

**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**

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

June 26, 2025

Contents

Section	Page
A. Introduction.....	1
B. Purpose of this Report.....	4
C. Terms of Reference.....	4
D. Update on the Monitor’s Activities.....	5
E. Background.....	7
F. Update on the SISP.....	8
G. June 19, 2025 Case Conference Re: Contempt Motion.....	9
H. Mr. Shaw’s Access to Proprietary Information.....	10
I. Potential Transfer at Undervalue: The Spanish Share Sale and Purchase Agreement.....	10
Transfer of Property by Global Holdings to Pamela Shaw.....	11
J. Proposed Increase in the DIP Facility and DIP Lender’s Charge.....	11
K. The Stay of Proceedings.....	12
L. Conclusion.....	14
Appendix “A”	Second Amendment to the Amended DIP Agreement
Appendix “B”	TUV Notice of Motion
Appendix “C”	Revised and Extended Cash Flow Projections

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SECOND 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 that, 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;
 - (d) authorized the Applicants to borrow up to a maximum principal amount of \$1.836 million¹ under the DIP Facility from the DIP Lender pursuant to the terms of an amended and restated DIP Facility loan agreement (the “**Amended DIP Agreement**”);
 - (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:²

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

² 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 Agreement, 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.
5. On May 30, 2025, the Court entered:
- (a) an order, amongst other things, extending the stay of proceedings to and including July 18, 2025, increasing the maximum principal amount that the Applicants could borrow pursuant to an amendment to the Amended DIP Agreement (the “**First Amendment**”) to \$2,626,500,³ and increasing the quantum of the DIP Lender’s Charge to the maximum amount of \$2,626,500, plus fees and interest; and
 - (b) an order (the “**Property Preservation Order**”), amongst other things, requiring the return of the Applicants’ Property, directing that Mr. Timothy Shaw and Mrs.

³ RBC’s commitment fee is \$51,500, so the amount available to the Applicants was \$2.575 million.

Pamela Shaw conduct themselves in a certain manner, and empowering the Monitor to conduct certain oral examinations.

B. PURPOSE OF THIS REPORT

6. The purpose of this Second Report of the Monitor (the “**Second Report**”) is to provide information to this Court with respect to the motion returnable June 27, 2025, seeking an Order (the “**Stay Extension Order**”), among other things:
 - (a) extending the stay of proceedings until and including August 1, 2025 (the “**Extended Stay Period**”); and
 - (b) authorizing the Applicants to borrow up to a maximum principal amount of approximately \$3,646,500 under the second amendment to the Amended DIP Agreement (the “**Second Amendment**”) on the terms set out in the Second Amendment attached hereto as **Appendix “A”**, and authorizing a corresponding increase in the DIP Lender’s Charge as security for the Applicants’ obligations under Second Amendment.
7. This Second 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 Second 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 Second 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 Second 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 Second Report concerning SAIL, Fusion and their business 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 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.
11. The Monitor has prepared this Second Report in connection with its motion seeking the relief set out in paragraph 6 above. This Second 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. Since the granting of the last motion on May 30, 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 seven-week cash flow forecast;
- (d) participated in discussions with and responded to inquiries from stakeholders, including, among others, suppliers, creditors, employees, customers, RBC and Business Development Bank of Canada (“**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) participated in discussions US counsel regarding personnel-related matters;
- (g) engaged a payroll service provider to assist with processing Fusion payroll;
- (h) reviewed ownership records and company documentation related to the Almex Group’s (as defined below) premises in Spain and discussions with counsel regarding same;
- (i) attended to various matters involving Mr. Shaw, including the return of Property in their possession, and discussions with Mr. Shaw’s counsel;
- (j) advanced the SISP process, including:
 - (i) scheduling manufacturing plant visits;
 - (ii) responding to diligence requests;
 - (iii) reviewing bids from prospective purchasers;
 - (iv) negotiating the terms of final, binding agreements with prospective purchasers; and
 - (v) discussing the results of the SISP with the DIP Lender and BDC;
- (k) managed the Monitor’s Website;

- (l) operated and monitored telephone hotlines and email accounts for stakeholder enquiries;
- (m) prepared this Second Report; and
- (n) engaged with the Monitor's legal counsel in connection with the foregoing activities.

E. BACKGROUND

- 14. A more comprehensive overview of the Applicants and the events leading to the CCAA proceeding is available in the Proposal Trustee's and the Monitor's prior reports.
- 15. 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.
- 16. 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.
- 17. SAIL is the primary operating entity in the Almex Group. The Almex Group as a whole employs over 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.
- 18. 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. All of these employees were recently laid off. None of Fusion's employees were unionized.

19. 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, BDC did the same.
20. 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.
21. 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

22. The Court approved the SISP on May 13, 2025, as part of the SISP Order. 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 SISP is being overseen by the Monitor.
23. 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

24. The Monitor can confirm that it received a number of binding offers on June 12, 2025. The Monitor is currently in the process of negotiating those binding offers.
25. The Monitor expects to select the successful bid in the next week and proceed to seek approval of a transaction in the coming weeks, at which point it will provide a more comprehensive update on the SISP to this Court. If the Court approves the transaction

presented to the Court, then the Monitor will thereafter seek to close the approved transaction.

26. The Monitor does not expect to close a transaction by July 4, 2025. The SISP procedures provide that a “Qualified Purchase Bid” must close by no later than July 4, 2025, “or such later date or time as the Monitor, in accordance with the SISP Procedures, may determine appropriate”. The Monitor has consulted with the Applicants and obtained the approval of the DIP Lender to extend the target closing date to August 1, 2025.

G. JUNE 19, 2025 CASE CONFERENCE RE: CONTEMPT MOTION

27. As noted in the First Report of the Monitor dated May 27, 2025, the Monitor has had concerns with Mr. Shaw’s conduct, which has not been, at times, consistent with a good faith restructuring process. These concerns resulted in the Monitor seeking and obtaining the Property Preservation Order.
28. Despite the Monitor’s efforts to work cooperatively with Mr. Shaw, by June 16, 2025—ten days after the compliance date in the Property Preservation Order—Mr. Shaw had failed to meaningfully engage with the Monitor or to demonstrate any sense of urgency or promptness with respect to his obligations under the Property Preservation Order. He had delivered to the Monitor only a small portion of the Property in his possession and control (such as vehicles and hard drives), and the recovery of that Property had required significant expenditures of time and resources on the Monitor’s part.
29. Further, the Monitor had concerns about the standard of care exercised by Mr. Shaw to protect the Property in his possession and control, particularly with respect to the Property removed from Fusion’s premises in Atlanta, Georgia. The Applicants also required possession and control of their Property so that the Property could be sold as part of the Applicants’ sale and investment solicitation process.
30. For all of these reasons, the Monitor sought a case conference on June 19, 2025 (the “**Case Conference**”), to schedule a motion seeking to hold Mr. Shaw in contempt of Court. The day prior to the Case Conference, the Monitor learned that Mr. Shaw had retained counsel.

31. At the Case Conference, Justice Dietrich scheduled the contempt motion for July 21, 2025. Prior to the contempt motion, on July 8, 2025, the Court will hear a motion to determine whether Mr. Shaw has a right to examine the Monitor in respect of the contempt motion.
32. The Monitor is working with counsel for Tim Shaw to attempt to work out the return of the Applicants' Property that is Mr. Shaw's possession. The Monitor expects to provide an update on the contempt motion in separate motion materials.

H. MR. SHAW'S ACCESS TO PROPRIETARY INFORMATION

33. Mr. Shaw may still have possession and control of the Applicants' intellectual property, including via a Carbonite account associated with his corporate computers. Carbonite is a third-party technology company that provides remote back-up services. Carbonite's software was installed on Mr. Shaw's corporate computers.
34. The Monitor is in the process of dealing with Carbonite and Mr. Shaw's counsel. At present, the Carbonite account associated with Mr. Shaw's corporate computers has been frozen. Depending on how this issue progresses, the Monitor may need to seek this Court's assistance.

I. POTENTIAL TRANSFER AT UNDERVALUE: THE SPANISH SHARE SALE AND PURCHASE AGREEMENT

35. On June 18, 2025, the Monitor served on the Service List a notice of motion (the "**TUV Notice of Motion**") seeking an order that, among other things, authorizes it to commence an application against Shaw Almex Global Holdings Limited ("**Global Holdings**") seeking, among other things, a declaration that the transfer of 2,400,600 shares (the "**Shares**") of Shaw Almex Spain Real Holdings, S.L. ("**Real Holdings**") from SAIL to Global Holdings pursuant to a share sale and purchase agreement dated December 31, 2021:
 - (a) were transfers at undervalue for the purposes of section 96 of the BIA, as incorporated into the CCAA by section 36.1 thereof; and
 - (b) are void as against the Monitor.

36. A copy of the TUV Notice of Motion is attached hereto as **Appendix “B”**.

Transfer of Property by Global Holdings to Pamela Shaw

37. The Monitor recently learned that Real Holdings historically owned a residential property located in Jaén, Spain. This fact was not included in the TUV Notice of Motion.
38. In or around June 2025, Real Holdings sold the residential property to Ms. Pamela Shaw, the wife of Mr. Shaw. The sale price was €120,000, to be paid in 30 monthly installments. To the Monitor’s knowledge, these payments have not yet started.
39. The Monitor is continuing to investigate this sale and determine next steps and the potential remedies it will seek against Pamela Shaw if the shares of Real Holdings are ultimately returned to SAIL.

J. PROPOSED INCREASE IN THE DIP FACILITY AND DIP LENDER’S CHARGE

40. 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 Agreement, 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. The First Amendment was approved by the Court on May 30, 2025, which increased the maximum principal amount available under the DIP Facility to \$2,626,500. This amount was secured by a corresponding increase in the DIP Lender’s Charge.
41. The Second Amendment contemplates an increase in the maximum principal amount under the DIP Facility to \$3,646,500, and the proposed Stay Extension Order authorizes a corresponding increase in 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.
42. The Applicants require additional funding under the DIP Facility to maintain operations during the proposed Extended Stay Period, as set out in the cash flow projection attached

hereto as **Appendix “C”** (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.

43. 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 engage in negotiations with prospective bidders and prepare for a motion seeking this Court’s approval of a successful bid.

K. THE STAY OF PROCEEDINGS

44. The Applicants benefit from a stay of proceedings, which is set to expire at the end of the day on July 18, 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 August 1, 2025.
45. 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 Period by accessing the DIP Facility.

46. The Revised and Extended Cash Flow Projections for the seven-week period from June 14, 2025, through to August 1, 2025, are summarized below:

<i>(\$CAD in Thousands)</i>	7-Week Total
Receipts	\$ 7,072
Operating Disbursements	(8,353)
Net Cash From Operations	(1,281)
Restructuring Disbursements	
Professional Fees	(1,824)
Net Cash before Financing	(3,105)
Financing Requirements	
Monitor's Account	609
DIP Financing	1,575
Total Financing Requirements	2,184
Net Cash Flows	\$ (921)
<i>Cash in Almex Group Accounts</i>	
Beginning Cash	\$ 3,116
Net Receipts/(Disbursements)	(921)
Ending Cash in Almex Group's Accounts	\$ 2,195
<i>Cash in Monitor's Account</i>	
Beginning Balance	\$ 609
Advances to Applicants	(609)
Ending Cash in Monitor's Account	-
<i>DIP Loan</i>	
Beginning DIP Balance	\$ (2,000)
Accrued DIP Commitment Fees	(52)
DIP Financing Advances	(1,575)
DIP Commitment Fees	(20)
Ending DIP Loan	\$ (3,647)

47. 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.
48. The Monitor supports the Extended Stay Period 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 Period;
- (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 Period allows the Applicants to:
 - (i) advance and complete the negotiation of binding offers received in the SISP and, if a successful bid is negotiated, 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 Period if the Second Amendment is approved;
- (e) the service list was served with motion materials on June 24, 2025, two clear days before the motion seeking approval of the Stay Extension Order; and
- (f) as of the date of this Second Report, the Monitor is not aware of any party opposed to the Extended Stay Period.

49. Without the benefit of the Extended Stay Period, 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).

L. CONCLUSION

50. Based on the foregoing the Monitor respectfully recommends that this Court grant the relief set out in paragraph 6 above.

All of which is respectfully submitted this 26th day of June, 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



Jeffrey Rosenberg
Senior Managing Director

APPENDIX “A”

[ATTACHED]

**SECOND AMENDING AGREEMENT TO AMENDED AND RESTATED DIP
FACILITY LOAN AGREEMENT
DATED AS OF JUNE 25, 2025**

This Second Amending Agreement to the Amended and Restated DIP Facility Loan Agreement, as amended by the First Amending Agreement (as defined herein) (the “**Second Amending Agreement**”), is made as of June 25, 2025, among the Obligors and the DIP Lender.

WHEREAS:

- A. Pursuant to the DIP Facility Loan Agreement among the Obligors and the DIP Lender dated as of April 25, 2025 (the “**DIP Facility Loan Agreement**”), the DIP Lender agreed to make available the DIP Facility to the Obligors in accordance with the terms and conditions of the DIP Facility Loan Agreement;
- B. Pursuant to the Amended and Restated DIP Facility Loan Agreement, among the Obligors and the DIP Lender dated as of May 9, 2025 (the “**Amended and Restated DIP Facility Loan Agreement**”), the DIP Lender agreed to, among other things, increase the DIP Facility to the Obligors in accordance with the terms and conditions of the Amended and Restated DIP Facility Loan Agreement;
- C. Pursuant to the First Amending Agreement to the Amended and Restated DIP Facility Loan Agreement, among the Obligors and the DIP Lender dated as of May 28, 2025 (“**First Amending Agreement**”), the DIP Lender agreed to, among other things, further increase the DIP Facility to the Obligors, in accordance with the terms and conditions of the First Amendment; and
- D. The Obligors and the DIP Lender have further agreed to amend the Amended and Restated DIP Facility Loan Agreement, as amended by the First Amending Agreement (collectively, the “**Amended DIP Agreement**”), in accordance with the terms and conditions of this Second Amending Agreement.

NOW THEREFORE, in consideration of the foregoing and their respective covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

- 1. **Defined Terms:** Capitalized terms that are not expressly defined in this Second Amending Agreement have the meanings ascribed to them in the Amended DIP Agreement.
- 2. **Amendments to the Amended DIP Agreement:** The Borrower on its own behalf, and on behalf of each of the other Obligors, and the DIP Lender acknowledge and agree that the terms and conditions of the Amended DIP Agreement shall remain in full force and effect and shall remain unamended save and except as expressly amended by the terms of this Second Amending Agreement. The Borrower, on its own behalf, and on behalf of each of the other Obligors, and the DIP Lender agree that the Amended DIP Agreement, is hereby amended as follows:

- (a) Adding a new fourth recital as follows:

“**AND WHEREAS** the Borrower intends on filing a motion with the court to be heard on June 27, 2025, whereby the Borrower will seek to continue the stay extension provided under the CCAA Proceedings and will therefore seek to have the Court grant an order, which, among other things: (i) provides for an extension of the stay provided under the CCAA Proceedings, and (ii) approves this Second Amending Agreement together with an increase to the DIP Charge in the amount of \$3,646,500.”

- (b) The reference to “\$2,626,500” in section 6 of the Amended and Restated DIP Facility Loan Agreement is hereby deleted and replaced with “\$3,646,500”.
- (c) The reference to “\$51,500” in section 11 of the Amended and Restated DIP Facility Loan Agreement is hereby deleted and replaced with “\$71,500”.
- (d) Section 13 of the Amended and Restated DIP Facility Loan Agreement is hereby deleted and replaced with the following:

“Attached as Schedule ‘C’ is a 7-week detailed cash flow forecast (“**DIP Budget**”) that has been approved by the DIP Lender and filed with the Court in support of a motion returnable on June 27, 2025. The Obligers may, in consultation with the Monitor, propose amendments to the DIP Budget to the DIP Lender. If the DIP Lender, in its sole discretion, approves such amendments, the DIP Budget, as amended by such amendments, shall be deemed to be the effective DIP Budget”.

- (e) The reference to “July 18, 2025” in subsection 18(a) of the Amended and Restated DIP Facility Loan Agreement is hereby deleted and replaced with “August 1, 2025”.
- (f) Subsection 25(u)(iv) of the Amended and Restated DIP Facility Loan Agreement shall be deleted, and the following subsections shall be added to section 25(u):

- “(iv) the Obligors shall have entered into a binding agreement of purchase and sale pursuant to the SISP, on terms satisfactory to the DIP Lender, in its sole discretion, on or before July 7, 2025; and
- (v) the Court shall have issued the Sale Approval Order approving the Sale, in a form acceptable to the DIP Lender, in its sole discretion, on or before July 17, 2025”.

- (g) The DIP Budget in Schedule “C” of the Amended and Restated DIP Facility Loan Agreement is hereby deleted and replaced by the replacement DIP Budget attached hereto as **Schedule “A”**.

3. **Representations and Warranties:** The Borrower, on its own behalf, and on behalf of each of the other Obligors, represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this Second Amending Agreement, that:
- (a) all representations and warranties contained in the Amended DIP Agreement and the other DIP Loan Documents are true and correct in all material respects on the date hereof with the same effect as if made on and as of such date, except to the extent that such representations and warranties relate specifically to an earlier date;
 - (b) no Default or Event of Default has occurred and is continuing; and
 - (c) no Material Adverse Effect has occurred and is continuing.
4. **Conditions Precedent:** This Second Amending Agreement shall become effective on the date upon which the following conditions are satisfied:
- (a) a counterpart of this Second Amending Agreement is executed by each party hereto; and
 - (b) the Court shall have issued an order, in a form acceptable to the DIP Lender and the Obligors, approving this Second Amending Agreement.
5. **Counterparts:** This Second Amending Agreement may be executed in any number of counterparts and delivered by e-mail, including in PDF format, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute one and the same instrument.
6. **Enurement:** This Second Amending Agreement shall be binding upon and enure to the benefit of the Obligors and the DIP Lender and their respective successors and permitted assigns.
7. **Governing Law and Jurisdiction:** This Second Amending Agreement shall be governed by, and construed in accordance with, the Laws of the Province of Ontario and the federal Laws of Canada applicable therein. The parties hereby attorn and submit to the non-exclusive jurisdiction of the Court.

[remainder of page left intentionally blank; signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Second Amending Agreement as of the date first written above.

ROYAL BANK OF CANADA, as DIP Lender

By:  Signed by:
Name: Andrew O'Coin
Title: Senior Director

SECOND AMENDING AGREEMENT

**SHAW-ALMEX INDUSTRIES LIMITED, as
Borrower, by FTI Consulting Canada Inc., in
its capacity as Court-Appointed Monitor of
the Obligors and not in its personal or
corporate capacity**

By: _____

Name:

Title: Authorized Signing Officer

**SHAW ALMEX FUSION, LLC, as a
Guarantor, by FTI Consulting Canada Inc., in
its capacity as Court-Appointed Monitor and
not in its personal or corporate capacity**

By: _____

Name:

Authorized Signing Authority

- 2 -

Schedule “A”

REPLACEMENT DIP BUDGET

Shaw-Almex Industries Limited - Consolidated Weekly

Projected Cash Flow Statement for the Period of June 14, 2025 to August 1, 2025

(\$CAD in Thousands)

Forecast Week Ending	20-Jun-25	27-Jun-25	04-Jul-25	11-Jul-25	18-Jul-25	25-Jul-25	01-Aug-25	7-Weeks
Forecast Week	1	2	3	4	5	6	7	Total
Receipts	506	560	1,400	846	1,313	838	1,609	7,072
Operating Disbursements								
Payroll	(244)	(350)	(530)	(122)	(436)	(328)	(603)	(2,613)
Material Purchases	(280)	(444)	(453)	(449)	(449)	(567)	(473)	(3,115)
Debt	-	(2)	(37)	(1)	-	-	(2)	(43)
Freight & Duties	(41)	(161)	(32)	(34)	(82)	(165)	(34)	(549)
Equipment Leases	(5)	(129)	(2)	(5)	(2)	(49)	(2)	(196)
Rent & Utilities	(3)	(75)	(29)	(4)	(4)	(27)	(78)	(220)
IT Expenses	(2)	(53)	(1)	(1)	(2)	(18)	(1)	(77)
Insurance	(46)	(0)	(21)	(0)	(0)	(0)	(21)	(91)
Travel Expenses	(10)	(17)	(14)	(16)	(14)	(14)	(7)	(92)
Vehicles Expenses	(1)	(1)	(11)	(3)	(1)	(2)	(3)	(22)
Taxes	(6)	(212)	(38)	(48)	(38)	(273)	(38)	(652)
Other Disbursements	(80)	(43)	(120)	(59)	(60)	(58)	(87)	(508)
Contingency	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(175)
Operating Disbursements	(743)	(1,513)	(1,314)	(768)	(1,114)	(1,528)	(1,374)	(8,353)
Net Cash From Operations	(237)	(953)	86	79	199	(690)	235	(1,281)
Intercompany								
Funding from Related Parties	-	-	-	-	900	-	-	900
Funding for Related Parties	-	-	-	-	(900)	-	-	(900)
Total Intercompany	-	-	-	-	-	-	-	-
Restructuring Disbursements								
Professional Fees	-	(168)	(475)	(168)	(168)	(168)	(677)	(1,824)
Net Cash before Financing	(237)	(1,121)	(389)	(89)	31	(858)	(441)	(3,105)
Financing Requirements								
Monitor's Account	144	465	-	-	-	-	-	609
DIP Financing	375	200	200	300	-	-	500	1,575
Total Financing Requirements	519	665	200	300	-	-	500	2,184
Net Cash Flows	281	(456)	(189)	211	31	(858)	59	(921)
Cash in Almex Group Accounts								
Beginning Cash	3,116	3,398	2,942	2,753	2,964	2,995	2,137	3,116
Net Receipts/(Disbursements)	281	(456)	(189)	211	31	(858)	59	(921)
Ending Cash in Almex Group's Accounts	3,398	2,942	2,753	2,964	2,995	2,137	2,195	2,195
Cash in Monitor's Account								
Beginning Cash	609	465	-	-	-	-	-	609
Advances to Almex Group	(144)	(465)	-	-	-	-	-	(609)
Ending Cash in Monitor's Account	465	-	-	-	-	-	-	-
DIP Loan								
Beginning DIP Balance	(2,000)	(2,427)	(2,647)	(2,847)	(3,147)	(3,147)	(3,147)	(2,000)
Accrued DIP Commitment Fees	(52)	-	-	-	-	-	-	(52)
DIP Financing Advances	(375)	(200)	(200)	(300)	-	-	(500)	(1,575)
DIP Commitment Fees	-	(20)	-	-	-	-	-	(20)
Ending DIP Loan Balance	(2,427)	(2,647)	(2,847)	(3,147)	(3,147)	(3,147)	(3,647)	(3,647)

APPENDIX “B”

[ATTACHED]

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

**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**

**NOTICE OF MOTION
(Re: Determination of Share Purchase Agreement)
(Returnable on a date to be scheduled by the Court)**

FTI Consulting Canada Inc. (“**FTI**”), in its capacity as monitor (the “**Monitor**”) of Shaw-Almex Industries Limited (“**SAIL**”) and Shaw Almex Fusion, LLC (“**Fusion**” and together with SAIL, the “**Applicants**”) will make a motion before Justice J. Dietrich or another Judge of the Ontario Superior Court of Justice (Commercial List) at 330 University Avenue, Toronto, Ontario (the “**Court**”) on a date to be scheduled.

PROPOSED METHOD OF HEARING: The motion is to be heard:

- ☐ in writing under subrule 37.12.1 (1) because it is on consent, unopposed or made without notice;
- ☐ in writing as an opposed motion under subrule 37.12.1 (4);
- ☐ in person;
- ☐ by telephone conference;
- ☒ by video conference (Zoom link to be confirmed).

THE MOTION IS FOR:

1. An Order that, among other things:
 - (a) abridges the time for service and filing of this notice of motion on Shaw Almex Global Holdings Limited (“**Global Holdings**”), if necessary;
 - (b) authorizes the Monitor to commence an application substantially in the form attached hereto as **Schedule “A”** against Global Holdings seeking, among other things, the following relief:
 - (i) a declaration that the transfer of 2,400,600 shares (the “**Shares**”) of Shaw Almex Spain Real Holdings, S.L. (“**Real Holdings**”) from SAIL to Global Holdings pursuant to a share sale and purchase agreement dated December 31, 2021 (the “**Share Purchase Agreement**”, and the transaction thereunder, the “**Impugned Transaction**”):
 - (A) were transfers at undervalue for the purposes of section 96 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”), as incorporated into the CCAA by section 36.1 thereof; and
 - (B) are void as against the Monitor;
 - (ii) an order that Real Holdings execute and file, and that Global Holdings facilitate the execution and filing of, such documents or instruments as may be required to enable or effect the voiding of the Impugned Transaction, including without limitation the issuance of shares and updating of Real Holdings’ shareholder registry;
 - (iii) in the alternative:
 - (A) declares that these proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

(the “**CCAA**”), with respect to the Applicants, as commenced by an initial order granted May 13, 2025 (the “**Initial Order**”), are the correct forum for the determination of issues relating to the Impugned Transaction and the Share Purchase Agreement;

- (B) declares that Global Holdings has breached the Share Purchase Agreement;
- (C) orders that Global Holdings return to SAIL the Shares;
- (D) orders that Real Holdings execute and file, and that Global Holdings facilitate the execution and filing of, such documents or instruments as may be required to enable or effect the return of the Shares to SAIL, including without limitation the issuance of shares and updating of Real Holdings’ shareholder registry; and

(c) such further and other relief as this Court deems just.

THE GROUNDS FOR THIS MOTION ARE:

Generally

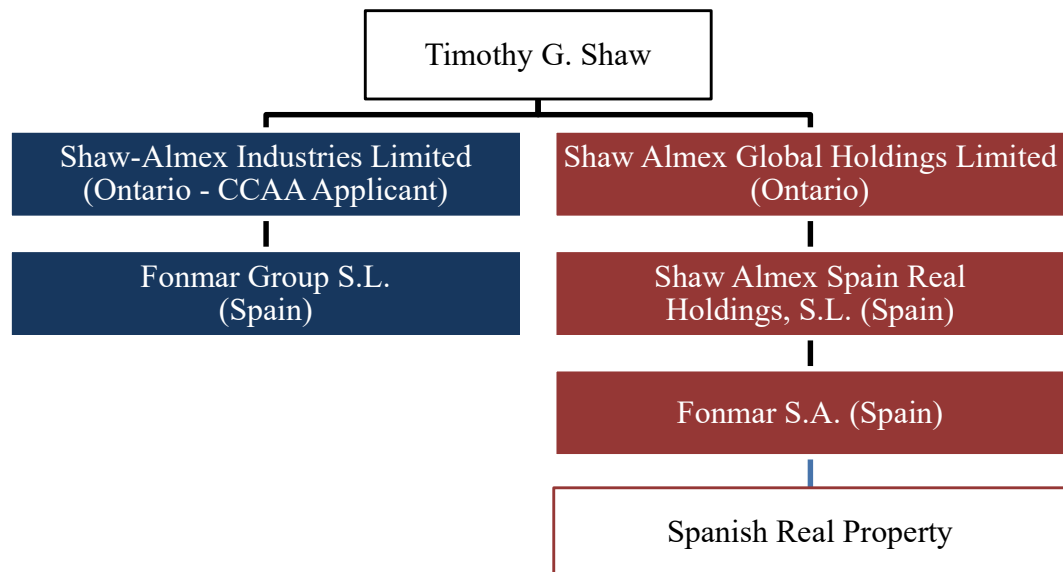
- 2. On March 29, 2025, SAIL filed a notice of intention to make a proposal (“**NOI**”) pursuant to the provisions of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended;
- 3. FTI consented to act as the proposal trustee of SAIL’s estate;
- 4. On May 13, 2025, the Court granted the Initial Order with respect to 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 Monitor with enhanced powers; and
 - (c) granted a stay of all proceedings until May 30, 2025;
5. SAIL is the parent company of a global business (the “**Almex Group**”) that is in the business of the manufacturing of conveyor belt vulcanizing equipment, technology, services and expertise;
 6. Fusion is an indirect subsidiary of SAIL that operates from Atlanta, Georgia, and manufactures primarily presses and rubber products;
 7. SAIL conducts business operations from, amongst other places, a leased facility at 323 Glover Road, Stoney Creek, Ontario (the “**Glover Road Property**”);
 8. Title to the Glover Road Property was historically held by Global Holdings, a non-Applicant corporation existing under the laws of the Province of Ontario, to which SAIL paid rent;
 9. In January 2025, the Glover Road Property was sold to a third party that agreed to keep SAIL as a tenant on a rent-free basis for 24 months;

The Almex Group’s Spanish Operations & Real Property

10. The Monitor understands that SAIL holds 100% of the share capital in Fonmar Group S.L. (“**Fonmar Group**”), a *sociedad limitada* (a type of limited liability company) existing under the laws of Spain;
11. Fonmar Group carries out the Almex Group’s business operations in Spain and manufactures for the Almex Group’s subsidiaries globally;
12. Fonmar Group is a key profit-generating component of the Applicants’ business;
13. Fonmar Group’s cumulative earnings before interest, income tax, depreciation and amortization for the period 2022 to 2024 was approximately \$8.3 million;

14. Since 2002, Fonmar Group has funded over €3.7 million to SAIL, including intercompany transfers and invoices paid by Fonmar Group on behalf of SAIL, with €2.4 million of this funding provided in 2024 and 2025;
15. Fonmar Group has a manufacturing facility in Jaén in south-central Spain at Parque Empresarial Nuevo Jaén, C/ Mariana de Montoya, nº 3-9, P.O. Box 733, 23009 Jaén, Spain (the “**Spanish Real Property**”);
16. The Spanish Real Property is held by Fonmar S.A., a *sociedad anónima* (akin to a corporation) existing under the laws of Spain;
17. A simplified corporate structure with respect to Fonmar Group and Fonmar S.A. is set out in the following chart:



18. Under the lease for the Spanish Real Property, Fonmar Group pays Fonmar S.A. monthly rent of approximately \$22,500;
19. The shares of Fonmar S.A. are held by Real Holdings, a *sociedad limitada* existing under the laws of Spain;
20. SAIL held the shares of Real Holdings until December 2021, when Global Holdings purportedly acquired the shares of Real Holdings (as discussed below);

21. Mr. Timothy G. Shaw is the sole director of Global Holdings and SAIL;
22. The Monitor understands that Mr. Shaw was at all relevant times the controlling shareholder of Global Holdings and SAIL;

Improper Transfer of the Spanish Real Property to Global Holdings

23. SAIL held the Shares at the time Real Holdings was established;
24. Pursuant to the Share Purchase Agreement, SAIL (acting through Mr. Shaw) sold to Global Holdings (acting through Mr. Ryan C.K. Neufeld) the Shares;
25. Global Holdings agreed to pay €2,400,600 for the Shares (the “**Purchase Price**”), payable over a period of 20 years by means of annual payments of €120,030;
26. The Share Purchase Agreement is governed by the laws of Spain;
27. The Monitor understands that the Impugned Transaction did not have the consent of SAIL’s secured creditors, including BDC Capital Inc. and HSBC Bank of Canada (now Royal Bank of Canada), and was done in breach of certain obligations under SAIL’s loan agreements;

Global Holdings Never Performed Under the Share Purchase Agreement

28. Global Holdings never transferred any cash to SAIL to satisfy the Purchase Price;
29. Global Holdings does not have a bank account, whether in Ontario, Spain, or elsewhere;
30. Historically, when Global Holdings had to make a payment prior to the start of these CCAA proceedings, SAIL would make that payment on Global Holdings’ behalf and then record the payment in its general ledger;
31. In this way, the Purchase Price was recorded in SAIL’s general ledger as an approximately \$3.45 million debt owing by Global Holdings to SAIL (which brought the cumulative amount owing by Global Holdings to SAIL as reflected in SAIL’s general ledger to approximately \$6.47 million);

32. SAIL would set-off amounts owing by Global Holdings against amounts it owed Global Holdings, including by setting off (a) amounts owing by SAIL to Global Holdings in connection with rent payable on the Glover Road Property, and (b) cash received by SAIL on behalf of Global Holdings in connection with Global Holdings' real property dealings, including \$1.9 million in mortgage proceedings (January 2022), \$2.68 million in proceeds from the sale of the Glover Road Property (September 2024), and \$824,000 in connection with the sale of real property in Townsville, Australia (September 2024);
33. Global Holdings currently owes SAIL approximately \$1.01 million once set-off is taken into account;
34. Since the sale of the Glover Road Property in January 2025, SAIL has not had any rent owing to Global Holdings to set-off against amounts owing in connection with the Purchase Price;
35. In the aggregate, from December 2021 to May 2025, SAIL set-off approximately \$740,000 of rent payable to Global Holdings against amounts owing by Global Holdings;

Transfers at Undervalue – the Proposed Application

36. The Impugned Transaction is a transfer at undervalue in accordance with section 96 of the BIA (and specifically subsection 96(1)(b) thereof), and the Monitor is empowered under section 36.1 of the CCAA to bring an application in connection therewith;
37. SAIL purportedly transferred the Shares to Global Holdings in exchange for no cash payment from Global Holdings to SAIL;
38. The value of the consideration received by SAIL under the Share Purchase Agreement was conspicuously less than the value of the transferred shares;
39. The use of set-off in SAIL's general ledger by which Global Holdings "paid" the Purchase Price to SAIL means that there is no ability to determine what consideration

was actually paid in connection with the Purchase Price as opposed to any other amounts owing by Global Holdings to SAIL;

40. The Impugned Transaction occurred in December 2021, which is less than five years before the commencement of these CCAA proceedings commenced on May 13, 2025;
41. SAIL and Global Holdings did not deal with each other at arm's length:
 - (a) Mr. Shaw was the controlling mind of both SAIL and Global Holdings;
 - (b) Mr. Shaw is the sole director of both SAIL and Global Holdings;
 - (c) Mr. Shaw was the President of SAIL and is the Chief Executive Officer of Global Holdings;
 - (d) Mr. Neufeld is the Chief Financial Officer of both SAIL and Global Holdings; and
 - (e) The registered addresses for both SAIL and Global Holdings are the Glover Road Property;
42. SAIL was insolvent or was rendered insolvent by the Impugned Transaction;
43. The interests of justice favour the granting of the Order sought;

Breach of Contract

44. In the alternative, Global Holdings has breached the Share Purchase Agreement in failing to pay the Purchase Price;
45. SAIL is entitled to specific performance for this breach due to, among other things, the related-party nature of the Impugned Transaction and the unique nature of the Spanish Real Property and its importance to SAIL's business;

46. Courts in Canada, including the Supreme Court of Canada and this Court, have repeatedly held that disputes relating to debtor companies involved in CCAA proceedings should be resolved by the CCAA court;
47. This Court has the jurisdiction over the Impugned Transaction and the Share Purchase Agreement (notwithstanding its governing law being Spanish) to determine any breach thereof;

Other Grounds

48. The provisions of the CCAA, in particular sections 11 and 36.1 thereof;
49. The provisions of the BIA, in particular section 96;
50. The provisions of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, in particular rules 1.04, 2.03, 3.02, 37 and 38;
51. The inherent and equitable jurisdiction of the Court; and
52. Such further and other grounds as counsel may advise and this court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

53. A report of the Monitor, to be filed; and
54. Such further and other materials as counsel may advise and this Honourable Court may permit.

June 18, 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 Monitor

SCHEDULE "A"

Court File No. _____

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

B E T W E E N

**FTI CONSULTING CANADA INC.,
in its capacity as the Court-Appointed Monitor of
Shaw-Almex Industries Limited and Shaw Almex Fusion, LLC**

Applicant

- and -

SHAW ALMEX GLOBAL HOLDINGS LIMITED

Respondent

**NOTICE OF APPLICATION
(Re: Determination of Share Purchase Agreement)
(Returnable on a date to be scheduled by the Court)**

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicants. The claim made by the applicants appears on the following page.

THIS APPLICATION will come on for a hearing:

☐ in person

☐ by telephone conference

☒ by video conference (Zoom link to be confirmed) on [●].

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not

have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: [●], 2025

Issued by: _____
Local registrar
330 University Avenue
7th Floor
Toronto, Ontario
M5G 1R7

TO: THE SERVICE LIST

APPLICATION

1. FTI Consulting Canada Inc. (“**FTI**”), in its capacity as monitor (the “**Monitor**”) of Shaw-Almex Industries Limited (“**SAIL**”) and Shaw Almex Fusion, LLC (“**Fusion**” and together with SAIL, the “**Applicants**”) **MAKES THIS APPLICATION FOR:**
 - (a) a declaration that the transfer of 2,400,600 shares (the “**Shares**”) of Shaw Almex Spain Real Holdings, S.L. (“**Real Holdings**”) from SAIL to Global Holdings pursuant to a share sale and purchase agreement dated December 31, 2021 (the “**Share Purchase Agreement**”, and the transaction thereunder, the “**Impugned Transaction**”):
 - (i) were transfers at undervalue for the purposes of section 96 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”), as incorporated into the CCAA by section 36.1 thereof; and
 - (ii) are void as against the Monitor;
 - (b) an order that Real Holdings execute and file, and that Global Holdings facilitate the execution and filing of, such documents or instruments as may be required to enable or effect the voiding of the Impugned Transaction, including without limitation the issuance of shares and updating of Real Holdings’ shareholder registry;
 - (c) in the alternative:
 - (i) declares that these proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), with respect to the Applicants, as commenced by an initial order granted May 13, 2025 (the “**Initial Order**”), are the correct forum for the determination of issues relating to the Impugned Transaction and the Share Purchase Agreement;
 - (ii) declares that Global Holdings has breached the Share Purchase Agreement;

- (iii) orders that Global Holdings return to SAIL the Shares;
 - (iv) orders that Real Holdings execute and file, and that Global Holdings facilitate the execution and filing of, such documents or instruments as may be required to enable or effect the return of the Shares to SAIL, including without limitation the issuance of shares and updating of Real Holdings' shareholder registry; and
- (d) such further and other relief as this Court deems just.

THE GROUNDS FOR THIS APPLICATION ARE:

The Monitor

2. On March 29, 2025, 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;
3. FTI consented to act as the proposal trustee of SAIL's estate;
4. On May 13, 2025, the Court granted the Initial Order with respect to 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 Monitor with enhanced powers; and
 - (c) granted a stay of all proceedings until May 30, 2025;
5. SAIL is the parent company of a global business (the “**Almex Group**”) that is in the business of the manufacturing of conveyor belt vulcanizing equipment, technology, services and expertise;
6. Fusion is an indirect subsidiary of SAIL that operates from Atlanta, Georgia, and manufactures primarily presses and rubber products;

7. SAIL conducts business operations from, amongst other places, a leased facility at 323 Glover Road, Stoney Creek, Ontario (the “**Glover Road Property**”);

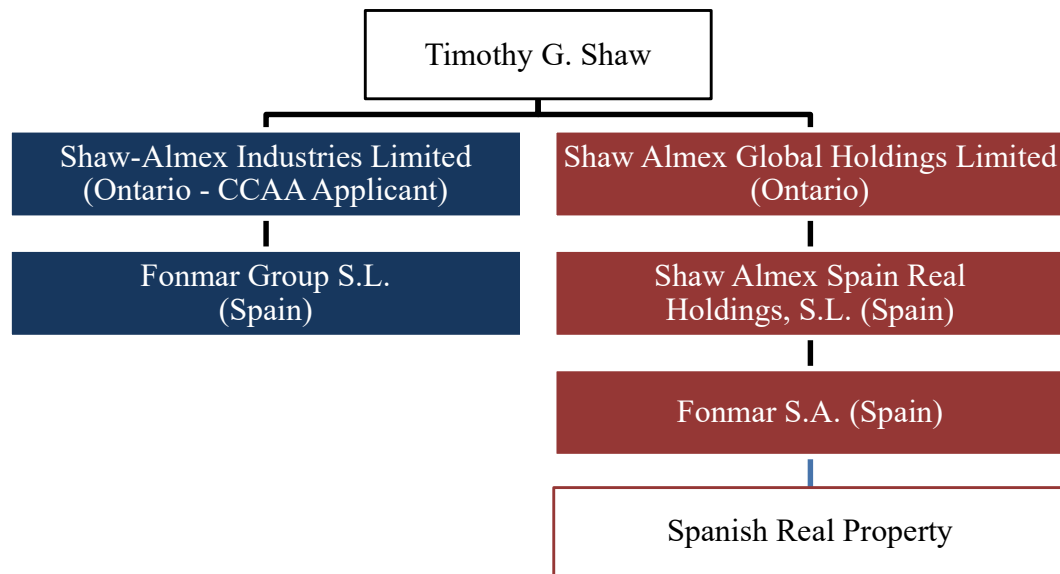
Global Holdings

8. Global Holdings is a corporation existing under the laws of the Province of Ontario;
9. Global Holdings’ registered or head office is at the Glover Road Property;
10. Title to the Glover Road Property was historically held by Global Holdings, and SAIL paid rent to Global Holdings;
11. In January 2025, the Glover Road Property was sold to a third party that agreed to keep SAIL as a tenant on a rent-free basis for 24 months;

The Almex Group’s Spanish Operations & Real Property

12. The Monitor understands that SAIL holds 100% of the share capital in Fonmar Group S.L. (“**Fonmar Group**”), a *sociedad limitada* (a type of limited liability company) existing under the laws of Spain;
13. Fonmar Group carries out the Almex Group’s business operations in Spain and manufactures for the Almex Group’s subsidiaries globally;
14. Fonmar Group is a key profit-generating component of the Applicants’ business;
15. Fonmar Group’s cumulative earnings before interest, income tax, depreciation and amortization for the period 2022 to 2024 was approximately \$8.3 million;
16. Since 2002, Fonmar Group has funded over €3.7 million to SAIL, including intercompany transfers and invoices paid by Fonmar Group on behalf of SAIL, with €2.4 million of this funding provided in 2024 and 2025;
17. Fonmar Group has a manufacturing facility in Jaén in south-central Spain at Parque Empresarial Nuevo Jaén, C/ Mariana de Montoya, nº 3-9, P.O. Box 733, 23009 Jaén, Spain (the “**Spanish Real Property**”);

18. The Spanish Real Property is held by Fonmar S.A., a *sociedad anónima* (akin to a corporation) existing under the laws of Spain;
19. A simplified corporate structure with respect to Fonmar Group and Fonmar S.A. is set out in the following chart:



20. Under the lease for the Spanish Real Property, Fonmar Group pays Fonmar S.A. monthly rent of approximately \$22,500;
21. The shares of Fonmar S.A. are held by Real Holdings, a *sociedad limitada* existing under the laws of Spain;
22. SAIL held the shares of Real Holdings until December 2021, when Global Holdings purportedly acquired the shares of Real Holdings (as discussed below);
23. Mr. Timothy G. Shaw is the sole director of Global Holdings and SAIL;
24. The Monitor understands that Mr. Shaw was at all relevant times the controlling shareholder of Global Holdings and SAIL;

Improper Transfer of the Spanish Real Property to Global Holdings

25. SAIL held the Shares at the time Real Holdings was established;

26. Pursuant to the Share Purchase Agreement, SAIL (acting through Mr. Shaw) sold to Global Holdings (acting through Mr. Ryan C.K. Neufeld) the Shares;
27. Global Holdings agreed to pay €2,400,600 for the Shares (the “**Purchase Price**”), payable over a period of 20 years by means of annual payments of €120,030;
28. The Share Purchase Agreement is governed by the laws of Spain;
29. The Monitor understands that the Impugned Transaction did not have the consent of SAIL’s secured creditors, including BDC Capital Inc. and HSBC Bank of Canada (now Royal Bank of Canada), and was done in breach of certain obligations under SAIL’s loan agreements;

Global Holdings Never Performed Under the Share Purchase Agreement

30. Global Holdings never transferred any cash to SAIL to satisfy the Purchase Price;
31. Global Holdings does not have a bank account, whether in Ontario, Spain, or elsewhere;
32. Historically, when Global Holdings had to make a payment prior to the start of these CCAA proceedings, SAIL would make that payment on Global Holdings’ behalf and then record the payment in its general ledger;
33. In this way, the Purchase Price was recorded in SAIL’s general ledger as an approximately \$3.45 million debt owing by Global Holdings to SAIL (which brought the cumulative amount owing by Global Holdings to SAIL as reflected in SAIL’s general ledger to approximately \$6.47 million);
34. SAIL would set-off amounts owing by Global Holdings against amounts it owed Global Holdings, including by setting off (a) amounts owing by SAIL to Global Holdings in connection with rent payable on the Glover Road Property, and (b) cash received by SAIL on behalf of Global Holdings in connection with Global Holdings’ real property dealings, including \$1.9 million in mortgage proceedings (January 2022), \$2.68 million in proceeds from the sale of the Glover Road Property

(September 2024), and \$824,000 in connection with the sale of real property in Townsville, Australia (September 2024);

35. Global Holdings currently owes SAIL approximately \$1.01 million once set-off is taken into account;
36. Since the sale of the Glover Road Property in January 2025, SAIL has not had any rent owing to Global Holdings to set-off against amounts owing in connection with the Purchase Price;
37. In the aggregate, from December 2021 to May 2025, SAIL set-off approximately \$740,000 of rent payable to Global Holdings against amounts owing by Global Holdings;

Transfer at Undervalue

38. The Impugned Transaction is a transfer at undervalue in accordance with section 96 of the BIA (and specifically subsection 96(1)(b) thereof), and the Monitor is empowered under section 36.1 of the CCAA to bring an application in connection therewith;
39. SAIL purportedly transferred the Shares to Global Holdings in exchange for no cash payment from Global Holdings to SAIL;
40. The value of the consideration received by SAIL under the Share Purchase Agreement was conspicuously less than the value of the transferred shares;
41. The use of set-off in SAIL's general ledger by which Global Holdings "paid" the Purchase Price to SAIL means that there is no ability to determine what consideration was actually paid in connection with the Purchase Price as opposed to any other amounts owing by Global Holdings to SAIL;
42. The Impugned Transaction occurred in December 2021, which is less than five years before the commencement of these CCAA proceedings commenced on May 13, 2025;

43. SAIL and Global Holdings did not deal with each other at arm's length:
- (a) Mr. Shaw was the controlling mind of both SAIL and Global Holdings;
 - (b) Mr. Shaw is the sole director of both SAIL and Global Holdings;
 - (c) Mr. Shaw was the President of SAIL and is the Chief Executive Officer of Global Holdings;
 - (d) Mr. Neufeld is the Chief Financial Officer of both SAIL and Global Holdings; and
 - (e) The registered addresses for both SAIL and Global Holdings are the Glover Road Property;
44. SAIL was insolvent or was rendered insolvent by the Impugned Transaction;
45. The interests of justice favour the granting of the Order sought;

Breach of Contract

46. In the alternative, Global Holdings has breached the Share Purchase Agreement in failing to pay the Purchase Price;
47. SAIL is entitled to specific performance for this breach due to, among other things, the related-party nature of the Impugned Transaction and the unique nature of the Spanish Real Property and its importance to SAIL's business;
48. Courts in Canada, including the Supreme Court of Canada and this Court, have repeatedly held that disputes relating to debtor companies involved in CCAA proceedings should be resolved by the CCAA court;
49. This Court has the jurisdiction over the Impugned Transaction and the Share Purchase Agreement (notwithstanding its governing law being Spanish) to determine any breach thereof;

Other Grounds

50. The provisions of the CCAA, in particular sections 11 and 36.1 thereof;
51. The provisions of the BIA, in particular section 96;
52. The provisions of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, in particular rules 1.04, 2.03, 3.02, 37 and 38;
53. The inherent and equitable jurisdiction of the Court; and
54. Such further and other grounds as counsel may advise and this court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

55. A report of the Monitor, to be filed; and
56. Such further and other materials as counsel may advise and this Honourable Court may permit.

[●], 2025

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SHAW ALMEX
HOLDINGS LIMITED

Court File No./N° du dossier du greffe : CV-25-00743136-00CL

the Court-Appointed Monitor of Shaw-Almex and
Industries Limited and Shaw Almex Fusion, LLC
Applicant

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

NOTICE OF APPLICATION

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**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**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

**NOTICE OF MOTION
OF THE MONITOR
(Re: Determination of
Share Purchase Agreement)**

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APPENDIX “C”

[ATTACHED]

Shaw-Almex Industries Limited - Consolidated Weekly
Projected Cash Flow Statement for the Period of June 14, 2025 to August 1, 2025

(\$CAD in Thousands)

Forecast Week Ending	20-Jun-25	27-Jun-25	04-Jul-25	11-Jul-25	18-Jul-25	25-Jul-25	01-Aug-25	7-Weeks
Forecast Week	1	2	3	4	5	6	7	Total
Receipts	506	560	1,400	846	1,313	838	1,609	7,072
Operating Disbursements								
Payroll	(244)	(350)	(530)	(122)	(436)	(328)	(603)	(2,613)
Material Purchases	(280)	(444)	(453)	(449)	(449)	(567)	(473)	(3,115)
Debt	-	(2)	(37)	(1)	-	-	(2)	(43)
Freight & Duties	(41)	(161)	(32)	(34)	(82)	(165)	(34)	(549)
Equipment Leases	(5)	(129)	(2)	(5)	(2)	(49)	(2)	(196)
Rent & Utilities	(3)	(75)	(29)	(4)	(4)	(27)	(78)	(220)
IT Expenses	(2)	(53)	(1)	(1)	(2)	(18)	(1)	(77)
Insurance	(46)	(0)	(21)	(0)	(0)	(0)	(21)	(91)
Travel Expenses	(10)	(17)	(14)	(16)	(14)	(14)	(7)	(92)
Vehicles Expenses	(1)	(1)	(11)	(3)	(1)	(2)	(3)	(22)
Taxes	(6)	(212)	(38)	(48)	(38)	(273)	(38)	(652)
Other Disbursements	(80)	(43)	(120)	(59)	(60)	(58)	(87)	(508)
Contingency	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(175)
Operating Disbursements	(743)	(1,513)	(1,314)	(768)	(1,114)	(1,528)	(1,374)	(8,353)
Net Cash From Operations	(237)	(953)	86	79	199	(690)	235	(1,281)
Intercompany								
Funding from Related Parties	-	-	-	-	900	-	-	900
Funding for Related Parties	-	-	-	-	(900)	-	-	(900)
Total Intercompany	-	-	-	-	-	-	-	-
Restructuring Disbursements								
Professional Fees	-	(168)	(475)	(168)	(168)	(168)	(677)	(1,824)
Net Cash before Financing	(237)	(1,121)	(389)	(89)	31	(858)	(441)	(3,105)
Financing Requirements								
Monitor's Account	144	465	-	-	-	-	-	609
DIP Financing	375	200	200	300	-	-	500	1,575
Total Financing Requirements	519	665	200	300	-	-	500	2,184
Net Cash Flows	281	(456)	(189)	211	31	(858)	59	(921)
Cash in Almex Group Accounts								
Beginning Cash	3,116	3,398	2,942	2,753	2,964	2,995	2,137	3,116
Net Receipts/(Disbursements)	281	(456)	(189)	211	31	(858)	59	(921)
Ending Cash in Almex Group's Accounts	3,398	2,942	2,753	2,964	2,995	2,137	2,195	2,195
Cash in Monitor's Account								
Beginning Cash	609	465	-	-	-	-	-	609
Advances to Almex Group	(144)	(465)	-	-	-	-	-	(609)
Ending Cash in Monitor's Account	465	-	-	-	-	-	-	-
DIP Loan								
Beginning DIP Balance	(2,000)	(2,427)	(2,647)	(2,847)	(3,147)	(3,147)	(3,147)	(2,000)
Accrued DIP Commitment Fees	(52)	-	-	-	-	-	-	(52)
DIP Financing Advances	(375)	(200)	(200)	(300)	-	-	(500)	(1,575)
DIP Commitment Fees	-	(20)	-	-	-	-	-	(20)
Ending DIP Loan Balance	(2,427)	(2,647)	(2,847)	(3,147)	(3,147)	(3,147)	(3,647)	(3,647)

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. CV-25-00743136-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

SECOND REPORT OF
MONITOR
(June 26, 2025)

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