

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL
LOCALITY OF MONTRÉAL

SUPERIOR COURT
(Commercial Division)
Companies' Creditors Arrangement Act

No: 500-11-064451-244

**IN THE MATTER OF THE COMPROMISE
OR ARRANGEMENT OF:**

MEDXL INC.

LIEBEL-FLARSHEIM CANADA INC

9431-0091 QUÉBEC INC.

9190-2395 QUÉBEC INC.

Debtors

-and-

FTI CONSULTING CANADA INC.

Monitor

**APPLICATION FOR AN AMENDED AND RESTATED INITIAL ORDER (I)
EXTENDING THE STAY OF PROCEEDINGS AND (II) APPROVING
SUPPLEMENTAL INTERIM FINANCING**

(Sections 11, 11.02(2), 11.3, 11.51, 11.52, 11.7 and 23 of the *Companies' Creditors
arrangement Act* (the "**CCAA**")

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT, SITTING IN
COMMERCIAL DIVISION FOR THE DISTRICT OF MONTRÉAL, THE DEBTORS
RESPECTFULLY SUBMITS AS FOLLOWS:

I. INTRODUCTION

1. The Debtors/Applicants, MedXL Inc. ("**MedXL**"), Liebel-Flarsheim Canada Inc. ("**LFC**"), 9190-2394 Québec inc. ("**9190**") and 9431-0091 Québec inc. ("**RealCo**") (collectively "**MedXL Group**" or the "**Debtors**") hereby seek an Order (the "**Second ARIO**"):
 - a) extending the stay of proceedings until October 25, 2024; and

- b) approving supplemental interim financing in accordance with the terms and conditions set forth in the supplemental interim financing term sheet (the “**Supplemental Term Sheet**”) communicated herewith as **Exhibit R-1**;

the whole substantially in the form of the Second ARIO communicated herewith as **Exhibit R-2**. A blackline to the Amended and Restated Initial Order issued on August 6, 2024 is also communicated herewith as **Exhibit R-3**.

II. PROCEDURAL BACKGROUND

On July 26, 2024, the Honourable David R. Collier, j.c.s. issued an Initial Order pursuant to the CCAA (the “**Initial Order**”) pursuant to which, *inter alia*:

- c) all proceedings against the Debtors were stayed until August 5, 2024 (the “**Stay Period**”);
 - d) FTI Consulting Canada Inc. was appointed as the Monitor of the Debtors (the “**Monitor**”); and
 - e) interim financing was approved in an amount of \$1,200,000, along with an interim lender’s charge (the “**DIP Charge**”) in the amount of \$1,440,000.
2. On August 5, 2024, the Honourable Christian Immer, j.c.s. issued an order extending the Initial Order until August 6, 2024.
3. On August 6, 2024, the Honourable Christian Immer, j.c.s. issued:
- a) an Amended and Restated Initial Order (the “**ARIO**”) which, *inter alia*:
 - i) extended the Stay Period to September 19, 2024; and
 - ii) approved an increase of the interim financing to \$ 4,000,000 and of the DIP Charge to \$4,800,000 (the “**Interim Financing**”); and
 - b) an Order approving a Sales and Investment Solicitation Process (the “**SISP**”).

III. STAY EXTENSION

4. Since the issuance of the ARIO on August 6, 2024, the Debtors have:
- a) continued the resumption of production in lines 1 to 4 and recalled the necessary personnel for this purpose;
 - b) collaborated with the Monitor in the stabilization of their operations and implementation of measures to preserve liquidities;

- c) collaborated with the Monitor in the implementation of Phase 1 of the SISP, which was completed on September 12, 2024 with several offers being received and qualified to proceed to Phase 2 of the SISP;
 - d) obtained the consent of Vaxiron Inc. and Briva Finance (Équité) S.E.C., as interim lenders pursuant to the Interim Financing, for the extension of the term of the Interim Financing to November 8, 2024 subject to an agreement on terms for an amendment of the Interim Financing Documents that remains to be settled; and
 - e) negotiated and obtained supplemental interim financing in accordance with the terms of the Supplemental Term Sheet and as further detailed below.
5. The Debtors request an extension of the Stay Period until October 25, 2024 in order to continue the restructuring and implement Phase 2 of the SISP. The extension sought will allow the Debtors to continue their monetization efforts and maximize the value of their assets, the whole in the interest of all stakeholders.
 6. The Debtors have acted in good faith and with due diligence since the issuance of the ARIO and continue to do so.
 7. The extension sought will not negatively impact the Debtors' creditors as the Debtors continue to satisfy their post-filing obligations in the normal course of business.

IV. APPROVAL OF INTERIM FINANCING

8. The Debtors also seek the approval of a supplemental interim financing in accordance with the terms of the draft the Supplemental Term Sheet, Exhibit R-1, still subject to approval.
9. As shown in the cash flow projections for the period from July 22 to September 29, 2024, which were annexed to the Monitor's Pre-Filing Report to the Court, the interim financing sought and approved in the ARIO would be fully exhausted by September 29, 2024.
10. The Debtors require further funding to continue their restructuring efforts and in particular to enable them to proceed to Phase 2 of the SISP.
11. Briva Finance (Équité) S.E.C., one of the interim lenders pursuant to the Interim Financing, has agreed to advance an additional amount of \$1,900,000 to the Debtors on the terms set forth in the Supplemental Term Sheet, and subject to the issuance of the Second ARIO and to the approval of its credit committee.
12. In accordance with the Supplemental Term Sheet, the supplemental interim facility shall:
 - a) be used to finance the continuation of the SISP and the Debtors' working capital needs, including the resumption of operations on LFC's Line 5;

- b) Bear interest at the same rate as the Interim Facility, it being understood that the interest payment shall not be inferior to an amount equal to 3 months of interest;
 - c) require the payment by the Debtors of a \$ 38,000 commitment fee, a \$ 38,000 exit fee by the Debtors and a monthly management fee of \$ 5,000;
 - d) Mature on November 8, 2024, subject to any extensions that may be granted;
 - e) Be conditional upon an agreement on the terms for the extension of the maturity date of the initial Interim Financing; and
 - f) Be guaranteed by a supplemental interim financing charge, which shall rank immediately after the DIP Charge.
13. The Debtors submit that the terms Supplemental Term Sheet should be approved by this Court.

V. CONCLUSION

14. Considering the foregoing, the Debtors respectfully submit that the Second ARIO should be issued in accordance with its conclusion.
15. The Monitor supports the relief sought in the present application as will be more fully detailed in the Monitor's filed in support of this application.
16. The present application is well founded in fact and in law.

FOR THESE REASONS, IT PLEASE THIS COURT TO:

GRANT the present Application for a Second Amended and Restated Initial Order (i) Extending the Stay of Proceedings and (ii) Approving Supplemental Interim Financing;

ISSUE an order substantially in the form of the Draft Second Amended and Restated Initial Order communicated in support of the Application as Exhibit R-2;

THE WHOLE WITHOUT COSTS, save and except in the event of contestation.

Montréal, this September 18, 2024

Fasken Martineau DuMoulin LLP

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SWORN STATEMENT

I, the undersigned, Paul Parisien, having an address at 285 Labrosse Avenue in the city of Pointe-Claire, district of Montréal, Province of Quebec, H8N 2J8, do solemnly declare:

1. I am the President and sole director of MedXL Inc., Liebel-Flarsheim Canada Inc. and 9431-0091 Québec inc..
2. I have read the *Application for a Second Amended and Restated Initial Order (i) Extending the Stay of Proceedings and (ii) Approving Supplemental Interim Financing* (the “**Application**”);
3. All of the facts alleged in the Application of which I have personal knowledge are true;
4. All the facts alleged in the present application are true.

AND I HAVE SIGNED :

DocuSigned by:

Paul Parisien

63A2B5849A0B40E...

Paul Parisien

Declared under oath before me, by technological means (Microsoft TEAMS) DS in Montréal, on September 18, 2024

DocuSigned by:

Claudia Vallée St-Pierre

8B5340650C2340C...

Commissioner for Oaths for Québec



NOTICE OF PRESENTATION

ADDRESSEE(S):

SERVICE LIST

1. PRESENTATION OF THE APPLICATION

TAKE NOTICE that the present *Application for a Second Amended and Restated Initial Order (i) Extending the Stay of Proceedings and (ii) Approving Supplemental Interim Financing* will be presented for adjudication before the honourable judge Christian Immer of the Superior Court, sitting in commercial division for the district of Montréal on **September 19, 2024 at 9:15** or so soon thereafter as counsel may be heard, in **room 15.10** of the Montréal courthouse, located at 1 Notre-Dame Street East, Montréal, Quebec, H2Y 1B6.

15.10	<p>Rejoindre la réunion Microsoft Teams +1 581-319-2194 Canada, Quebec (Numéro payant) (833) 450-1741 Canada (Numéro gratuit) ID de conférence : 580 355 402# Numéros locaux Réinitialiser le code confidentiel En savoir plus sur Teams Options de réunion Rejoindre à l'aide d'un dispositif de vidéoconférence teams@teams.justice.gouv.qc.ca ID de la conférence VTC : 1148870332 Autres instructions relatives à la numérotation VTC</p>
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Montréal, this September 18, 2024

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C A N A D A

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EXHIBIT R-1: Supplemental Interim Financing Term Sheet

EXHIBIT R-2: Second Amended and Restated Initial Order

EXHIBIT R-3: Redline of the Second Amended and Restated Initial Order to the Initial Amended and Restated Initial Order

Montréal, this September 18, 2024

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