, the Proposal Trustee seeks approval of the actions, conduct and activities of the Proposal Trustee as set

out in this Second Report and the First Report (together, the “**NOI Reports**”). The proposed Discharge Order also seeks approval of the fees and disbursements of the Proposal Trustee and its counsel, Stikeman Elliott LLP, that have been incurred to date.

70. As outlined in the NOI Reports, the Proposal Trustee and its counsel have played, and continue to play, a significant role in the NOI proceeding. The Proposal Trustee respectfully submits that its actions, conduct, and activities in the NOI proceeding have been carried out in good faith and in accordance with the provisions of the Orders issued therein and should therefore be approved.
71. Pursuant to paragraph 3 of the Stay Extension Order, the Proposal Trustee and its counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to the Filing Date, by SAIL as part of the costs of the NOI proceeding.
72. The total fees and disbursements of the Proposal Trustee for the period April 2, 2025, to April 30, 2025, total \$318,487.19, including fees in the amount of \$279,476.50, disbursements in the amount of \$2,370.57, and HST in the amount of \$36,640.12, as more particularly described in the Affidavit of Jeffrey Rosenberg sworn May 11, 2025 (the “**FTI Affidavit**”), a copy of which is attached to this Second Report as **Appendix “D”**.
73. The total fees and disbursements of Stikeman Elliott LLP, including HST, for the period April 21, 2025, to May 4, 2025, total \$53,061.67, including fees in the amount of \$46,817.35, disbursements in the amount of \$158.06, and HST in the amount of \$6,086.26, as more particularly described in the Affidavit of Maria Konyukhova sworn May 11, 2025 (the “**Stikeman Affidavit**” and together with the FTI Affidavit, the “**Fee Affidavits**”), a copy of which is attached to this Second Report as **Appendix “E”**.
74. It is anticipated that the Proposal Trustee and its counsel will incur additional costs in connection with additional steps required in the NOI proceeding, including, among other things, taking the necessary steps required to terminate the NOI proceeding. Accordingly, the proposed Initial Order provides that any fees and disbursements incurred by the Proposal Trustee and its counsel that are not approved and paid in the course of this NOI

proceeding can be included in the fees and disbursements of the proposed Monitor and its counsel.

75. The Proposal Trustee respectfully submits that the fees and disbursements incurred by the Proposal Trustee and its counsel, as described in the Fee Affidavits, are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Stay Extension Order. Accordingly, the Proposal Trustee respectfully requests the approval of the fees and disbursements of the Proposal Trustee and its counsel as set out in the Fee Affidavits.

**N. TERMINATION OF THE NOI PROCEEDINGS**

76. The proposed Discharge Order provides for a release of the Proposal Trustee, counsel to the Proposal Trustee, counsel to SAIL and each of their respective affiliates, officers, directors, partners, current and former employees, legal counsel and agents (collectively, the “**Released Parties**”) from all claims, liabilities and obligations of any kind based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the date of the proposed Discharge Order in any way relating to the NOI proceeding or with respect to their conduct in the NOI proceeding, other than any claim or liability arising out of gross negligence or wilful misconduct on the part of the Released Parties.
77. The Proposal Trustee is supportive of this release. The commitment of the Released Parties to the restructuring process has been significant, and they have made material contributions to SAIL’s restructuring. The NOI proceedings, while short in duration, have been complex.

**O. CONCLUSION**

78. Based on the foregoing, the Proposal Trustee and proposed Monitor respectfully recommends that this Court grant the relief set out in paragraph 3 above.

All of which is respectfully submitted this 11th day of May, 2025.

FTI Consulting Canada Inc.

solely in its capacity as Proposal Trustee of  
Shaw-Almex Industries Limited and not in its  
personal or corporate capacity



Jeffrey Rosenberg  
Senior Managing Director

FTI Consulting Canada Inc.

solely in its capacity as proposed Monitor of  
Shaw-Almex Industries Limited and Shaw  
Almex Fusion, LLC and not in its personal or  
corporate capacity



Jeffrey Rosenberg  
Senior Managing Director



**APPENDIX “A”**

**[ATTACHED]**

Shaw-Almex Industries Limited - Consolidated Weekly

Projected Cash Flow Statement for the Period of May 3, 2025 to May 30, 2025

(\$CAD in Thousands)

| Forecast Week Ending                             | 09-May-25      | 16-May-25      | 23-May-25      | 30-May-25      | 4-Weeks        |
|--|----------------|----------------|----------------|----------------|----------------|
| Forecast Week                                    | 1              | 2              | 3              | 4              | Total          |
| Receipts   | 956            | 728            | 845            | 1,502          | 4,031          |
| Operating Disbursements                          |                |                |                |                |                |
| Payroll  | (244)          | (382)          | (254)          | (719)          | (1,598)        |
| Material Purchases                               | (583)          | (572)          | (711)          | (248)          | (2,114)        |
| Debt   | (37)           | (1)            | -              | (2)            | (41)           |
| Freight & Duties                                 | (60)           | (26)           | (180)          | (14)           | (280)          |
| Equipment Leases                                 | (21)           | (12)           | (6)            | (49)           | (89)           |
| Rent & Utilities                                 | (30)           | (29)           | (41)           | (58)           | (159)          |
| IT Expenses                                      | (1)            | (1)            | (2)            | (54)           | (59)           |
| Insurance  | (0)            | (2)            | (0)            | (84)           | (87)           |
| Travel Expenses                                  | (12)           | (14)           | (14)           | (13)           | (53)           |
| Vehicles Expenses                                | (4)            | (6)            | (2)            | (5)            | (17)           |
| Taxes  | (3)            | (86)           | (20)           | (14)           | (123)          |
| Other Disbursements                              | (76)           | (112)          | (321)          | (98)           | (608)          |
| Contingency                                      | (25)           | (25)           | (25)           | (25)           | (100)          |
| Operating Disbursements                          | (1,098)        | (1,269)        | (1,576)        | (1,385)        | (5,329)        |
| <b>Net Cash From Operations</b>                  | <b>(142)</b>   | <b>(542)</b>   | <b>(731)</b>   | <b>117</b>     | <b>(1,297)</b> |
| Intercompany                                     |                |                |                |                |                |
| Funding from Related Parties                     | 340            | 80             | 255            | 110            | 785            |
| Funding for Related Parties                      | (340)          | (80)           | (255)          | (110)          | (785)          |
| Total Intercompany                               | -              | -              | -              | -              | -              |
| Restructuring Disbursements                      |                |                |                |                |                |
| Professional Fees                                | (100)          | (375)          | (100)          | (100)          | (675)          |
| <b>Net Cash before Financing</b>                 | <b>(242)</b>   | <b>(917)</b>   | <b>(831)</b>   | <b>17</b>      | <b>(1,972)</b> |
| Financing Requirements                           |                |                |                |                |                |
| Proposal Trustee Account Funds                   | -              | 760            | -              | -              | 760            |
| DIP Financing                                    | -              | -              | 400            | 400            | 800            |
| Total Financing Requirements                     | -              | 760            | 400            | 400            | 1,560          |
| <b>Net Cash Flows</b>                            | <b>(242)</b>   | <b>(157)</b>   | <b>(431)</b>   | <b>417</b>     | <b>(413)</b>   |
| Cash in Almex Group Accounts                     |                |                |                |                |                |
| Beginning Cash                                   | 2,546          | 2,304          | 2,147          | 1,716          | 2,546          |
| Net Receipts/(Disbursements)                     | (242)          | (157)          | (431)          | 417            | (413)          |
| <b>Ending Cash in Almex Group's Accounts</b>     | <b>2,304</b>   | <b>2,147</b>   | <b>1,716</b>   | <b>2,133</b>   | <b>2,133</b>   |
| Cash in Proposal Trustee's Account               |                |                |                |                |                |
| Beginning Cash                                   | 760            | 760            | -              | -              | 760            |
| Advances to Almex Group                          | -              | (760)          | -              | -              | (760)          |
| <b>Ending Cash in Proposal Trustee's Account</b> | <b>760</b>     | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| DIP Loan   |                |                |                |                |                |
| Beginning DIP Balance                            | (1,000)        | (1,000)        | (1,000)        | (1,400)        | (1,000)        |
| DIP Financing Advances                           | -              | -              | (400)          | (400)          | (800)          |
| <b>Ending DIP Loan Balance</b>                   | <b>(1,000)</b> | <b>(1,000)</b> | <b>(1,400)</b> | <b>(1,800)</b> | <b>(1,800)</b> |

**APPENDIX “B”**

**[ATTACHED]**

**From:** Tim Shaw <tim.shaw@almex.com>

**Sent:** Friday, May 9, 2025 3:41 AM

**To:** Rosenberg, Jeffrey <Jeffrey.Rosenberg@fticonsulting.com>; Andrew Hustrulid <andrew.hustrulid@almex.com>; Pamela Shaw <pamela.shaw@almex.com>

**Cc:** R. Brendan Bissell <rbissell@reconllp.com>; Maria Konyukhova <MKonyukhova@stikeman.com>; Julie White <julie.white@almex.com>; Susan Morrissey <susan.morrissey@almex.com>; Denis Burella <denis.burella@almex.com>

**Subject:** Re: Urgent

Mr. Bissel and Mr. Rosenberg.

I am also advised that you have informed people that effectively I have "resigned" which is not true. Mr. Bissel sent me an email and there were some discussions with me about the steps you and Royal were preparing to take and there was a discussion about the method and tone that might be helpful to the process. I DID NOT RESIGN.

With regards to the statements below your statements are misleading

1. Yes I had discussions with an irate customer that expressed interest in an 8 year old piece of equipment. No transaction was done. However the rest of your statement is false. At Shaw Almex we pay people for their time spent working at the company and we pay their taxes and we ensure that they have their health care benefits. Intentionally not paying employees for time that they worked and failing to inform others that they had been laid off resulting in
  - a. a Department of Labor investigation resulting in fines
  - b. causing an entire team of people to forfeit their ability to have COBRA health care coverage
  - c. Delaying employees from collecting unemployment ensure
  - d. Causing lawsuits to be filed against Almex and myself.
  - e. **That is not normal course of business.**
2. We are entitled in the province of Ontario to have our cell phone numbers transferred. This is neither egregious or unlawful or inappropriate considering the same has been requested by numerous other employees at Almex and has always been granted with the exception of our former CFO
3. There has been no IP sent to Shaw Almex India that they don't already have or outside of normal course of business as Shaw Almex India is both a supplier to the entire Almex network or a customer.

4. The suggestions that I am mis-directing funds is also incorrect. There were expenses owing to myself and this amount was paid from one subsidiary and as we now you are intentionally not reimbursing me for legitimate expenses.

I will not have a conversation with you without my legal counsel present. I will check their availability.

Timothy Shaw

---

**From:** Rosenberg, Jeffrey <[Jeffrey.Rosenberg@fticonsulting.com](mailto:Jeffrey.Rosenberg@fticonsulting.com)>

**Sent:** Friday, May 9, 2025 12:19 AM

**To:** Tim Shaw <[tim.shaw@almex.com](mailto:tim.shaw@almex.com)>

**Cc:** R. Brendan Bissell <[bbissell@reconllp.com](mailto:bbissell@reconllp.com)>; Maria Konyukhova <[MKonyukhova@stikeman.com](mailto:MKonyukhova@stikeman.com)>

**Subject:** Urgent

Tim, I have received communications from several senior Shaw employees with respect to certain actions and requests you have taken and made.

1. Some of these items include telling employees that you sold a Shaw-owned machine (without my knowledge) to pay Shaw US employees outside the normal course of operations,
2. transferring cell phone numbers to you and your wife personally,
3. and sending Shaw- Almex IP to India.
4. I also understand that you have in the past and prior to the commencement of the NOI proceedings instructed MDs to send Company funds to your personal accounts.

Can we please set up a call at your earliest convenience to discuss appropriate behavior moving forward until your departure from Shaw next week. I would also ask that you not transfer or request any transfers of any funds or IP without discussions with the Proposal Trustee.

Thank you, Jeff

**Jeffrey Rosenberg**

Senior Managing Director

**FTI Consulting**

**Corporate Finance & Restructuring**

+1.416.649.8073 T | +1.416.312.9293 M

[jeffrey.rosenberg@fticonsulting.com](mailto:jeffrey.rosenberg@fticonsulting.com)

TD Waterhouse Tower  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, Ontario  
M5K 1G8

**Confidentiality Notice:**

This email and any attachments may be confidential and protected by legal privilege. If you are not the intended recipient, be aware that any disclosure,

copying, distribution or use of the e-mail or any attachment is prohibited. If you have received this email in error, please notify us immediately by replying to the sender and then delete this copy and the reply from your system. Thank you for your cooperation.

**APPENDIX “C”**

**[ATTACHED]**

Maria Konyukhova  
Direct: +1 416 869 5230  
mkonyukhova@stikeman.com

May 9, 2025  
File No.: 1096791015

**BY EMAIL**

Shaw-Almex Industries Limited  
17 Shaw Almex Drive  
Box 430  
Parry Sound, ON P2A 2X4  
Canada

Attention: Timothy Shaw, CEO ([tim.shaw@almex.com](mailto:tim.shaw@almex.com))

Dear Mr. Shaw:

**Re: In the Matter of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended and in the Matter of the Notice of Intention to Make a Proposal (the “NOI”) of Shaw-Almex Industries Limited (“SAIL”) of the Town of Parry Sound, in the Province of Ontario**

As you know, FTI Consulting Canada Inc. was appointed as proposal trustee in SAIL’s NOI proceeding (in that capacity, the “**Proposal Trustee**”). We are writing to respond to communications sent by you to the Proposal Trustee, and communications sent to the Proposal Trustee by various management representatives who have expressed concerns with your actions during the course of these proceedings.

### **Response to Your Allegations Regarding the Proposal Trustee’s Conduct**

As you know, the initial stay of proceedings in the NOI proceeding was for a period of 30 days. SAIL lacked the financial wherewithal to continue as a going concern beyond that period without accessing emergency financing, which is why SAIL (operating through you, as its CEO) entered into the DIP agreement with Royal Bank of Canada (the “**DIP Lender**”) on April 25, 2025. As known by SAIL’s directors and management, under the agreement governing the terms of the DIP financing (the “**DIP Agreement**”), SAIL is constrained to operating within the DIP Budget (as defined in the DIP Agreement).

Unfortunately, and also as known by SAIL’s directors and management, only approximately CA\$105,000 has been included in the DIP Budget for payroll for Shaw Almex Fusion, LLC’s (“**Fusion**”) employees (such payroll, the “**US Payroll**”). The full US Payroll was not contemplated within the DIP Budget.

Both the NOI proceeding and any proceedings under the CCAA are debtor-in-possession processes. This means that SAIL, in the course of the NOI proceeding, has had control of its assets and business operations—and you, as CEO, have had effective control over SAIL. Management of SAIL’s business remains in your hands, not those of the Proposal Trustee.

The Proposal Trustee is a court-officer acting pursuant to the *Bankruptcy and Insolvency Act* (the “**BIA**”) and the order of Justice Dietrich dated April 25, 2025. The Proposal Trustee’s role is to ensure compliance with the legal framework and safeguard the interests of all stakeholders in this NOI proceeding. The Proposal Trustee is a neutral, independent party. If appointed as monitor in any proceedings under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”), the Proposal Trustee will have a similar role.



Therefore, it was and remains your responsibility to take actions with respect to the Fusion employees and payroll.

## **Concerns Regarding Your Conduct**

The Proposal Trustee has received a number of communications from senior SAIL employees with respect to certain actions and requests that you may have taken in the course of the NOI proceeding. The Proposal Trustee has communicated some of those concerns to you.

The Proposal Trustee has not yet fully investigated each of these concerns, but it wishes to provide you with the following commentary:

1. Transfers of SAIL's property to any other party outside the ordinary course of business is not permitted unless consented to by the Proposal Trustee (approvals from other parties may also be required). This includes the sale of machinery (even if the proceeds of such sale will be allocated to employee compensation), the transfer of SAIL-owned phone numbers to personal accounts, any transfers of intellectual property to companies that would not normally receive such intellectual property. Such transfers deprive SAIL's creditors of value and may be in violation of court orders and legislation. Much of SAIL's property is also subject to security agreements. The Proposal Trustee cautions you that engaging in improper transfers exposes both SAIL and you personally to liability.
2. The Proposal Trustee appreciates that the non-payment of employees in the United States is difficult for both the employees and you. However, SAIL is subject to an NOI proceeding. Insolvency proceedings are not easy, and employees at SAIL and its subsidiaries may face challenging circumstances as SAIL progresses through its insolvency proceeding. The Proposal Trustee is working to minimize the negative impacts of the NOI proceeding on stakeholders, but the appropriate solutions must be found within the framework of insolvency law. The Proposal Trustee must be involved in these solutions, and any discussions related to the sale of equipment without the Proposal Trustee must stop.
3. Given SAIL's NOI proceeding, SAIL is subject to greater scrutiny, including by the Proposal Trustee, the Court, and SAIL's creditors. Preferential treatment of creditors is prohibited, and any conflicts of interest (or even appearances of conflicts of interest) must be avoided. On this basis, any payments from SAIL to your personal accounts, other than ordinary course compensation, cannot happen during the NOI proceeding without the consent of the Proposal Trustee. Further, under insolvency legislation it is possible to look back on certain historic transactions and reverse them. The Proposal Trustee (and Monitor, if the NOI proceeding is continued under the CCAA), may investigate payments or other transfers of value you have received and seek to reverse them.

In addition to the above, the Proposal Trustee notes the following concerns that have been brought to its attention:

1. The Proposal Trustee was advised by SAIL's management that approximately \$1.25 million in intercompany receivables would arrive the week ending May 9, 2025, from SAIL's Australia division. SAIL's cash flow forecasts, prepared with the assistance of the Proposal Trustee, reported on this information and advised the Court of the timing of this intercompany receivable. Subsequent discussions with personnel in Australia now suggest that this timeline is wrong, and that the intercompany receivable likely will not arrive until sometime in June (and potentially the end of June). This timing difference causes significant disruptions to SAIL's cash flow forecasts and operational planning, necessitating additional funding requests from the DIP Lender.
2. The Proposal Trustee was advised that you have requested portable hard drives containing copies of certain of SAIL's intellectual property. As noted above, improper transfers of SAIL's property are prohibited and engaging in such transfers may expose you to personal liability.

3. Employees of certain of SAIL's subsidiaries have resigned, and other employees are seriously concerned about layoffs. While this can be expected to a certain degree during an insolvency proceeding, the Proposal Trustee has been told that you have been asking employees about their interest and loyalty in joining a new company that may acquire some or all of SAIL's business. As the director and CEO of SAIL, you owe duties and obligations, including a duty of loyalty, to SAIL. If you engage in conduct that undermines SAIL's interests and/or jeopardizes SAIL's restructuring prospects, you risk breaching the duties and obligations that you owe to SAIL and exposing yourself to personal liability.
4. You have failed to sufficiently participate in management meetings and/or operational processes. Your lack of engagement threatens the on-going operation of SAIL, and is generally detrimental to the strategic and operational decision-making processes required during SAIL's restructuring.

The above factors have contributed to, amongst other things, a lack of faith in management and a worsening cash flow position. These factors further suggest that you are not acting in good faith, which is contrary to section 4.2(1) of the BIA and undermines the debtor-in-possession nature of the NOI proceeding.

As a result of the foregoing concerns, the DIP Lender has requested that the Proposal Trustee be appointed as Monitor of SAIL effective May 13, 2025, with enhanced powers, including exercising any powers which may be properly exercised by a board of directors of SAIL. The DIP Lender's willingness to provide additional funding that is required by SAIL to continue operating is contingent upon this occurring.

I was informed by SAIL's counsel on May 8, 2025, that you have agreed to the DIP Lender's condition and agreed to resign effective May 13, 2025. Your latest communication dated May 9, 2025, appears to suggest you are not agreeing to this condition.

The Proposal Trustee asks that you advise us as soon as possible if you are agreeable to resign your position as director and CEO of SAIL effective May 13, 2025. In the interim, it is imperative that you conduct yourself in a manner that complies with all duties and obligations under the law, including the BIA. The Proposal Trustee encourages you to consult with your legal counsel in respect of those duties and obligations. The Proposal Trustee also again requests that you and your legal counsel meet with the Proposal Trustee as soon as possible to discuss your involvement in the NOI proceeding going forward.

We trust that you understand the gravity of these issues and the necessity for prompt discussion.

Yours truly,



Maria Konyukhova  
Per N. Avis

**APPENDIX “D”**

**[ATTACHED]**

Court File No. BK-25-03205249-0031  
Estate No. 31-3205249  
District of Ontario  
Division No. 14 - Parry Sound

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

**IN THE MATTER OF THE *BANKRUPTCY AND***  
***INSOLVENCY ACT*, RSC 1985, C B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF**  
**INTENTION TO MAKE A PROPOSAL OF SHAW-**  
**ALMEX INDUSTRIES LIMITED OF THE TOWN OF**  
**PARRY SOUND, IN THE PROVINCE OF ONTARIO**

**AFFIDAVIT OF JEFFREY ROSENBERG**  
**(Affirmed May 11, 2025)**

I, **JEFFREY ROSENBERG**, of the City of Toronto, in the Province of Ontario,  
**AFFIRM AND SAY:**

1. I am a Senior Managing Director with FTI Consulting Canada Inc. (“**FTI**”), the proposal trustee (in such capacity, the “**Proposal Trustee**”) of Shaw-Almex Industries Limited (“**SAIL**”) in the above-noted proceeding pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, C B-3, as amended (the “**BIA**”), and as such I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.
2. The Proposal Trustee does not, and does not intend to, waive privilege and no statement I make herein should be construed as such.

3. I affirm this Affidavit in connection with a motion seeking an Order of this Court to, among other things, approve the fees and disbursements of FTI, in its capacity as Proposal Trustee, for the period from April 2, 2025, to April 30, 2025, inclusive, and for no other or improper purpose.

### **Overview**

4. On March 29, 2025, SAIL filed a notice of intention to make a proposal (“**NOI**”) pursuant to the provisions of the BIA with the Office of the Superintendent of Bankruptcy. FTI consented to act as the proposal trustee of SAIL’s estate. The Proposal Trustee retained Stikeman Elliott LLP (“**Stikeman Elliott**”) as its legal counsel in the NOI proceeding.

5. On April 25, 2025, this Court issued an order, *inter alia*, under s. 50.4(9) of the BIA extending the time for SAIL to file a proposal (the “**Stay Extension Order**”).

6. Paragraph 3 of the Stay Extension Order provides that the Proposal Trustee and its legal counsel are to be paid their reasonable fees and disbursements, in each case at their standard rates and charges.

### **FTI’s Fees and Disbursements**

7. During the period from April 2, 2025, to April 30, 2025, FTI incurred fees in the amount of \$279,476.50 (exclusive of HST) and disbursements and other charges in the amount of \$2,370.57 (exclusive of HST). The total amount of HST applicable to FTI’s fees, disbursements and charges is \$36,640.12. In total, FTI is seeking \$318,487.19 (inclusive of HST) as compensation for fees, disbursements, and other charges. FTI’s invoices include a portion of fees, disbursements and charges from before the commencement of this NOI proceeding.

8. Attached and marked collectively as **Exhibit “A”** to this Affidavit are copies of the accounts rendered by FTI for the period from April 2, 2025, to April 30, 2025. These accounts include narratives that describe the work carried out by FTI, which narratives have been redacted to remove confidential, privileged, and sensitive information.

9. Attached hereto as **Exhibit “B”** is a summary of FTI’s accounts for the period from April 2, 2025, to April 30, 2025, including the date, fees, charges, disbursements and HST in each account, the contents of which I believe to be true.

10. Attached hereto as **Exhibit “C”** is a schedule summarizing the billing rates and total amount billed with respect to each member of FTI who rendered services to the Proposal Trustee.

#### **Services Rendered by FTI in its capacity as Proposal Trustee**

11. FTI’s conduct and activities for the period from April 2, 2025, to April 30, 2025, are set out in the Proposal Trustee’s reports to this Court.

12. A comprehensive team of FTI professionals, each with different skillsets and levels of experience, have worked on this mandate.

13. For the period from April 2, 2025, to April 30, 2025, four professionals at FTI assisted on this file. Each FTI professional that worked on this file performed necessary and non-duplicative work. Work was delegated to professionals who bill at lower rates where it was more efficient and practical than involving professionals who bill at higher rates. FTI has at all times endeavoured to provide its services in a prudent and economical manner.

**Reasonableness of the Fees and Disbursements**

14. I have reviewed the accounts and confirm that, to the best of my knowledge, information, and belief, they accurately reflect the work that was done in connection with this matter and that all of the time spent was reasonable and necessary.

15. FTI assesses the hourly rates of its professionals on an annual basis. Based on this annual review and on my experience in restructuring mandates, I believe that the hourly rates for each of the professionals over the relevant period are consistent with those charged by similar firms in the Toronto market with similar levels of experience and expertise, and with the capacity to handle a file of similar size and complexity to the present file.

**Redactions**

16. As noted above, the narratives included in FTI's accounts attached as Exhibit "A" to this Affidavit contain redactions. These redactions are primarily intended to (a) remove information subject to solicitor-client privilege; and (b) remove sensitive (and non-public) information that could cause harm to FTI or another party deserving of protection (e.g. personally identifiable information that should not form part of the public record). I believe that the redactions contained in Exhibit "A" are used sparingly and are truly necessary.

17. The Proposal Trustee does not and does not intend to waive privilege as a result of passing its accounts.

18. It is my view that the redactions in the accounts do not prevent stakeholders in this NOI proceeding (and the public more generally) from understanding the Proposal Trustee's activities and conduct in the course of this NOI proceeding, nor do they prevent the careful

scrutiny that is required to determine whether the fees and disbursements are fair and reasonable for the services performed.

**AFFIRMED** **REMOTELY** via  
videoconference by **JEFFREY  
ROSENBERG** stated as being located in  
the City of Toronto in the Province  
of Ontario, before me at the City of  
Toronto in the Province of Ontario this 11<sup>th</sup>  
day of May, 2025, in accordance with O.  
Reg 431/20, *Administering Oath or  
Declaration Remotely*.

DocuSigned by:

*Nicholas Avis*

2C12EFAD5242430...

*Commissioner for Taking Affidavits*  
**Nicholas Avis, LSO# 76781Q**

DocuSigned by:

*Jeffrey Rosenberg*

D33F23E0930345D...

**JEFFREY ROSENBERG**



This is  
**EXHIBIT "A"**  
referred to in the Affidavit of  
**JEFFREY ROSENBERG**  
affirmed on May 11, 2025.

DocuSigned by:

*Nicholas A. Ross*

2C12EEAB5242430

---

*Commissioner for Taking Affidavits*



## *Corporate Finance*

May 09, 2025

Shaw-Almex Industries Limited  
17 Shaw Almex Drive  
Box 430  
Parry Sound, ON P2A 2X4  
Canada

Re: Proposal Trustee  
Job No. 500002.4063  
Invoice No. 102900002340

Enclosed is our invoice for professional services rendered in connection with the above referenced matter. This invoice covers professional fees through April 30, 2025.

Please do not hesitate to call me to discuss this invoice or any other matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey Rosenberg", with a long, sweeping horizontal stroke extending to the right.

Jeffrey Rosenberg  
Senior Managing Director



*Invoice Remittance*

Shaw-Almex Industries Limited  
17 Shaw Almex Drive  
Box 430  
Parry Sound, ON P2A 2X4  
Canada

|                   |                  |
|-------------------|------------------|
| Invoice No.       | May 09, 2025     |
| Job No.           | 102900002340     |
| Terms             | 500002.4063      |
| Due Date:         | Due Upon Receipt |
| Currency          | May 09, 2025     |
| Tax Registration: | CAD              |

Re:Proposal Trustee

Current Invoice Period: Charges posted through April 30, 2025

|                            |              |
|----------------------------|--------------|
| Amount Due Current Invoice | \$318,487.19 |
|----------------------------|--------------|

Bank Information  
Please indicate our invoice number with your remittance

|  |  |                |                |
|--|--|----------------|----------------|
| ██████████   | ████████████████████                     | ██████████     | ████           |
| ██████████   | ████████████████                         | ██████████████ | ██████████     |
| ██████████   | ████████████████████████                 | ██████████████ | ██████████████ |
|  | ████████████████████                     | ██████████     | ██████████     |
|  | ██████████                               | ██████████████ | ██████████     |
| ██ |  |                |                |
| ██   | ██ |                |                |
| ████   | ██████████                               |                |                |
|  | ██████████████                           |                |                |
|  | ██████████████                           |                |                |
|  | ████████████████████                     |                |                |
|  | ██████████                               |                |                |



## Invoice Summary

**Shaw-Almex Industries Limited**  
**17 Shaw Almex Drive**  
**Box 430**  
**Parry Sound, ON P2A 2X4**  
**Canada**

|                          |                         |
|--------------------------|-------------------------|
| <b>Invoice No.</b>       | <b>May 09, 2025</b>     |
| <b>Job No.</b>           | <b>102900002340</b>     |
| <b>Terms</b>             | <b>500002.4063</b>      |
| <b>Due Date:</b>         | <b>Due Upon Receipt</b> |
| <b>Currency</b>          | <b>May 09, 2025</b>     |
| <b>Tax Registration:</b> | <b>CAD</b>              |

**Re: Proposal Trustee**

**Current Invoice Period: Charges posted through April 30, 2025**

| <b>Name</b>                        | <b>Title</b>             | <b>Rate</b> | <b>Hours</b>  | <b>Total</b>        |
|------------------------------------|--------------------------|-------------|---------------|---------------------|
| Jeffrey Rosenberg                  | Senior Managing Director | \$1,280.00  | 46.70         | \$59,776.00         |
| Hrvoje Muhek                       | Managing Director        | \$965.00    | 51.10         | \$49,311.50         |
| Jonathan Joffe                     | Senior Director          | \$955.00    | 135.10        | \$129,020.50        |
| Adam Gasch                         | Consultant               | \$435.00    | 95.10         | \$41,368.50         |
| <b>Total Professional Services</b> |                          |             | <b>328.00</b> | <b>\$279,476.50</b> |

| <b>Expenses</b>          | <b>Total</b>      |
|--------------------------|-------------------|
| Electronic Subscriptions | \$220.00          |
| Purchased Services       | \$2,150.57        |
| <b>Total Expenses</b>    | <b>\$2,370.57</b> |

| <b>Invoice Total</b> | <b>CAD Amount</b>   |
|----------------------|---------------------|
|                      | \$281,847.07        |
| HST (13%)            | \$36,640.12         |
| <b>Total Due</b>     | <b>\$318,487.19</b> |



## Invoice Detail

Invoice No.  
Job No.

May 09, 2025  
102900002340  
500002.4063

### Total Professional Services Jeffrey Rosenberg

|            |  |      |
|------------|--|------|
| 04/02/2025 | Review of Monnex matters; attend calls with management and legal counsel.  | 2.80 |
| 04/03/2025 | Call with management; call with legal counsel; call with RBC.  | 1.50 |
| 04/04/2025 | Attend update call with Corpay; attend call with legal counsel; attend call with management; work on cash flows; review of correspondence; update call with Deloitte's.          | 2.00 |
| 04/05/2025 | Attend call with management and work on plan.  | 1.20 |
| 04/06/2025 | Work on cash flows.  | 1.10 |
| 04/07/2025 | Review of cash flows; review of various pieces of correspondence.  | 1.30 |
| 04/08/2025 | Call with prospective purchaser.   | 0.50 |
| 04/09/2025 | Call with Company; call with BDC; review of file.  | 2.30 |
| 04/10/2025 | Attend update call with legal counsel; work on copay matters; several calls with legal counsel; call with management.  | 2.50 |
| 04/11/2025 | Call with RBC; review of files; review of analysis.  | 2.00 |
| 04/12/2025 | Work on liquidation analysis.  | 2.10 |
| 04/13/2025 | Work on liquidation analysis.  | 2.40 |
| 04/14/2025 | Work on liquidation analysis; calls with prospective purchasers.   | 1.10 |
| 04/15/2025 | Review of cash flows; work on RBC presentation.  | 1.70 |
| 04/16/2025 | Call with Company; call with legal counsel; work on Deck; work on analysis; call with Davies.  | 1.20 |
| 04/17/2025 | Attend update call; attend call with Deloitte; work on planning for sales process.   | 2.50 |
| 04/18/2025 | Call with Deloitte; call with Reconstruct; call with management; work on sale process preparation; review of correspondence from KPMG; review of [REDACTED] matters.             | 2.30 |
| 04/19/2025 | Call with Company; call with legal counsel.  | 0.60 |
| 04/20/2025 | Preparation for filing.  | 0.90 |
| 04/21/2025 | Work on sales process; call with legal counsel; call with Company.   | 0.70 |
| 04/22/2025 | Attend calls with legal counsel; attend call with Company; review of financial information.  | 1.70 |
| 04/23/2025 | Work on DIP Agreement; work on Trustee's Report; review of Affidavit; review of order; call with company; work on funding request memo.  | 2.10 |
| 04/24/2025 | Call with Reconstruct; work on DIP Report; work on court report; review of court materials.  | 1.30 |
| 04/25/2025 | Review of calls from creditors; correspondence with prospective purchasers; work on insurance matters; review of DIP term sheet changes; changes to order; attend court hearing. | 2.10 |

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Toronto, ON M5K1G8 Canada

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## Invoice Detail

Invoice No.  
Job No.

May 09, 2025  
102900002340  
500002.4063

|                   |  |                             |
|-------------------|--|-----------------------------|
| 04/26/2025        | Review of correspondence; work on Teaser.  | 0.60                        |
| 04/27/2025        | Review of NDA.   | 0.30                        |
| 04/28/2025        | Work on Teaser; call with Company; call with Dentons; call with Recon; sign DIP draw.  | 1.30                        |
| 04/29/2025        | Call with management; call with legal counsel; call with company counsel; work on sale process.                                  | 2.70                        |
| 04/30/2025        | Call with Deloitte's and Dentons; calls with legal counsel; call with Davies; calls with management; calls with various parties. | 1.90                        |
| <b>\$1,280.00</b> |  | <b>per hour x total hrs</b> |
|                   |  | <b>46.70</b>                |
|                   |  | <b>\$59,776.00</b>          |

## Hrvoje Muhek

|            |  |      |
|------------|--|------|
| 03/28/2025 | Reviewed the documents received from the Company. Internal FTI call.   | 2.50 |
| 03/29/2025 | Reviewed the documents received from the Company; FTI working sessions meetings to prepare the NOI filing.   | 4.50 |
| 03/31/2025 | Reviewed the documents received from the Company; attended a meeting with Management and Company's counsel; FTI internal status update calls.  | 4.90 |
| 04/01/2025 | Reviewed the Company's documents in the data room; internal meetings and correspondence and calls with the Company and its legal counsel to advance the open work streams.                       | 1.50 |
| 04/02/2025 | Reviewed the Company's documents in the data room; internal meetings and correspondence and calls with the Company and its legal counsel to advance the open work streams.                       | 1.40 |
| 04/03/2025 | Reviewed the Company's documents in the data room; internal meetings and correspondence calls with the Company and its legal counsel to advance the open work streams; assessed the FX exposure. | 4.10 |
| 04/04/2025 | Reviewed the Company's documents in the data room; internal meetings and correspondence and calls with the Company and its legal counsel to advance the open work streams.                       | 1.90 |
| 04/06/2025 | Reviewed the Company's documents in the data room; internal meetings and correspondence and calls with the Company and its legal counsel to advance the open work streams.                       | 1.70 |
| 04/07/2025 | Multiple calls with the Company and Company's counsel; working sessions with FTI team members on cash flows and liquidation analysis.  | 3.90 |
| 04/08/2025 | Working sessions with FTI team members on cash flows and liquidation analysis.   | 2.40 |

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## Invoice Detail

Invoice No.  
Job No.

May 09, 2025  
102900002340  
500002.4063

|                 |   |                             |              |                    |
|-----------------|---|-----------------------------|--------------|--------------------|
| 04/09/2025      | Multiple calls with the Company and Company's counsel; working session calls with FTI team members on cash flows and liquidation analysis.  | 3.80                        |              |                    |
| 04/10/2025      | Multiple calls with the Company and Company's counsel; working session calls with FTI team members on cash flows and liquidation analysis.  | 3.80                        |              |                    |
| 04/11/2025      | Multiple calls with the Company and Company's counsel. Working session calls with FTI team members on cash flows and liquidation analysis.  | 4.70                        |              |                    |
| 04/12/2025      | Working sessions with FTI team members on cash flows and liquidation analysis.  | 3.80                        |              |                    |
| 04/13/2025      | Multiple calls with the Company and Company's counsel; working session calls with FTI team members on cash flows and liquidation analysis.  | 2.70                        |              |                    |
| 04/14/2025      | Updated the liquidation analysis; internal FTI call to review the liquidation analysis and cash flow forecast; call with the Company to review the liquidation analysis and cash flow forecast. | 3.50                        |              |                    |
| <b>\$965.00</b> |   | <b>per hour x total hrs</b> | <b>51.10</b> | <b>\$49,311.50</b> |

## Jonathan Joffe

|            |  |      |
|------------|--|------|
| 03/29/2025 | Attend call with J. Rosenberg, H. Muhek and A. Gasch; prepare and compile filing documents; correspond with Company and Reconstruct regarding information requests and filing matters; correspond with [REDACTED] correspond with Company and Reconstruct. | 3.50 |
| 03/30/2025 | Review emails and correspond with FTI team; review information request list.   | 0.50 |
| 03/31/2025 | Call with Company and Reconstruct; review correspondence; review information in data room; correspond internally regarding creditor notice; arrange for new email and phone hot line accounts; arrange case website; review certificate of filing.         | 4.50 |
| 04/01/2025 | Review case website; correspond with FTI team; correspond with Company; review cash flows; review historical financial statements; attend calls with Company regarding payment process, stayed payments and cash flows.                                    | 4.40 |

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## Invoice Detail

**Invoice No.**  
**Job No.**

**May 09, 2025**  
**102900002340**  
**500002.4063**

|            |  |      |
|------------|--|------|
| 04/02/2025 | Review and comment on creditor notice and mailing list; circulating copy of creditor notice to J. Rosenberg and Reconstruct for review and comment; correspond internally regarding mailing; attend calls with the Company; correspond with FTI team; reviewing data room information.   | 4.80 |
| 04/03/2025 | Finalize creditor mailing list and arranging for completion of mailing; correspond with Company regarding cash flow matters and post-filing payments; correspond internally regarding status of cash flows and related matters; follow up with Company regarding status of cash flows.   | 4.00 |
| 04/04/2025 | Review revised cash flow forecast and correspond with FTI team regarding same; attend call with FTI team regarding cash flows and next steps; correspond with Company regarding cash flows and cash balances; review correspondence from OSB regarding request for amended Estate Information Summary  | 3.70 |
| 04/05/2025 | Review emails and correspond with FTI team.  | 0.20 |
| 04/06/2025 | Review emails and correspond with FTI team.  | 0.20 |
| 04/07/2025 | Attend calls with J. Rosenberg, H. Muhek and A. Gasch regarding cash flows; attend calls with FTI team, Company and Reconstruct regarding cash flows; revise estate information summary and correspond with J. Rosenberg regarding same; correspond with and attending calls with A. Gasch and H. Muhek regarding cash flows and related matters.  | 8.30 |
| 04/08/2025 | Attend calls with J. Rosenberg regarding cash flow forecasts; correspond with Company regarding cash flow forecasts; attend call with FTI team, Company and Reconstruct regarding cash flows; update and finalize cash flows to be e-filed; drafting management and trustee statutory reports on cash flow forecast and arranging for the executions of same; attend call with J. Rosenberg and Deloitte regarding status of NOI proceedings; correspond with FTI team regarding draft liquidation analysis. | 7.40 |
| 04/09/2025 | Attend calls with FTI team regarding liquidation analysis; attend call with Company and FTI team regarding realization assumptions; review cash flows by entity; review updates to liquidation analysis.   | 7.60 |
| 04/10/2025 | Attend calls with FTI team regarding liquidation analysis; attend call with Company and FTI team regarding realization assumptions; review cash flows by entity; review updates to liquidation analysis; consolidate entity level cash flows and correspond with Company regarding same.   | 6.70 |

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## Invoice Detail

**Invoice No.**  
**Job No.**

**May 09, 2025**  
**102900002340**  
**500002.4063**

|            |  |      |
|------------|--|------|
| 04/11/2025 | Attend calls with FTI team regarding liquidation analysis and cash flow forecasts; attend calls with Company and FTI team regarding cash flow and realization assumptions; review updates to liquidation analysis; updated consolidated entity-level cash flows and correspond with Company regarding same.  | 5.70 |
| 04/12/2025 | Correspond with and attend call with FTI team regarding liquidation analysis and review updates to same.   | 4.00 |
| 04/13/2025 | Correspond with and attend call with FTI team regarding liquidation analysis and review updates to same; update consolidated cash flows; prepare analysis comparing cash flow scenarios; update presentation.  | 4.30 |
| 04/14/2025 | Review and consolidate cash flow forecasts; review and update liquidation analysis; attend multiple calls with FTI team, management, Reconstruct; draft RBC presentation.  | 8.10 |
| 04/15/2025 | Review and consolidate cash flow forecasts; review and update liquidation analysis; attend calls with FTI team, management, Reconstruct; draft RBC presentation.   | 9.10 |
| 04/16/2025 | Correspond with FTI team; update RBC presentation; correspond with Deloitte; correspond with BDC.  | 3.60 |
| 04/17/2025 | Attend call with J. Rosenberg, Deloitte, Reconstruct, Dentons and RBC; attend call with Deloitte; attend call with J. Rosenberg; correspond with management and circulate copy of consolidated cash flow forecasts.  | 3.80 |
| 04/18/2025 | Prepare for and attend call with Deloitte, RBC, Dentons and J. Rosenberg; correspond with FTI team.  | 1.00 |
| 04/19/2025 | Correspond with FTI team.  | 0.30 |
| 04/21/2025 | Correspond with and attending call with FTI team regarding sale process; correspond with Company regarding marketing materials; review sale process matters.   | 3.90 |
| 04/22/2025 | Correspond with Company regarding information requests; attend call with Company; correspond with FTI team; arranging Company data room access for FTI team members; review materials and correspondence.  | 3.20 |
| 04/23/2025 | Review cash balances; attend meeting with J. Rosenberg and Company; correspond with Reconstruct; review information received; drafting a funding request memo and corresponding with J. Rosenberg regarding same; preparing three-week consolidated cash flow forecast; review new bank account request forms and correspond with A. Gasch regarding same; review correspondence from [REDACTED] regarding leased equipment and corresponding with Company regarding same; correspond with FTI team and Company regarding sale process matters; review and comment on affidavit; correspond with J. Rosenberg regarding three-week cash flows. | 6.10 |

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## Invoice Detail

**Invoice No.**  
**Job No.**

**May 09, 2025**  
**102900002340**  
**500002.4063**

|            |   |      |
|------------|---|------|
| 04/24/2025 | Attend call and correspond with J. Rosenberg; review report to Court and comment on same; attend call with J. Rosenberg and Stikemans; review updates to report to Court; review and format cash flows appended to report to Court; correspond with Company regarding information requests; correspond with FTI team regarding sale process materials; correspond with J. Rosenberg regarding the report, the Company's current cash position and historical DIP rates.   | 4.60 |
| 04/25/2025 | Review DIP term sheet; correspond with and attend calls with J. Rosenberg; attend at Court; attend call with J. Rosenberg and Stikemans; review updated materials; review Court Order and endorsement; correspond with A. Gasch regarding website maintenance and new estate bank account; correspond with J. Rosenberg regarding estate bank account wire details; correspond with Reconstruct regarding service list.   | 4.70 |
| 04/26/2025 | Review and comment on teaser and review email correspondence.   | 1.40 |
| 04/27/2025 | Review draft NDA and review email correspondence.   | 0.80 |
| 04/28/2025 | Correspond with Company and Reconstruct regarding SISP teaser; correspond with Stikeman regarding SISP teaser; correspond with FTI team; review and comment on draft confidentiality agreement; attend call and correspond with B. Bissell; circulate teaser to RBC and Deloitte; correspond with A. Gasch regarding hot line inquiries; correspond with Company regarding cash flow forecasts; review and comment on draft teaser cover email; correspond with J. Rosenberg regarding inquiry from US settlement law firm; review estate bank accounts and correspond internally regarding same. | 4.50 |
| 04/29/2025 | Correspond with Company regarding customer deposits and negative AR balances; review deposit details; correspond with FTI team regarding estate bank accounts and DIP funding; attend calls with J. Rosenberg regarding Company's open orders and corresponding customer deposits; attend call with Company regarding open orders; prepare summary of Fusion open orders and corresponding customer deposits; review correspondence from Company regarding other urgent funding requirements.   | 4.80 |

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## Invoice Detail

Invoice No.  
Job No.

May 09, 2025  
102900002340  
500002.4063

|            |  |                             |               |                     |
|------------|--|-----------------------------|---------------|---------------------|
| 04/30/2025 | Complete summary of Fusion open orders and corresponding customer deposits and circulate same to J. Rosenberg; respond to inquiry from [REDACTED]; review and comment on SISP procedures; attend calls with J. Rosenberg regarding funding requirements; attend calls with J. Rosenberg and Company regarding funding requirements; compare funding requirement requests to weekly cash flow forecast; correspond with A. Gasch regarding Ascend matters and inquiries to the hot line; correspond with J. Rosenberg regarding OSB's request for amended estate information summary; correspond with Company regarding cash balance summaries. | 5.40                        |               |                     |
|            | <b>\$955.00</b>  | <b>per hour x total hrs</b> | <b>135.10</b> | <b>\$129,020.50</b> |

### Adam Gasch

|            |   |      |
|------------|---|------|
| 03/28/2025 | Information gathering for NOI form 33.  | 2.40 |
| 03/29/2025 | Information gathering for NOI form 33; review and analyze AP creditors; call with FTI team; create creditor listing for form 33 from AP, customer deposits, balance sheet accounts, legal action, and secured debt holders.   | 5.60 |
| 03/31/2025 | Draft notice to creditors.  | 0.80 |
| 04/01/2025 | Review cash flows, aged AR, cash balances, equipment, organization chart; revise notice to creditors; access hotline.   | 1.80 |
| 04/02/2025 | Prepare creditor listing for mailing and gather materials for notices; meet with FTI team; co-ordinate mailing.   | 3.30 |
| 04/03/2025 | Co-ordinate creditor notices and gather additional information for mailing.   | 2.40 |
| 04/04/2025 | Review cash flow forecast and update for reporting; review current cash balance against previously documented cash balance; Call with FTI team.   | 2.30 |
| 04/05/2025 | Review new version of cash flow forecast and update for reporting.  | 1.10 |
| 04/06/2025 | Call with FTI Team; update cash flow forecast for reporting; review and create a summary of EBITDA by entity for FY24 and FY23.   | 3.40 |
| 04/07/2025 | Review information provided by the company; call with FTI team; call with SAIL and Reconstruct; follow up discussion with SAIL and Reconstruct; create a cash flow update report to provide to Royal Bank - Reviewing and creating exhibits for the two cash flow forecast scenarios. | 7.50 |

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## Invoice Detail

**Invoice No.**  
**Job No.**

**May 09, 2025**  
**102900002340**  
**500002.4063**

|            |   |       |
|------------|---|-------|
| 04/08/2025 | Review and revise CFF summary report for RBC; review and update CFF provided by the company; call with FTI team; Call with SAIL and Reconstruct; Prepare CFF for submission.  | 5.10  |
| 04/09/2025 | Call with FTI team to discuss cash flow forecasts and plan for liquidation analysis; prepare information gathering for liquidation analysis - reviewing trial balances for SAIL, Fusion, Indonesia, Europe, Fonmar, Pacific, Chile, Brazil, Peru, Africa, Mexico, and China; create liquidation analysis baseline assumptions for recovery values of assets pertaining to cash, accounts receivable, inventory, PP&E, intangibles, prepaids, and investments; build an aggregate view for all entities; review trial balances to ensure all assets were captured appropriately and converted from native currencies accurately. | 16.70 |
| 04/10/2025 | Call with FTI team to review Liquidation analysis to provide feedback and next steps to prepare for a review with the management team; include subcategories for each broader asset category including for example adding - external, related party, and taxes recoverable to AR; land, building, leaseholds, vehicles, etc. to PP&E; call with FTI team and management to discuss assumptions surrounding recoverable amounts and proforma adjustments to certain asset categories; implement changes discussed with the company to the liquidation analysis and further build out the model to include wind down costs.       | 10.00 |
| 04/11/2025 | Call with FTI team to review liquidation analysis and implement further revisions including adding potential priority claims, other claims that would be in preference to secured creditors for regions where insolvency proceedings would not be recognized; create logic to support an order in which recoverable amounts would flow through a liquidation scenario; review all claims that would be in preference to secured creditors and ensure each liability is attributable to cash payments that would need to be made prior to being able to extract cash from the entity in that region.                             | 8.60  |
| 04/12/2025 | Meet with FTI team to discuss remaining comments regarding liquidation analysis and draft supplementary information; receive middle scenario cash flow from the company and apply FTI model for reporting and presentation purposes.  | 2.80  |
| 04/14/2025 | Meet with FTI team; meet with management to discuss recovery analysis, fusion and subsidiary cash flows.  | 3.30  |
| 04/15/2025 | Monitor hotline; review aged AR against trial balances for SAIL.  | 1.10  |
| 04/16/2025 | Review Trustee's hotline, summarize and draft responses for inquiries; call with FTI team; Review update report for RBC.  | 4.80  |
| 04/21/2025 | Monitor hotline.  | 0.40  |
| 04/22/2025 | Monitor hotline.  | 0.50  |

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GST/HST Registration Number: 835718024RT0001, QST Registration Number: 1230160542TQ0001 | [fticonsulting.com](http://fticonsulting.com)



Invoice Detail

Invoice No. May 09, 2025  
Job No. 102900002340  
500002.4063

|            |   |                 |                             |
|------------|---|-----------------|-----------------------------|
| 04/23/2025 | Monitor and respond to hotline inquiries; draft bank account set up forms for [REDACTED]  | 1.40            |                             |
| 04/24/2025 | Monitor hotline and respond to inquiries.   | 2.30            |                             |
| 04/25/2025 | Monitor hotline and respond to inquiries; call certain stakeholders; update the Proposal Trustee's website; open bank accounts with [REDACTED] and call with [REDACTED] representative. | 4.20            |                             |
| 04/28/2025 | Monitor hotline; website updates; follow up with [REDACTED]   | 0.90            |                             |
| 04/29/2025 | Bank account [REDACTED] access and approvals; monitor bank account.   | 0.60            |                             |
| 04/30/2025 | Monitor hotline and bank account; respond to inquiries.   | 1.80            |                             |
|            |   | <b>\$435.00</b> | <b>per hour x total hrs</b> |
|            |   | <b>95.10</b>    | <b>\$41,368.50</b>          |

|  |  |                                    |            |                     |
|--|--|------------------------------------|------------|---------------------|
|  |  | <b>Total Professional Services</b> | <b>CAD</b> | <b>\$279,476.50</b> |
|--|--|------------------------------------|------------|---------------------|

This is  
**EXHIBIT “B”**  
referred to in the Affidavit of  
**JEFFREY ROSENBERG**  
affirmed on May 11, 2025.

DocuSigned by:

*Nicholas Avers*

2C12EEAB5242430

*Commissioner for Taking Affidavits*

**SUMMARY OF ACCOUNTS**  
*For the Period April 2, 2025, to April 30, 2025*

| Invoice No.  | Date of Account | Hours Billed  | Fees                | Disbursements & Charges | HST                | Total               |
|--------------|-----------------|---------------|---------------------|-------------------------|--------------------|---------------------|
| 102900002340 | May 9, 2025     | 328.00        | \$279,476.50        | \$2,370.57              | \$36,640.12        | \$318,487.19        |
| Total        |                 | <b>328.00</b> | <b>\$279,476.50</b> | <b>\$2,370.57</b>       | <b>\$36,640.12</b> | <b>\$318,487.19</b> |

**TOTAL BILLED: \$318,487.19**

**Average Hourly Rate (before HST)**

Total fees before HST of \$279,476.50

÷ Total hours of 328.00

= \$852.06

This is  
**EXHIBIT "C"**  
referred to in the Affidavit of  
**JEFFREY ROSENBERG**  
affirmed on May 11, 2025.

DocuSigned by:

*Nicholas A. Ross*

2C12EFAB5242430...

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*Commissioner for Taking Affidavits*



**COSTS SUMMARY**

*For the Period April 2, 2025, to April 30, 2025*

| <b>Timekeeper</b> | <b>Title</b>             | <b>Rate</b> | <b>Time</b>   |
|-------------------|--------------------------|-------------|---------------|
| Jeffrey Rosenberg | Senior Managing Director | \$1,280     | 46.70         |
| Hrvoje Muhek      | Managing Director        | \$965       | 51.10         |
| Jonathan Joffe    | Senior Director          | \$955       | 135.10        |
| Adam Gasch        | Consultant               | \$435       | 95.10         |
| <b>TOTAL</b>      |                          |             | <b>328.00</b> |

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, C B-3, AS  
AMENDED AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF SHAW-ALMEX INDUSTRIES LIMITED OF THE TOWN OF PARRY SOUND,  
IN THE PROVINCE OF ONTARIO.

Court File No. BK-25-03205249-0031  
Estate No. 31-3205249  
District of Ontario  
Division No. 14 - Parry Sound

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

Proceeding commenced at Toronto

**AFFIDAVIT OF**  
**JEFFREY ROSENBERG**  
**(Affirmed May 11, 2025)**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Maria Konyukhova** LSO#: 52880V  
Tel: (416) 869-5230  
[mkonyukhova@stikeman.com](mailto:mkonyukhova@stikeman.com)

**Nicholas Avis** LSO#: 76781Q  
Tel: (416) 869-5563  
[navis@stikeman.com](mailto:navis@stikeman.com)  
Fax: (416) 947-0866

Lawyers for the Proposal Trustee

**APPENDIX “E”**

**[ATTACHED]**

Court File No. BK-25-03205249-0031  
Estate No. 31-3205249  
District of Ontario  
Division No. 14 - Parry Sound

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

**IN THE MATTER OF THE *BANKRUPTCY AND***  
***INSOLVENCY ACT*, RSC 1985, C B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF**  
**INTENTION TO MAKE A PROPOSAL OF SHAW-**  
**ALMEX INDUSTRIES LIMITED OF THE TOWN OF**  
**PARRY SOUND, IN THE PROVINCE OF ONTARIO**

**AFFIDAVIT OF MARIA KONYUKHOVA**  
**(Affirmed May 11, 2025)**

I, **MARIA KONYUKHOVA**, of the City of Toronto, in the Province of Ontario,  
**AFFIRM AND SAY:**

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and a partner at Stikeman Elliott LLP (“**Stikeman Elliott**”). Stikeman Elliott is counsel to FTI Consulting Canada Inc. (“**FTI**”) in its capacity as the proposal trustee (in such capacity, the “**Proposal Trustee**”) of Shaw-Almex Industries Limited (“**SAIL**”) in the above-noted proceeding pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, C B-3, as amended (the “**BIA**”). As such, I have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.

2. The Proposal Trustee does not, and does not intend to, waive privilege and no statement I make herein should be construed as such.

3. I affirm this Affidavit in connection with a motion seeking an Order of this Court to, among other things, approve the fees and disbursements of Stikeman Elliott, in its capacity as counsel to the Proposal Trustee, for the period from April 21, 2025, to May 4, 2025, inclusive, and for no other or improper purpose.

### **Overview**

4. On March 29, 2025, SAIL filed a notice of intention to make a proposal (“**NOI**”) pursuant to the provisions of the BIA with the Office of the Superintendent of Bankruptcy. FTI consented to act as the proposal trustee of SAIL’s estate. The Proposal Trustee retained Stikeman Elliott as its legal counsel in the NOI proceeding.

5. On April 25, 2025, this Court issued an order, *inter alia*, under s. 50.4(9) of the BIA extending the time for SAIL to file a proposal (the “**Stay Extension Order**”).

6. Paragraph 3 of the Stay Extension Order provides that the Proposal Trustee and its legal counsel are to be paid their reasonable fees and disbursements, in each case at their standard rates and charges.

### **Stikeman Elliott’s Fees and Disbursements**

7. During the period from April 21, 2025, to May 4, 2025, Stikeman Elliott incurred fees in the amount of \$46,817.35 (exclusive of HST) and disbursements and other charges in the amount of \$158.06 (exclusive of HST). The total amount of HST applicable to Stikeman Elliott’s fees, disbursements and charges is \$6,086.26. In total, Stikeman Elliott is seeking \$53,061.67 (inclusive of HST) as compensation for fees, disbursements, and other charges.

8. Attached and marked collectively as **Exhibit “A”** to this Affidavit are copies of the accounts rendered by Stikeman Elliott for the period from April 21, 2025, to May 4, 2025. These accounts include narratives that describe the work carried out by Stikeman Elliott, which narratives have been redacted to remove confidential, privileged, and sensitive information.

9. Attached hereto as **Exhibit “B”** is a summary of Stikeman Elliott’s accounts for the period from April 21, 2025, to May 4, 2025, including the date, fees, charges, disbursements and HST in each account, the contents of which I believe to be true.

10. Attached hereto as **Exhibit “C”** is a schedule summarizing the billing rates and total amount billed with respect to each member of Stikeman Elliott who rendered services to the Proposal Trustee.

**Services Rendered by FTI in its capacity as Proposal Trustee**

11. Stikeman Elliott’s services for the period from April 21, 2025, to May 4, 2025, include, among other things, advising and assisting the Proposal Trustee with respect to the conduct and activities set out in its reports to this Court.

12. A comprehensive team of Stikeman Elliott lawyers, each with different skillsets and levels of experience, have worked on this mandate.

13. For the period from April 21, 2025, to May 4, 2025, three Stikeman Elliott lawyers and one non-lawyer professional assisted on this file. Each Stikeman Elliott professional that worked on this file performed necessary and non-duplicative work. Work was delegated to associates who bill at lower rates where it was more efficient and practical than involving

partners who bill at higher rates. Stikeman Elliott has at all times endeavoured to provide its services in a prudent and economical manner.

### **Reasonableness of the Fees and Disbursements**

14. I have reviewed the accounts and confirm that, to the best of my knowledge, information, and belief, they accurately reflect the work that was done in connection with this matter and that all of the time spent was reasonable and necessary.

15. Stikeman Elliott assesses the hourly rates of its professionals on an annual basis. Based on this annual review and on my experience in restructuring mandates, I believe that the hourly rates for each of the professionals over the relevant period are consistent with those charged by similar firms in the Toronto market with similar levels of experience and expertise, and with the capacity to handle a file of similar size and complexity to the present file.

### **Redactions**

16. As noted above, the narratives included in Stikeman Elliott's accounts attached as Exhibit "A" to this Affidavit contain redactions. These redactions are primarily intended to (a) remove information subject to solicitor-client privilege; and (b) remove sensitive (and non-public) information that could cause harm to Stikeman Elliott, the Proposal Trustee, or another party deserving of protection (e.g. personally identifiable information that should not form part of the public record). I believe that the redactions contained in Exhibit "A" are used sparingly and are truly necessary.

17. The Proposal Trustee does not and does not intend to waive privilege as a result of Stikeman Elliott passing its accounts.

18. It is my view that the redactions in the accounts do not prevent stakeholders in this NOI proceeding (and the public more generally) from understanding the Proposal Trustee's activities and conduct in the course of this NOI proceeding, nor do they prevent the careful scrutiny that is required to determine whether the fees and disbursements are fair and reasonable for the services performed.

**AFFIRMED**      **REMOTELY**      via  
videoconference      by      **MARIA**  
**KONYUKHOVA** stated as being located  
in the City of Toronto in the  
Province of Ontario, before me at the City  
of Toronto in the Province of Ontario this  
11<sup>th</sup> day of May, 2025, in accordance with  
O. Reg 431/20, *Administering Oath or*  
*Declaration Remotely*.

DocuSigned by:



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*Commissioner for Taking Affidavits*  
**Nicholas Avis, LSO# 76781Q**

Signed by:



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**MARIA KONYUKHOVA**



This is  
**EXHIBIT "A"**  
referred to in the Affidavit of  
**MARIA KONYUKHOVA**  
affirmed on May 11, 2025.

DocuSigned by:

*Nuphar Ains*

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*Commissioner for Taking Affidavits*

# **Stikeman Elliott**

**Stikeman Elliott LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, ON Canada M5L 1B9

Main: 416 869 5500  
Fax: 416 947 0866  
www.stikeman.com

**GST / HST No. 1214111360001**  
**QST No. 1018978624**

## **Account**

May 6, 2025

File No. 1096791015  
Invoice No. 6261883

FTI Consulting, Inc.  
TD Waterhouse Tower  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, ON M5K 1G8


Attention: Jeffrey Rosenberg  
Senior Managing Director

**For Professional Services Rendered** in connection with Shaw-Almex Industries Limited for the period up to May 4, 2025.

## **Account Summary**

|                       | <u>Taxable</u> | <u>Non-Taxable</u> | <u>Total</u>                 |
|-----------------------|----------------|--------------------|------------------------------|
| Professional Services | 46,817.35      | 0.00               | \$46,817.35                  |
| HST @ 13.0%           |                |                    | 6,086.26                     |
| Disbursements         | 0.00           | 158.06             | 158.06                       |
| <b>Amount Due</b>     |                |                    | <b><u>CA \$53,061.67</u></b> |

**Stikeman Elliott LLP**

  
\_\_\_\_\_  
Maria Konyukhova

**Accounts are due within 30 days. Please note that a prevailing quarterly pre-judgement interest rate will be charged for amounts unpaid 30 days or more.**

Disbursements and charges may not have been posted at the date of this account.  
Please quote our File number and/or Invoice number 109679.1015/6261883 when making payment.

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# Stikeman Elliott

## Time Summary

| <u>Date</u>  | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u>   |
|--------------|-------------------|--------------|--|
| Apr 21, 2025 | M. Konyukhova     | 0.25         | Call regarding status and next steps.  |
| Apr 22, 2025 | M. Konyukhova     | 1.58         | Calls regarding status and next steps in proceeding with stay extension, DIP, and other matters.   |
| Apr 23, 2025 | N. Avis           | 0.15         | Shaw report. Office meeting with M. Konyukhova; review various emails to prepare the draft trustee's report.   |
| Apr 23, 2025 | M. Konyukhova     | 4.08         | Call with [REDACTED] and others regarding status and next steps; various calls regarding [REDACTED]; correspondence with the Court regarding opening file; review draft materials for stay extension; calls regarding same; prepare outline for proposal trustee report; review and provide comments on draft DIP agreement.                                       |
| Apr 24, 2025 | N. Avis           | 6.78         | Emails with M. Konyukhova and FTI; draft, revise and serve a report for the proposal trustee; review the debtor's affidavit; review the draft orders; comments on the DIP loan; meeting with FTI and M. Konyukhova; emails with the debtor; review the debtor's motion materials.  |
| Apr 24, 2025 | M. Konyukhova     | 4.83         | Review and revise draft proposal trustee report; review and revise DIP term sheet; various calls regarding same; emails and calls regarding [REDACTED]; review motion record and factum; call with G. Morat regarding [REDACTED]; review and provide comments on draft order; calls regarding [REDACTED], and finalizing same; review BDC comments on draft order. |
| Apr 24, 2025 | G. Morin          | 0.60         | Review background documents; correspond with working group regarding same.   |
| Apr 25, 2025 | N. Avis           | 2.08         | Commission affidavit of service; review emails; emails with M. Konyukhova; prepare for and attend the motion regarding stay extension; review the endorsement.   |
| Apr 25, 2025 | M. Konyukhova     | 3.83         | Prepare for stay extension and DIP hearing; various calls and emails regarding amendments to the draft Order and DIP term sheet; various calls and emails after hearing to amend order; emails regarding next steps; emails regarding NDA.   |
| Apr 25, 2025 | G. Morin          | 1.60         | Draft and revise confidentiality agreement; correspond with working group regarding same.  |
| Apr 26, 2025 | N. Avis           | 0.88         | Review the draft NDA and provide comments to M. Konyukhova.  |
| Apr 26, 2025 | M. Konyukhova     | 1.00         | Review and provide comments on draft NDA; various emails regarding next steps in sales process items.  |
| Apr 26, 2025 | G. Morin          | 0.50         | Draft and revise confidentiality agreement; correspond with working group regarding same.  |
| Apr 27, 2025 | N. Avis           | 0.12         | Emails related to the NDA.   |
| Apr 28, 2025 | N. Avis           | 0.50         | Email and document management; review and reply  |

## Stikeman Elliott

| <u>Date</u>  | <u>Timekeeper</u> | <u>Hours</u> | <u>Description</u>  |
|--------------|-------------------|--------------|---|
| Apr 28, 2025 | M. Konyukhova     | 1.42         | to various emails; review comments to the draft NDA. Review teaser and provide comments; emails regarding Sales Process and next steps; review comments on NDA and emails regarding same; emails regarding report for SISP approval motion.                         |
| Apr 28, 2025 | G. Morin          | 0.60         | Draft and revise confidentiality agreement; correspond with working group regarding same.   |
| Apr 29, 2025 | N. Avis           | 2.58         | Call with Recon and FTI; prepare the draft proposal trustee's report / pre-filing report of the proposed monitor.   |
| Apr 29, 2025 | M. Konyukhova     | 1.00         | Call with Recon and FTI regarding next steps; emails regarding SISP issues.   |
| Apr 30, 2025 | M. Konyukhova     | 3.25         | Call with [REDACTED] and others regarding status and next steps; call with J. Rosenberg regarding [REDACTED]; emails with N. Renner; review and provide comments on draft SISP; call with N. Renner regarding [REDACTED]; review revised SISP.                      |
| May 1, 2025  | M. Konyukhova     | 1.75         | Emails regarding revised SISP; attend to UCC search; emails regarding [REDACTED]; emails regarding conversion to CCAA and consider [REDACTED]; emails regarding SISP issues; call with N. Renner regarding [REDACTED]; review and provide comments on revised SISP. |
| May 1, 2025  | B.J. Lorusso      | 0.25         | Re: Shaw Almex Fusion, LLC co-ordinated UCC searches to be done in Georgia for M. Konyukhova.   |
| May 2, 2025  | M. Konyukhova     | 2.33         | Various emails calls regarding [REDACTED]; [REDACTED]; brief review of DIP Agreement and comments on SISP; calls and emails regarding [REDACTED]; review email from [REDACTED] and draft response; review UCC registration and VFI leases.                          |
| May 3, 2025  | M. Konyukhova     | 0.67         | Calls and emails with J. Rosenberg regarding [REDACTED].  |
| May 4, 2025  | M. Konyukhova     | 0.58         | Calls and emails regarding [REDACTED] and next steps on DIP and other matters.  |

### Fee Summary

| <u>Timekeeper</u> | <u>Hours</u> | <u>Rate/Hr</u> | <u>Amount</u> |
|-------------------|--------------|----------------|---------------|
| N. Avis           | 13.09        | \$790.00       | \$10,341.10   |
| M. Konyukhova     | 26.57        | 1,250.00       | 33,212.50     |
| B.J. Lorusso      | 0.25         | 515.00         | 128.75        |
| G. Morin          | 3.30         | 950.00         | 3,135.00      |

**Stikeman Elliott**

|                                       |                |
|---------------------------------------|----------------|
| Professional Services                 | CA \$46,817.35 |
| HST @ 13.0%                           | 6,086.26       |
| Total Professional Services and Taxes | CA \$52,903.61 |

**Disbursements Summary**

|                                      |                      |
|--------------------------------------|----------------------|
| <u>Description</u>                   | <u>Total</u>         |
| Agents' Fees N/T                     | 158.06               |
| <b>Total Disbursements and Taxes</b> | <b>CA C \$158.06</b> |

This is  
**EXHIBIT "B"**  
referred to in the Affidavit of  
**MARIA KONYUKHOVA**  
affirmed on May 11, 2025.

DocuSigned by:

*Nicholas A. Ains*

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*Commissioner for Taking Affidavits*

**SUMMARY OF ACCOUNTS**  
*For the Period April 21, 2025 to May 4, 2025*

| Invoice No. | Date of Account | Hours Billed | Fees        | Disbursements & Charges | HST        | Total       |
|-------------|-----------------|--------------|-------------|-------------------------|------------|-------------|
| 6261883     | 6-May-25        | 43.21        | \$46,817.35 | \$158.06                | \$6,086.26 | \$53,061.67 |
| Total       |                 | 43.21        | \$46,817.35 | \$158.06                | \$6,086.26 | \$53,061.67 |

**TOTAL BILLED: \$53,061.67**

**Average Hourly Rate (before HST)**

Total fees before HST of \$46,817.35

÷ Total hours of 43.21

= \$1,083.48



This is  
**EXHIBIT "C"**  
referred to in the Affidavit of  
**MARIA KONYUKHOVA**  
affirmed on May 11, 2025.

DocuSigned by:

*Neples Ann*

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*Commissioner for Taking Affidavits*

**COSTS SUMMARY**  
*For the Period April 21, 2025 to May 4, 2025*

| Timekeeper       | Year of Call   | Rate    | Time  |
|------------------|----------------|---------|-------|
| Maria Konyukhova | 2006           | \$1,250 | 26.57 |
| Garett Morin     | 2016 (Alberta) | \$950   | 3.30  |
| Nicholas Avis    | 2019           | \$790   | 13.09 |
| Beatrice Lorusso | Clerk          | \$515   | 0.25  |
| TOTAL            |                |         | 43.21 |

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, C B-3, AS  
AMENDED AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A  
PROPOSAL OF SHAW-ALMEX INDUSTRIES LIMITED OF THE TOWN OF PARRY SOUND,  
IN THE PROVINCE OF ONTARIO.

Court File No. BK-25-03205249-0031  
Estate No. 31-3205249  
District of Ontario  
Division No. 14 - Parry Sound

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

Proceeding commenced at Toronto

**AFFIDAVIT OF**  
**MARIA KONYUKHOVA**  
**(Affirmed May 11, 2025)**

**STIKEMAN ELLIOTT LLP**  
Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Maria Konyukhova** LSO#: 52880V  
Tel: (416) 869-5230  
[mkonyukhova@stikeman.com](mailto:mkonyukhova@stikeman.com)

**Nicholas Avis** LSO#: 76781Q  
Tel: (416) 869-5563  
[navis@stikeman.com](mailto:navis@stikeman.com)  
Fax: (416) 947-0866

Lawyers for the Proposal Trustee

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF SHAW-ALMEX INDUSTRIES LIMITED OF THE TOWN OF PARRY SOUND, IN THE PROVINCE OF ONTARIO - AND -

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

Court File No: BK-25-03205249-0031

Estate No. 31-3205249

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

Proceeding commenced at Toronto

**SECOND REPORT OF**  
**THE PROPOSAL TRUSTEE**  
**- AND -**  
**PRE-FILING REPORT OF THE**  
**PROPOSED MONITOR**  
**(May 11, 2025)**

**STIKEMAN ELLIOTT LLP**

Barristers & Solicitors  
5300 Commerce Court West  
199 Bay Street  
Toronto, Canada M5L 1B9

**Maria Konyukhova** LSO#: 52880V  
Email: mkonyukhova@stikeman.com  
Tel: +1 416 869 5230

**Nicholas Avis** LSO#: 76781Q  
Email: navis@stikeman.com  
Tel: 416-869-5563

**Lawyers for the Proposal Trustee &  
Proposed Monitor**

**APPENDIX “B”**

**[ATTACHED]**

Maria Konyukhova  
Direct: +1 416 869 5230  
mkonyukhova@stikeman.com

May 15, 2025  
File No.: 109679.1015

**BY COURIER**

**URGENT | WITHOUT PREJUDICE**

491 Second Road, East  
Stoney Creek, ON  
L8J 2X9

Attention: Timothy Shaw, CEO

Dear Mr. Shaw:

**Re: In the Matter of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as Amended (the "CCAA") and in the Matter of a Plan of Compromise or Arrangement of Shaw-Almex Industries Limited ("SAIL") and Shaw Almex Fusion, LLC (together with SAIL, "Shaw Almex")**

As you know, we are counsel to FTI Consulting Canada Inc. in its capacity as the court-appointed monitor (the "**Monitor**") of Shaw Almex in its CCAA proceedings.

On May 9, 2025, we wrote to you regarding your conduct that was contrary to SAIL's best interests in its restructuring proceeding under the *Bankruptcy and Insolvency Act* (Canada). On May 13, 2025, that proceeding was continued under the *Companies' Creditors Arrangement Act* (Canada), and the Court granted an initial order with respect to Shaw Almex. The initial order empowered the Monitor with enhanced powers, including the power to facilitate or assist Shaw Almex in dealing with its property in a manner that the Monitor considers necessary or desirable.

The Monitor is gravely concerned with your use and attempted use of Shaw Almex's property. In particular, it has come to the Monitor's attention that you may have:

- (a) contacted employees of Shaw Almex regarding the copying and acquisition of Shaw Almex's proprietary information (the "**Proprietary Information**"), including engineering drawings and calculations, order history, pricing tools, electrical drawings and marketing information;
- (b) obtained two portable hard drives owned by Shaw Almex that contain Proprietary Information, including Shaw Almex's engineering and marketing data;
- (c) made copies of emails and contact information, both of which constitute Proprietary Information; and
- (d) indicated to employees that you intend to enter Shaw Almex's facilities after your termination, and that you have Shaw Almex keys in your possession.

Our May 9, 2025 letter specifically advised you that **any** transfer of SAIL's property outside the ordinary course of business was prohibited unless consented to by the proposal trustee. That same letter explicitly addressed concerns that you had requested portable hard drives containing copies of certain of SAIL's intellectual property, and again we specifically advised you that improperly transferring SAIL's property was prohibited.

The Monitor also understands that you have advised certain of Shaw Almex's employees that you intend to establish a new business to compete with Shaw Almex and intend on using the Proprietary Information in furtherance of same. The Monitor further understands that you have been soliciting certain of Shaw Almex's employees to resign from their employment with Shaw Almex and start employment with your new business. If true, these actions constitute grave breaches of fiduciary duty and oppressive conduct. The Monitor will be investigating these allegations further and, if appropriate, will prosecute all necessary actions against you on behalf of Shaw Almex. We note that your termination letter dated May 13, 2025, specifically advised you to refrain from any contact with SAIL's employees, consultants, contractors, affiliates and/or customers from May 13, 2025, onwards.

In light of all of the foregoing, the Monitor demands that you, your agents and representatives immediately:

- (a) cease all efforts to obtain or access the Proprietary Information;
- (b) cease all communications with Shaw Almex employees regarding the Proprietary Information;
- (c) return to the Monitor all Proprietary Information in your or your agents' or representatives' possession;
- (d) cease soliciting employees, customers and suppliers of Shaw Almex;
- (e) refrain from entering any Shaw Almex facilities;
- (f) return to the Monitor all equipment removed from Shaw Almex in the last 45 days and moved to premises owned by other entities controlled by you or parties related to you; and
- (g) return to the Monitor all other property in your or your agents' or representatives' possession that is owned by Shaw Almex, including laptops, phones, tablets, keys and vehicles.

**This is an urgent matter.** We require that you confirm in writing by no later than **May 16, 2025, at 5:00 pm** that you will immediately comply with the Monitor's demands. If we do not receive your response by May 16, 2025, at 5:00 pm, then the Monitor may seek (or cause to be sought) legal relief against you (including injunctive relief) as the Monitor considers necessary to protect and preserve Shaw Almex's property, the costs of which will be at your expense.

Furthermore, if you fail to comply with the Monitor's demands after the date of this letter, the Monitor may introduce this letter as evidence and in support of a claim for punitive and exemplary damages against you.

This letter is without prejudice to any actions or remedies that the Monitor may take or exercise in the future in relation to this matter, and the Monitor expressly reserves its right to do so.

If you have retained counsel to address this matter, we ask that you bring this correspondence to their immediate attention.

Yours truly,

Maria Konyukhova



**APPENDIX “C”**

**[ATTACHED]**



**From:** Pamela Shaw <pamela.shaw2025@gmail.com>  
**Sent:** Monday, May 19, 2025 2:33 PM  
**To:** Maria Konyukhova  
**Cc:** Timothy Shaw; Nick Avis; Denis Burella; jeffrey.rosenberg@fticonsulting.com; jonathan.joffe@fticonsulting.com  
**Subject:** Re: Shaw-Almex Industries Limited et al (Re) | Letter from the Monitor

Good afternoon, Maria.

Tim is still in hospital. Obviously, his care and well-being is my highest priority right now.

That being said, I do want to inform you that Costa Anastiou is already in possession of the keys to 103 Isabella. As many people inside and outside of Almex had access, we felt it prudent for all concerned.

I am working to return property as soon as I can, given the circumstances.

Regards,  
Pamela

On Sun, May 18, 2025, 12:46 p.m. Maria Konyukhova <[MKonyukhova@stikeman.com](mailto:MKonyukhova@stikeman.com)> wrote:

Hi Pamela. Hoping Tim is recovering and doing well.

If easier, we would be happy to make arrangements to pick up the hard drives and other SAIL property where convenient for you.

Also, it has come to our attention that the locks at the property located at premises located at [103 Isabella Street, Parry Sound](#) have been changed some time last week without notice to SAIL or the Monitor and in violation of the Court ordered stay of proceedings and in contravention of the terms of the lease. We understand you and Tim are the landlord at these premises.

We must have access to that property on Tuesday and therefore request that you provide us with the new keys at your earliest convenience and not later than 5pm tomorrow, Monday, May 19. Again, we would be happy to arrange for pick up of these keys.

If we do not obtain the keys to the property before then, we will be forced to request a locksmith attend and replace the locks and may have to make an urgent request to declare you and Tim, as the landlords, in contempt of court for violating the Initial Order.

We understand this is a difficult time for you and your family in light of Tim's hospitalization, however, these are serious matters which threaten to undermine a court-supervised process. We look forward to working co-operatively with you to restore access to the 103 Isabella Street property and to recover access to SAIL's proprietary intellectual and other property.

Maria Konyukhova

Direct: [416-869-5230](tel:416-869-5230)

Mobile: [416-319-1632](tel:416-319-1632)

Email: [mkonyukhova@stikeman.com](mailto:mkonyukhova@stikeman.com)

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**From:** Pamela Shaw <[pamela.shaw2025@gmail.com](mailto:pamela.shaw2025@gmail.com)>  
**Sent:** Saturday, May 17, 2025 1:59:02 PM  
**To:** Maria Konyukhova <[MKonyukhova@stikeman.com](mailto:MKonyukhova@stikeman.com)>  
**Cc:** Timothy Shaw <[timshawfusion@gmail.com](mailto:timshawfusion@gmail.com)>; Nick Avis <[NAvis@stikeman.com](mailto:NAvis@stikeman.com)>; Denis Burella <[denis.burella@almex.com](mailto:denis.burella@almex.com)>; [jeffrey.rosenberg@fticonsulting.com](mailto:jeffrey.rosenberg@fticonsulting.com) <[Jeffrey.Rosenberg@fticonsulting.com](mailto:Jeffrey.Rosenberg@fticonsulting.com)>; [jonathan.joffe@fticonsulting.com](mailto:jonathan.joffe@fticonsulting.com) <[Jonathan.Joffe@fticonsulting.com](mailto:Jonathan.Joffe@fticonsulting.com)>  
**Subject:** Re: Shaw-Almex Industries Limited et al (Re) | Letter from the Monitor

To whom it may concern:

Timothy Shaw is currently a patient in the cardiac unit of the emergency department at [REDACTED]. He was taken by ambulance from urgent care [REDACTED] about an hour ago.

I will keep you posted as to when we will be able to comply with the return of the vehicles, etc al. Please extend the timeline by a minimum of 24 to 48 hours.

Thank you for your consideration in this matter.  
Pamela J. Shaw

On Fri, May 16, 2025, 4:15 p.m. Maria Konyukhova <[MKonyukhova@stikeman.com](mailto:MKonyukhova@stikeman.com)> wrote:

Mr. Shaw,

Thank you for your response.

The cars should be returned to 743 Barton Street Office. We will make arrangements for the pick up of the Kia Stinger and the Chevrolet Malibu. Please deliver keys and ownership documents for those cars together with the rest of the vehicles.

Please provide a copy of the lease and the particulars of the unpaid rent with respect to the property [103 Isabella Street](#) in Parry Sound and we will look into it.

You have not responded to the most important aspect of our request which is the return of the hard drives containing all of the Proprietary Information of SAIL. **We will need the return of those hard drives before 5pm on Saturday, May 17, 2025** failing which we may apply to the Court on an urgent basis for a Court order compelling you to do so and seek costs of the motion imposed against you. We will also need a confirmation from you that you have not made copies of the Proprietary Information.

Upon return of the hard drives and the SAIL laptops, we will process the payments charges to Mrs. Shaw's credit card.

We look forward to your prompt attention to this matter.

**Maria Konyukhova**

Direct: +1 416 869 5230

Mobile: +1 416 319 1632

Email: [mkonyukhova@stikeman.com](mailto:mkonyukhova@stikeman.com)

---

**From:** Timothy Shaw <[timshawfusion@gmail.com](mailto:timshawfusion@gmail.com)>

**Sent:** Friday, May 16, 2025 3:10 PM

**To:** Nick Avis <[NAvis@stikeman.com](mailto:NAvis@stikeman.com)>; Denis Burella <[denis.burella@almex.com](mailto:denis.burella@almex.com)>

**Cc:** Maria Konyukhova <[MKonyukhova@stikeman.com](mailto:MKonyukhova@stikeman.com)>; [jeffrey.rosenberg@fticonsulting.com](mailto:jeffrey.rosenberg@fticonsulting.com);  
[jonathan.joffe@fticonsulting.com](mailto:jonathan.joffe@fticonsulting.com); [pamela.shaw2025@gmail.com](mailto:pamela.shaw2025@gmail.com)

**Subject:** Re: Shaw-Almex Industries Limited et al (Re) | Letter from the Monitor

Attention:Nick Avis

Without Prejudice

With regards to your email I can confirm the following.

The vehicles will be partially returned over weekend however you have not specified to what location. The offices of Shaw Almex do not have space for 5 additional vehicles to be parked at the offices. Please advise where they should be returned. Secondly the Kia Stinger tires are not safe to drive on and so the vehicle should be picked up on a flatbed at 491 Second Road East. Also the chevrolet Malibu as 250,000 Kilometers and is not road worthy so it will also need to be towed. The keys to the building will be returned with the vehicles

The computers can be returned once the expenses are paid as a result of Mr. Burella placing Mrs Shaw's credit card on Shaw Almex Corporate accounts. The current balance is approximately 2,500 dollars. This matter as already been brought to the attention of FTI and Almex without any resolution.

There is also the matter of unpaid rent on the premises at [103 Isabella Street](#) in Parry Sound that will need to be addressed.

All other matters are not agreed to by Mrs Shaw & Myself as alleged in the attached letter however we will comply with the those requests.

We look forward to your resolution of these matters as well.

On Thu, May 15, 2025 at 7:02 PM Nick Avis <[NAvis@stikeman.com](mailto:NAvis@stikeman.com)> wrote:

Mr. Shaw,

Please find attached a letter from Maria Konyukhova on behalf of FTI Consulting Canada Inc. in its capacity as the monitor of Shaw-Almex Industries Limited and Shaw Almex Fusion, LLC. A copy of the letter has been couriered to your home address.

Regards,

**Nick Avis (he / him)**

Direct: +1 416 869 5563

Email: [navis@stikeman.com](mailto:navis@stikeman.com)

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**Stikeman Elliott LLP** Barristers & Solicitors

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**APPENDIX “D”**

**[ATTACHED]**

Maria Konyukhova  
Direct: +1 416 869 5230  
mkonyukhova@stikeman.com

May 22, 2025  
File No.: 109679.1015

**BY EMAIL**

## **ACTION REQUIRED | WITHOUT PREJUDICE**

Timothy Shaw ([timshawfusion@gmail.com](mailto:timshawfusion@gmail.com))  
Pamela Shaw ([pamela.shaw2025@gmail.com](mailto:pamela.shaw2025@gmail.com))  
491 Second Road, East  
Stoney Creek, ON  
L8J 2X9

Dear Mr. & Mrs. Shaw:

**Re: In the Matter of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as Amended (the "CCAA") and in the Matter of a Plan of Compromise or Arrangement of Shaw-Almex Industries Limited ("SAIL") and Shaw Almex Fusion, LLC ("Fusion", and together with SAIL, "Shaw Almex")**

As you know, we are counsel to FTI Consulting Canada Inc. in its capacity as the court-appointed monitor (the "**Monitor**") of Shaw Almex in its CCAA proceedings.

We appreciate that Tim is facing health issues at the moment. We wish him a swift and full recovery.

On May 15, 2025, we sent Tim a letter, on behalf of the Monitor, demanding that he, his agents and representatives immediately:

- (a) cease all efforts to obtain or access the Shaw Almex's proprietary information (the "**Proprietary Information**");
- (b) cease all communications with Shaw Almex employees regarding the Proprietary Information;
- (c) return to the Monitor all Proprietary Information in your or your agents' or representatives' possession;
- (d) cease soliciting employees, customers and suppliers of Shaw Almex;
- (e) refrain from entering any Shaw Almex facilities;
- (f) return to the Monitor all equipment removed from Shaw Almex in the last 45 days and moved to premises owned by other entities controlled by you or parties related to you; and

(g) return to the Monitor all other property in your or your agents' or representatives' possession that is owned by Shaw Almex, including laptops, phones, tablets, keys and vehicles

(collectively, the "**Demands**").

We required that Tim confirm in writing by no later than May 16, 2025, at 5:00 pm that he would immediately comply with the Demands. We cautioned Tim that failure to do so could result in the Monitor seeking (or causing to be sought) legal relief against him, the costs of which would be at his expense.

On Friday, May 16, 2025, Tim advised us by email that he would comply with the Demands and provided details with respect to the return of certain of Shaw Almex's property; however, Tim failed to provide any particulars with respect to the return of any and all Proprietary Information, including Proprietary Information on hard drives.

On May 17, 2025, Pamela advised us by email that Tim had been hospitalized. We understand this is a difficult time for both of you. To accommodate your circumstances, we offered on May 18, 2025, to pick up any hard drives and other property belonging to Shaw Almex where convenient for you.

We understand that since Tim has been hospitalized, he has been able to reach out to certain employees of Fusion about payroll matters.

To date, no property belonging to Shaw Almex has been returned by you to the Monitor. Accordingly, the Monitor requires that you provide full compliance with the Demands, including by returning to the Monitor any hard drives containing Proprietary Information, by no later than **5:00 pm on Friday, May 23, 2025**.

If you do not provide full compliance with the Demands by 5:00 pm on Friday, May 23, 2025, then the Monitor intends to bring (or cause to be brought) a motion in court on May 30, 2025, seeking an order that, if granted, may require Tim's full compliance with the Demands and the payment of legal costs associated with such motion. The Monitor may introduce this letter (and any other correspondence) as evidence and in support of a claim for damages against Tim.

## **Rent Paid on 15 Shaw Almex Drive, Parry Sound, ON P2A 2W9**

The Monitor recently learned that on December 15, 2024, the home at 15 Shaw Almex Drive was rented to a tenant at a rate of \$2,000 per month. SAIL holds title to 15 Shaw Almex Drive. The tenant paid a total of \$11,000 in rent (for the months December 2024 to May 2025, with December being pro-rated), the total of which has been paid to Pamela and not SAIL.

The Monitor demands that Pamela immediately return the \$11,000 in rental income. We can provide bank transfer details to facilitate the electronic transfer of this money.

The Monitor has instructed the tenant to make all future rent payments to the Monitor and not to Pamela.

## **Requirement to Co-operate with the Monitor**

The Monitor cautions you that your conduct to date has not been consistent with the initial order of Justice J. Dietrich dated May 13, 2025 (the "**Initial Order**"), which requires full co-operation with the Monitor by Shaw Almex and its shareholders, officers, directors and Assistants—which includes you:

22. **THIS COURT ORDERS** that [...] the Applicants and their shareholders, officers, directors and Assistants shall not take any steps with respect to the Applicants, the Business or the Property, save and except under the direction of the Monitor, pursuant to paragraph 23 herein, 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 Applicants and their advisors shall cooperate fully with the Monitor and any directions it may provide pursuant to this Order and shall provide the Monitor with such assistance as the Monitor may request from time to time to enable the Monitor to carry out its duties and powers as set out in this Order or any other Order of this Court under the CCAA or applicable law generally.

Your conduct also frustrates the Monitor's efforts to discharge its responsibilities and obligations under the Initial Order, including section 23(z):

23. **THIS COURT ORDERS** that the Monitor [...] be and is hereby authorized, directed and empowered to: [...] (z) 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 Applicants, to the extent that is necessary to adequately assess the Applicants' Business and financial affairs or to perform their duties arising under this Order [...].

This letter is without prejudice to any actions or remedies that the Monitor may take or exercise in the future in relation to this matter, and the Monitor expressly reserves its right to do so.

If you have retained counsel to address this matter, we ask that you bring this correspondence to their immediate attention.

Yours truly,

*Maria Konyukhova*

Maria Konyukhova

**APPENDIX “E”**

**[ATTACHED]**

**Shaw-Almex Industries Limited - Consolidated Weekly**  
**Projected Cash Flow Statement for the Period of May 17, 2025 to July 18, 2025**

(\$CAD in Thousands)

| Forecast Week Ending                         | 23-May-25      | 30-May-25      | 06-Jun-25      | 13-Jun-25      | 20-Jun-25      | 27-Jun-25      | 04-Jul-25      | 11-Jul-25      | 18-Jul-25      | 9-Weeks        |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Forecast Week                                | 1              | 2              | 3              | 4              | 5              | 6              | 7              | 8              | 9              | Total          |
| Receipts                                     | 854            | 1,506          | 492            | 812            | 814            | 1,224          | 2,684          | 1,463          | 1,124          | 10,972         |
| Operating Disbursements                      |                |                |                |                |                |                |                |                |                |                |
| Payroll                                      | (224)          | (820)          | (174)          | (281)          | (271)          | (401)          | (663)          | (205)          | (549)          | (3,588)        |
| Material Purchases                           | (535)          | (324)          | (438)          | (462)          | (333)          | (587)          | (503)          | (460)          | (580)          | (4,222)        |
| Debt   | -              | (2)            | (212)          | (1)            | -              | (2)            | (38)           | (1)            | -              | (257)          |
| Freight & Duties                             | (183)          | (59)           | (26)           | (75)           | (37)           | (160)          | (26)           | (29)           | (77)           | (672)          |
| Equipment Leases                             | (6)            | (66)           | (12)           | (5)            | (5)            | (50)           | (2)            | (5)            | (2)            | (155)          |
| Rent & Utilities                             | (24)           | (84)           | (26)           | (10)           | (3)            | (75)           | (11)           | (3)            | (10)           | (247)          |
| IT Expenses                                  | (2)            | (32)           | (1)            | (17)           | (1)            | (56)           | (28)           | (1)            | (1)            | (137)          |
| Insurance                                    | (0)            | (84)           | (0)            | (0)            | (2)            | (42)           | (0)            | (0)            | (0)            | (131)          |
| Travel Expenses                              | (14)           | (13)           | (10)           | (42)           | (10)           | (17)           | (15)           | (16)           | (19)           | (156)          |
| Vehicles Expenses                            | (2)            | (5)            | (1)            | (7)            | (1)            | (1)            | (7)            | (6)            | (4)            | (33)           |
| Taxes  | (20)           | (14)           | 3              | (18)           | (48)           | (219)          | (48)           | (58)           | (48)           | (472)          |
| Other Disbursements                          | (186)          | (247)          | (30)           | (26)           | (71)           | (80)           | (133)          | (76)           | (92)           | (942)          |
| Contingency                                  | (25)           | (25)           | (25)           | (25)           | (25)           | (25)           | (25)           | (25)           | (25)           | (225)          |
| Operating Disbursements                      | (1,221)        | (1,776)        | (952)          | (971)          | (807)          | (1,716)        | (1,499)        | (887)          | (1,408)        | (11,237)       |
| <b>Net Cash From Operations</b>              | <b>(367)</b>   | <b>(270)</b>   | <b>(460)</b>   | <b>(158)</b>   | <b>7</b>       | <b>(492)</b>   | <b>1,185</b>   | <b>577</b>     | <b>(284)</b>   | <b>(265)</b>   |
| Intercompany                                 |                |                |                |                |                |                |                |                |                |                |
| Funding from Related Parties                 | 60             | 500            | 440            | 150            | 240            | -              | 1,000          | 400            | 50             | 2,840          |
| Funding for Related Parties                  | (60)           | (500)          | (440)          | (150)          | (240)          | -              | (1,000)        | (400)          | (50)           | (2,840)        |
| Total Intercompany                           | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Restructuring Disbursements                  |                |                |                |                |                |                |                |                |                |                |
| Professional Fees                            | (106)          | (300)          | (100)          | (100)          | (100)          | (100)          | (100)          | (100)          | (100)          | (1,106)        |
| <b>Net Cash before Financing</b>             | <b>(473)</b>   | <b>(570)</b>   | <b>(560)</b>   | <b>(258)</b>   | <b>(93)</b>    | <b>(592)</b>   | <b>1,085</b>   | <b>477</b>     | <b>(384)</b>   | <b>(1,371)</b> |
| Financing Requirements                       |                |                |                |                |                |                |                |                |                |                |
| Monitor's Account                            | 106            | 335            | -              | -              | -              | -              | -              | -              | -              | 441            |
| DIP Financing                                | 400            | 500            | 100            | 275            | 100            | 200            | (600)          | (350)          | -              | 625            |
| Total Financing Requirements                 | 506            | 835            | 100            | 275            | 100            | 200            | (600)          | (350)          | -              | 1,066          |
| <b>Net Cash Flows</b>                        | <b>33</b>      | <b>265</b>     | <b>(460)</b>   | <b>17</b>      | <b>7</b>       | <b>(392)</b>   | <b>485</b>     | <b>127</b>     | <b>(384)</b>   | <b>(305)</b>   |
| Cash in Almex Group Accounts                 |                |                |                |                |                |                |                |                |                |                |
| Beginning Cash                               | 2,370          | 2,402          | 2,667          | 2,207          | 2,223          | 2,230          | 1,837          | 2,322          | 2,449          | 2,370          |
| Net Receipts/(Disbursements)                 | 33             | 265            | (460)          | 17             | 7              | (392)          | 485            | 127            | (384)          | (305)          |
| <b>Ending Cash in Almex Group's Accounts</b> | <b>2,402</b>   | <b>2,667</b>   | <b>2,207</b>   | <b>2,223</b>   | <b>2,230</b>   | <b>1,837</b>   | <b>2,322</b>   | <b>2,449</b>   | <b>2,065</b>   | <b>2,065</b>   |
| Cash in Monitor's Account                    |                |                |                |                |                |                |                |                |                |                |
| Beginning Cash                               | 441            | 335            | -              | -              | -              | -              | -              | -              | -              | 441            |
| Advances to Almex Group                      | (106)          | (335)          | -              | -              | -              | -              | -              | -              | -              | (441)          |
| <b>Ending Cash in Monitor's Account</b>      | <b>335</b>     | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| DIP Loan                                     |                |                |                |                |                |                |                |                |                |                |
| Beginning DIP Balance                        | (1,000)        | (1,400)        | (1,900)        | (2,000)        | (2,275)        | (2,375)        | (2,575)        | (1,975)        | (1,625)        | (1,000)        |
| DIP Financing Advances                       | (400)          | (500)          | (100)          | (275)          | (100)          | (200)          | 600            | 350            | -              | (625)          |
| <b>Ending DIP Loan Balance</b>               | <b>(1,400)</b> | <b>(1,900)</b> | <b>(2,000)</b> | <b>(2,275)</b> | <b>(2,375)</b> | <b>(2,575)</b> | <b>(1,975)</b> | <b>(1,625)</b> | <b>(1,625)</b> | <b>(1,625)</b> |

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

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

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

Proceeding commenced at Toronto

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**FIRST REPORT OF**  
**MONITOR**  
**(May 27, 2025)**

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5300 Commerce Court West  
199 Bay Street  
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