Raymond Chabot Inc.

An affiliate of
Raymond Chabot GrantThornton, LLP

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
Companies' Creditors Arrangement Act,
(R.S.C., c. C-36, as amended)

COURT NO.: 500-11-

IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF:

ELNA MEDICAL GROUP INC. / GROUPE MÉDICAL ELNA INC. a corporation existing under the laws of Canada, having its registered office at 5990 Chemin de la Côte-des-Neiges in Montréal, Québec, H3S 1Z5, Canada.

-AND-

9508503 CANADA INC. a corporation existing under the laws of Canada, having its registered office at 5990 Chemin de la Côte-des-Neiges in Montréal, Québec, H3S 1Z5, Canada.

-AND-

OTHER ENTITIES LISTED IN SCHEDULE A HEREIN

Hereinafter collectively referred to as the "**Applicants**"

-AND-

RAYMOND CHABOT INC., duly incorporated legal person having a place of business at 600 De La Gauchetière Street West, Suite 2000, in the city of Montréal, in the province of Québec, H3B 4L8, Canada;

Hereinafter referred to as the "**Proposed Monitor**" or "**RCI**"

PRE-FILING REPORT TO THE COURT SUBMITTED BY RAYMOND CHABOT INC. IN ITS CAPACITY AS PROPOSED MONITOR

To the Honourable Martin F. Sheehan, J.S.C., we respectfully submit the Pre-filing report of the Proposed Monitor (the "**Report**").

Signed in Montréal, on December 10, 2024

RAYMOND CHABOT INC.
Proposed Monitor

Benoît Fontaine, CPA, CIRP, LIT

1. INTRODUCTION

1.1. On December 11, 2024, the Applicants notified the Application for an Initial Order, an Amended and Restated Initial Order ("**ARIO**"), a SISP Approval Order and Other Ancillary Relief (the "**Application**"), seeking inter alia, at the first day initial hearing, the following relief as part of the first day initial Order (the "**Initial Order**") :

1.1.1. declaring that the CCAA applies to the Applicants;

1.1.2. staying all proceedings and remedies taken or that might be taken in respect of the Applicants, Laurent Amram, or any of their property, for an initial period of ten days in accordance with the CCAA;

1.1.3. appointing RCI as the Monitor and granting the Monitor the powers sought by the Application;

1.1.4. ordering the procedural consolidation of the CCAA proceedings in respect of each of the Applicants, for administrative purposes only;

1.1.5. granting the Administration Charge;

1.1.6. granting a D&O Charge;

1.1.7. authorizing the engagement of the CFO;

1.1.8. authorizing NBC to provide the DIP Facility to the Applicants and granting a DIP Charge in relation thereto;

1.1.9. authorizing the Applicants to convey, assign, lease or in any other manner dispose of property, outside the normal course of business, in whole or in part, provided that the price in each case does not exceed $300,000 in the aggregate;

1.1.10. authorizing the Applicants to establish the MRP and granting the related MRP Charge;

1.1.11. the scheduling of a comeback hearing for December 17, 2024;

1.1.12. ordering the sealing of certain confidential exhibits supporting the Application and this Report; and

1.1.13. granting any other relevant first day relief.

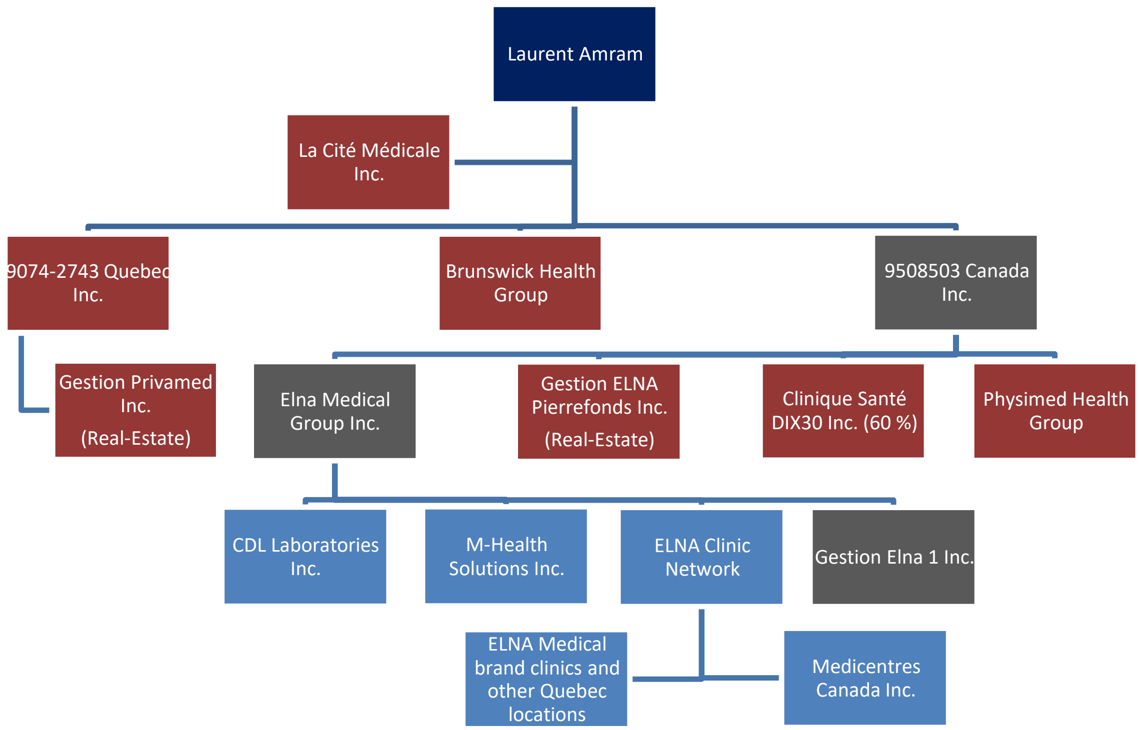
1.2. This Report intends to cover the following topics in relation and in support to the relief sought pursuant to the Application:

- Section 2: Overview of the ELNA Group;
- Section 3: Appointment of the Proposed Monitor;
- Section 4 : Context and Causes of Financial Difficulties;
- Section 5: Summary Analysis of the Financial Situation and Overview of Liabilities;
- Section 6: Restructuring Plan;
- Section 7: Projected Cash-Flow;
- Section 8: Stay of Proceedings, Including in Respect of Amram;
- Section 9: Sale and Investment Solicitation Process;
- Section 10: DIP Financing and DIP Charge;
- Section 11: Payments to Doctors;
- Section 12: Engagement of the Chief Financial Officer;
- Section 13: Other Charges - Administration Charge and D&O Charge;
- Section 14: Intercompany Transactions;
- Section 15: Consequences of a Potential Bankruptcy in the Absence of the Initial Order Being Granted;
- Section 16: Conclusions and Recommendations.

1.3. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Application.

2. OVERVIEW OF THE ELNA GROUP

2.1. Simplified Corporate Structure



Legend

Applicants :

- **Dark blue : Amram**
- **Grey : Holding and head office companies.**
- **Blue : Operating entities / business units**

Red: Other entities not subject to CCAA Proceedings

2.2. The complete corporate structure is presented in **Schedule B** of this report. Only certain of the Applicants are presented and commented below for the purposes of this Report.

Amram (Laurent Amram)

2.3. Mr. Amram is the founder, President, Chief Executive Officer and sole shareholder of the ELNA Group ("**Amram**").

2.4. As will be further detailed herein, the draft Initial Order contemplates a stay of proceedings in favor of Amram and his current and future assets, undertakings and properties of every nature whatsoever (the "**Amram Property**").

Overview of holding and head office companies

2.5. ELNA Medical Group Inc. ("**EMG**") is a privately held corporation incorporated under the Canada Business Corporations Act that is ultimately owned in totality by Amram, through 9508503 Canada inc. ("**950**"), a holding company.

2.6. Gestion ELNA 1 Inc. (“**Gestion**”) is also a privately held corporation, incorporated under the Québec Business Corporations Act, with its majority shareholder being EMG. Gestion and EMG operate out of the same premises in Montréal, Québec which serve as the ELNA Group’s head office.

2.7. Both EMG and Gestion operate as head offices and currently have 47 employees. They centralize most of the corporate expenses, including but not limited to, financial and administrative services, human resources, marketing, advertising and promotion, information technology, and treasury management, for the benefit of the three business units presented hereafter.

2.8. EMG fully owns 36 subsidiaries, as presented in **Schedule B**.

2.9. Moreover, EMG holds a minority interest in 14 specialty clinics with third-party partners, with certain clinics operating under the “ELNA” banner. These clinics are not subject to the present CCAA proceedings.

2.10. Finally, the ELNA Group has satellite administrative offices in Edmonton, Alberta and Hamilton, Ontario for part of Medicentres and m-Health administration respectively.

Operating entities / Business units

2.11. <u>CDL Laboratories Inc. (“**CDL**”):</u>

2.11.1. Founded in 1993, CDL operates a laboratory located in Montréal that serves more than 2,500 physicians across 450 clinics which are supported by its 22 collection sites in the province of Québec.

2.11.2. CDL offers 1,500 different tests, 24/7, using equipment developed by Roche, Werfen and Sysmex in addition to CDL’s proprietary laboratory information management system.

2.11.3. The majority of CDL’s revenues are related to diagnostic testing (biochemistry, hematology, endocrinology, serology, microbiology, immunology, pathology, cytology). CDL also carries out cardiology monitoring, ultrasound imaging and clinical trials.

2.11.4. CDL has 147 employees, all located in Québec.

2.12. <u>m-Health Solutions Inc. (“**m-Health**”):</u>

2.12.1. Founded in 2010 and acquired by EMG in 2022, m-Health offers remote patient monitoring for cardiac and sleep apnea related health issues.

2.12.2. m-Health uses a proprietary platform that connects patients, medical devices and the delivery of virtual monitoring care at home with a detailed report, interpreted by a physician, within 72 hours.

2.12.3. Over 4,300 physicians practicing in over 60 hospitals and 1,600 clinics in Ontario and Québec rely on m-Health’s services for patient monitoring services.

2.12.4. m-Health has 65 employees, all located in Ontario, and operates a satellite administrative office.

2.13. <u>Elna Clinic Network (private and public care):</u>

2.13.1. <u>Elna Medical brand clinics and other Québec locations:</u>

2.13.1.1. In 2016, the ELNA Group opened the first "ELNA" branded medical clinic and began operating the network for which the brand is known today.

2.13.1.2. Whereas some clinics were created and/or inaugurated by the group itself, most clinics were acquired in the context of various transactions.

2.13.1.3. The network comprises both private and public clinics offering family medicine and specialty care such as pediatrics, urology, sexual wellness, mental health and cardiology and embeds CDL collection centres.

2.13.1.4. The three most recent acquisitions in Québec include the Physimed Health Group ("**Physimed**") and La Cité Médicale Inc. ("**LCM**"), both acquired in 2023, as well as the Brunswick Health Group ("**Brunswick**"), acquired in February 2024.

- They are not part of these CCAA proceedings.
- However, prior to its acquisition, Brunswick had initiated insolvency proceedings in 2023, which were transitioned pursuant to the CCAA in January 2024, under Court file 500-11-062636-234, and which remain ongoing at this time.

2.13.1.5. The Québec locations currently comprise 49 clinics, having approx. 332 employees who are supporting approx. 607 self-employed general practitioners and specialty doctors

2.13.2. <u>Medicentres brand (Medicentres Canada inc. - "**Medicentres**"):</u>

2.13.2.1. In 2021, EMG purchased Medicentres from McKesson Canada, with a view to restructure its operations.

2.13.2.2. Medicentres still has its own satellite administrative office located in Edmonton, Alberta.

2.13.2.3. Operations are still generating significant losses as discussed herein.

2.13.2.4. As of the date of this report, Medicentres comprises 32 clinics in Alberta (21), Saskatchewan (2), Manitoba (2) and Ontario (7).

2.13.2.5. Medicentres has approx. 279 employees across the above-mentioned provinces who are supporting approx.164 self-employed physicians.

2.13.2.6. The Elna Clinic Network also serves as a referral centre for CDL and m-Health for laboratory and in-home diagnostics.

2.13.3. In summary, and according to information shared with the Proposed Monitor as at December 9, 2024, the Applicants operate their three business units through approx. 104 points of care, with the assistance of approx. 1046 physicians and approx. 870 employees, most of whom are located, along with the main head office, in Québec.

<table>
<tr><th>Business unit</th><th>Province</th><th>Points of care</th><th>Physicians</th><th>Employees</th></tr>
<tr><td>Main head office</td><td>Québec</td><td>N.A.</td><td>N.A.</td><td>47</td></tr>
<tr><td rowspan="2">CDL</td><td rowspan="2">Québec</td><td>1 laboratory</td><td>N.A.</td><td rowspan="2">147</td></tr>
<tr><td>22 collection sites;</td><td>N.A.</td></tr>
<tr><td>m-Health</td><td>Ontario</td><td>N.A</td><td>275</td><td>65</td></tr>
<tr><td rowspan="5">Elna Clinic Network</td><td>Québec</td><td>49 clinics</td><td>607</td><td>332</td></tr>
<tr><td>Alberta</td><td>21 clinics</td><td rowspan="4">164</td><td rowspan="4">279</td></tr>
<tr><td>Saskatchewan</td><td>2 clinics</td></tr>
<tr><td>Manitoba</td><td>2 clinics</td></tr>
<tr><td>Ontario</td><td>7clinics</td></tr>
<tr><td>TOTAL</td><td>5</td><td>104</td><td>1046</td><td>870</td></tr>
</table>

3. RCI ENGAGEMENT AND PREPARATION OF THIS PRE-FILING REPORT

Involvement of the Proposed Monitor with the ELNA Group

3.1. On May 22, 2023, Raymond Chabot Grant Thornton LLP (“**RCGT**”), an affiliated company of RCI, was mandated by National Bank of Canada (“**NBC**”), with the consent of the ELNA Group, to analyze the financial affairs of entities being financed by NBC within the ELNA Group (all of the Applicants, except for 950).

3.2. As part of its mandate, RCGT notably has:

3.2.1. Assisted the management of ELNA Group in preparing multiple weekly and daily cash flow projections;

3.2.2. Monitored and reviewed, on a weekly and daily basis, actual versus projected operating cash flow;

3.2.3. Assisted NBC in identifying and determining the various defaults and forbearance conditions requested by NBC from time to time and negotiated between the ELNA Group and NBC;

3.2.4. Compiled consolidated financial information and reviewed the Company’s financial situation as at November 30, 2022, May 31, 2023, August 31, 2023, November 30, 2023 and August 31, 2024, including the estimated profitability by point of care;

3.2.5. Held multiple meetings with management during which the following matters were discussed:

3.2.5.1. Status of the equity raise and sale processes;

3.2.5.2. Status of the interest of potential investors in the Company;

3.2.5.3. Cash flow needs;

3.2.5.4. Profitability or not of certain business units and/or clinics; and

3.2.5.5. Restructuring measures to reduce the current burn rate.

3.2.6. Prepared a list of potential investors and/or buyers for some or all companies comprised in the ELNA Group as part of previous solicitation efforts; and

3.2.7. Attended meetings between management and interested parties in respect of the equity raise and of sale processes, as an observer and participant.

3.3. On October 1, 2024, RCGT was also mandated by NBC to analyze the financial affairs of m-Health, notably for the monitoring of actual cash flow operations.

3.4. As part of its mandate, RCGT has been in regular communications with the ELNA Group’s management and has become very knowledgeable of ELNA Group’s operations and state of affairs and is familiar with all of its different business units and stakeholders.

Qualification of RCI and consent to act as Monitor

3.5. RCI has been informed that the Applicants are seeking its appointment as monitor in the context of proceedings under the CCAA.

3.6. Given its deep knowledge of the ELNA Group, RCI is in a position to immediately act as Monitor for the benefit of the mass of creditors in the CCAA proceedings, if appointed by this Court.

3.7. RCI is a trustee within the meaning of Section 2 of the *Bankruptcy and Insolvency Act* and is not subject to any of the restrictions set out in Subsection 11.7(2) of the CCAA. RCI has not acted as auditor of the Applicants.

3.8. RCI consents to act as Monitor, if appointed by this Court.

3.9. McCarthy Tétrault LLP has been retained to act as the Monitor's independent counsel in these CCAA proceedings if the Court appoints RCI as Monitor.

Disclosure of potential conflicts and measures taken

3.10. A separate team of RCI has acted as court-appointed monitor in the CCAA proceedings of the Brunswick Health Group (Superior Court no 500-11-062636-234), as part of which 15529301 Canada inc., a company ultimately held by Laurent Amram, has purchased a group of medical clinics. As mentioned in the Application, further to this transaction, the assets of the Brunswick Health Group remain encumbered in favour of RCGT in its capacity as monitor in Brunswick Health Group CCAA, as *fondé de pouvoir* for the existing secured creditors in said file, namely TD Bank and BDC.

3.11. RCGT (and now RCI in its role as Proposed Monitor) has put in place confidentiality and conflict measures between the teams working on the Brunswick Health Group CCAA matter and the ELNA Group and current CCAA matter.

3.12. A separate team of McCarthy Tétrault LLP is acting as counsel for RCI as monitor in the Brunswick Health Group CCAA matter. McCarthy Tétrault LLP has put in place confidentiality and conflict measures between the teams working on the Brunswick Health Group CCAA matter and the current CCAA matter.

3.13. A separate team of McCarthy Tétrault LLP is acting as counsel for Fiera as secured creditor of certain entities of the ELNA group, including namely LCM. McCarthy Tétrault LLP has put in place confidentiality and conflict measures between the teams working for Fiera as secured creditor of certain entities of the ELNA Group and the current CCAA matter.

3.14. These conflicts or potential conflicts have been disclosed to the ELNA Group, NBC and Fiera who are all satisfied of the measures above.

4. CONTEXT AND CAUSES OF FINANCIAL DIFFICULTIES

4.1. In 2020, following the start of the COVID-19 pandemic, the Applicants, through CDL, opened multiple private screening centres, capitalizing on an unforeseen business opportunity.

4.2. Driven by these new centres, the group's laboratory revenues increased significantly and reached an historic high of $53.9 million during the year ended November 30, 2021 ("**FY21**").

4.3. These revenues, combined with $8.8 million in *COVID-19 wage and rent subsidies ("**CERS**")* and the *Canada emergency wage subsidy* ("**CEWS**"), enabled the group to generate an EBITDA of $19.5 million for FY21.

4.4. Over FY21 and FY22, management utilized its available cash to accelerate its growth strategy and:

4.4.1. Acquired m-Health, Medicentres and 7 clinics located in Québec for purchase prices totaling approx. $45.1 million (excluding $5 million in contingent consideration);

4.4.2. Invested $2.8 million in many different vertical growth initiatives ("**Verticals**"), including a mobile application, artificial intelligence and franchises.

4.5. To support the above, in October 2022, management also refinanced and consolidated its credit facilities and term loans and obtained new financing totaling $21.7 million from NBC ($15.6 million) and National Bank SME Growth Fund ($6.1 million).

4.6. Around the same time, the Canadian government removed its entry restrictions, as well as testing, quarantine and isolation requirements, regardless of citizenship and/or vaccination status. This change in regulation confirmed the end of COVID-19 testing revenues, which had already started to decrease since Q2-FY22 (three-month period ended May 31, 2022).

4.7. Given the reduction of these high margin revenues, the increase in debt servicing costs related to highly leveraged acquisitions and investments in Verticals, the Applicants have generated in the following months and to this day, on average, monthly negative cash flows of approximately $1.5 million.

4.8. To meet the cash flow requirements, Amram obtained additional financing mostly through refinancing the group's real estate assets and high interest-bearing private loans (injected through shareholder advances). As of the date of this Report, the real estate assets are financed at 100% of their fair market value and the companies owning them are not subject to the contemplated CCAA proceedings.

4.9. Management's plan to meet long-term cash flow needs was to start an equity raise process (the "**Equity Raise Process**") for which engagement letters with Canadian Imperial Bank of Commerce and National Bank Financial ("**NBF**") were executed on May 19, 2023.

4.10. On January 8, 2024, the Equity Raise Process was launched and around 70 potential strategic and financial investors were solicited.

4.11. Also, in August 2024, management started discussions with NBF for a new engagement regarding the sale of a majority stake in the Company and/or the sale of all of the companies in the group, including individual clinics, for which an engagement letter was executed on September 12, 2024.

4.12. On October 7, 2024, NBF started reaching out to more than 65 possible strategic and financial investors.

4.13. On or around November 19, 2024, letters of interest were received.

4.14. However, the Applicants do not have the required liquidity to carry the SISP and the Equity Raise Process to their conclusion.

4.15. Indeed, given the lack of assets to be offered as collateral and the financial hardship of the group, Amram was unable to secure financing since May 2024. For information purposes, between December 2022 and May 2024, Amram had been previously able to secure multiple financing / private loans, of which approx. $18.1 million were injected into the Applicants.

4.16. Considering the monthly burn rate of approximately $1.5 million, the Applicants have not been able to pay all of their suppliers in the normal course of operations or service its debts owed to NBC and to private lenders for approximately six (6) months. As of the date of this Report, the Applicants cannot meet their obligations as they become due, nor can they continue their operations in the normal course without additional funding.

4.17. NBC, the first-ranking secured creditor of all of the Applicants' assets and property offered to provide additional funds, through DIP financing, to maintain the operations of the group and help it to carry out the Equity Raise Process and SISP to a conclusion, for the benefit of all stakeholders, in the context of restructuring proceedings and under the terms set forth in the proposed SISP.

4.18. It is in this particular context and with this objective in mind that the Applicants are seeking Court protection by filing an Application for an Initial Order under the *Companies' Creditors Arrangement Act* ("**CCAA**").

5. SUMMARY ANALYSIS OF FINANCIAL SITUATION AND OVERVIEW OF LIABILITIES

5.1. The Proposed Monitor reviewed the consolidated financial statements of the Applicants for the years ended November 30, 2020, 2021, 2022, 2023 and the nine-month period ended August 31, 2024.

5.2. Our analysis of Applicants' financial statements is attached herewith as **Schedule C**, to be filed **under seal**.

5.3. Furthermore, an overview of liabilities of the Applicants is presented hereinbelow.

5.4. Accounts payable and accrued liabilities ($25.3 million) as at August 31, 2024, include the following items:

(in thousands of $ - unaudited)	Aug. 31, 2024	Nov. 30, 2022	Variances
Trade payables			
Physicians			
Medicentres	2 225	2 841	(616)
M-Health	572	-	572
Qc Clinics	288	136	152
Other	40	19	21
	3 124	2 996	129
Professional fees	2 921	1 886	1 035
Clinic construction costs	2 965	944	2 020
Rent	3 325	484	2 840
Other	9 661	8 097	1 563
	21 995	14 408	7 587
Accrued liabilities	1 002	1 527	(525)
Salaries and vacations payable	2 349	1 210	1 139
Sales taxes payable and other government remittances	-	183	(183)
	25 347	17 328	8 018

5.5. Between November 30, 2022 and August 31, 2024, given the negative cash flows and financial difficulties, accounts payable and accrued liabilities increased by $8 million.

5.6. Moreover, given that management has not been able to secure significant external funds since May 2024 and that payments to suppliers were reduced even more since August 31, 2024, balances due to suppliers are significantly higher as of the date of this report.

5.7. As an update on the above information and based on preliminary information as at November 30, 2024, amounts due to trade payables would total approx. $24 million. Moreover, amount due to tax authorities would total approx. $5.5 million, including (i) GST/QST in the approx. amount of $654K, (ii) corporate income tax in the approx. amount of $4.4 million, and (iii) a claim in relation to the employer contribution to the Québec fonds des services de santé in the approx. amount of $485K.

5.8. As at December 9, 2024, the salary and vacations payable total approx. $4.9 million.

5.9. The following table summarizes the ELNA Group's bank indebtedness and long-term debt which totals $67 million as at August 31, 2024:

(in thousands of $ - unaudited)	Aug. 31, 2024
NBC	
Bank indebtedness and overdraft	6 395
Term loan - EMG	22 337
Term loan - m-Health	12 293
	41 025
Other secured creditors	
Norea	6 148
IQ	2 223
Jason Rabin	2 010
RBC	427
BDC	344
Total - Secured creditors	**52 177**
Obligations under capital lease	7 563
Décarie Square Commercial Center LP	2 993
ABI USA Investment Inc.	2 500
Hy Bloom	710
Government loan	580
Other loans	458
Bank indebtedness, long term debt and obligations under capital lease	**66 980**

5.10. NBC holds a first-rank security on all of the assets of the Elna Group.

5.11. Other secured creditors, which are not related to the Applicants include Fiera, Crawford & Finchley Capital, 143 Canada, Les Placements SP Canada Inc., K&S Financial Group Inc. as well as certain individuals.

5.12. Since August 31, 2024, the Elna Group has contracted a new secured loan with La Corporation McKesson ($2.8 million), of which approximately $800,000 was injected in the ELNA Group's cash flow.

5.13. Other long-term liabilities ($7.2 million) : include contingent considerations (earn-outs) related to prior acquisitions, notably m-Health and Evalumedic, totaling $5.2 million.

6. RESTRUCTURING PLAN

6.1. The restructuring plan, as of the date of this report, is as follows:

6.1.1. Review the profitability of clinics within the ELNA Clinic Network with a view towards potentially closing certain underperforming clinics in accordance with applicable regulations, if no transaction occurs with respect to same.

6.1.2. Proceed to certain employee lay-offs, as required;

6.1.3. Review head-office and selling, general and administrative wages and expenses in order to identify unnecessary expenses and reduce the burn rate; and

6.1.4. Implement the SISP in view of closing one or more transaction(s) and/or proposing one or more plan(s) of arrangement, for the benefit of creditors and stakeholders.

7. PROJECTED CASH FLOW

7.1. The Applicants' management, with the assistance of the proposed Monitor, prepared a projected cash flow statement, which is summarized in the table presented below.

		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	
(in thousands of $)	12/6/2024	12/13/2024	12/20/2024	12/27/2024	1/3/2025	1/10/2025	1/17/2025	1/24/2025	1/31/2025	2/7/2025	2/14/2025	Total
Receipts												
Opening AR and Subsequent sales		3,724	1,203	706	1,132	2,005	3,593	1,554	1,399	1,456	2,745	19,516
Evaluemedic - Dividends		-	60	-	-	-	60	-	-	-	-	120
DIP Drawdown		1,000	-	300	1,500	100	-	-	250	850	-	4,000
M-Health - Line of credit Drawdown		380	-	-	-	-	-	-	-	-	-	380
		5,104	1,263	1,006	2,632	2,105	3,653	1,554	1,649	2,306	2,745	24,016
Disbursements												
Subsequent purchases												
Laboratory direct costs		114	114	114	114	114	114	114	114	114	114	1,140
Physicians		1,673	453	69	455	801	1,493	485	475	485	913	7,302
Salary and social benefits		445	1,093	407	772	611	698	329	805	360	756	6,275
Profesionnal fees		16	16	16	16	16	16	16	16	16	16	164
Rent		505	-	40	951	19	-	31	246	688	19	2,499
Office furnitures		65	65	65	65	65	65	65	65	65	55	644
Medical supplies		59	72	97	197	128	84	97	47	197	90	1,067
Others		184	154	177	169	185	154	141	181	160	167	1,671
Restructuring profesionnal fees (pre-filing)		696	-	-	-	-	-	-	-	-	-	696
Restructuring profesionnal fees (post-filing)		225	201	201	201	201	201	191	139	139	139	1,838
M&A Professionnal fees		40	40	40	40	40	40	40	40	40	40	402
Contingency reserve		26	26	26	26	26	26	26	26	26	26	259
NBC - M-Health loan - Interests		-	-	56	-	-	-	-	93	-	-	149
Obligation under capital leases		7	2	3	32	7	2	2	3	37	2	95
Bank fees and interest on DIP facility		1	1	50	1	1	1	1	90	1	1	144
Sales taxes		-	-	-	-	-	-	-	88	-	-	88
		4,056	2,237	1,361	3,040	2,215	2,894	1,537	2,428	2,328	2,337	24,433
(Decrease) / Increase in cash		1,048	(974)	(355)	(408)	(110)	759	16	(779)	(21)	408	(417)
Cash - Opening balance		858	1,906	932	577	169	59	818	834	55	33	858
Cash - Ending balance	**858**	**1,906**	**932**	**577**	**169**	**59**	**818**	**834**	**55**	**33**	**441**	**441**

7.2. These projections have been prepared based on assumptions which reflect the approach expected to be taken by ELNA Group's management, given the financial and economic conditions which, in the opinion of the Group's management, are most likely to occur.

7.3. The projected cash flow is also based on recent average weekly receipts and disbursements and based on preliminary information and assumptions regarding the impact of restructuring measures presently being analysed by management. These preliminary impacts can be summarized as follows:

7.3.1. Progressive reduction in salary disbursements (either through layoffs or salary reduction) which would total approx. $390K for the period ending February 14, 2025; and

7.3.2. Transfer and/or closing of a transaction, by January 31, 2025, in relation to three medical clinics for which financial performance is significantly negative.

7.4. The Proposed Monitor's involvement was limited to presenting, in the form of a projected cash flow statement, information provided by management and evaluating the support for the assumptions or other information underlying the forecast.

7.5. Given that these projections are based on assumptions regarding future events, actual results will vary from the information presented and the variances may be material.

7.6. Considering the above, cash requirements for the period ending February 14, 2025 total $4.4 million.

7.7. Subject to Court approval, the contemplated DIP Facility of $5 million appears sufficient to cover fees and expenses until at least February 14, 2025. The Proposed Monitor intends to provide an update on same, in the context of a comeback hearing.

8. STAY OF PROCEEDINGS, INCLUDING IN RESPECT TO AMRAM

8.1. The proposed Initial Order provides for a broad stay of proceedings not only for the Applicants and their Directors and Officers, but also in relation of Amram and the Amram Property (as defined therein), in accordance with the terms of the proposed Initial Order, and save and except with further order of the Court or with the written consent of the Applicants and the Monitor.

8.2. The Proposed Monitor is of the view that the stay of proceedings is necessary and desirable in order to allow Amram to focus on the restructuring, that will necessitate his full and unfettered attention.

8.3. This measure is especially important in light notably of several recourses and actions having been taken or that could be taken imminently by various creditors.

8.4. The proposed stay of proceedings is intended to fully preserve the rights of potential creditors of Amram, and avoid any prejudice to them, all while achieving the objective mentioned above.

8.5. The Monitor supports the stay of proceedings provisions as proposed in the draft Initial Order, including in respect of Amram.

9. SALE AND INVESTMENT SOLICITATION PROCESS

9.1. As mentioned previously and in the Application, a previous process relating to the Equity Raise Process and SISP was launched on May 19, 2023 and September 12, 2024, respectively.

9.2. At this time however, the Applicants no longer have the necessary liquidity to continue and complete these processes, except through these CCAA proceedings and subject notably to the DIP Financing that is sought for approval.

9.3. In light of the contemplated CCAA proceedings, it is proposed that Raymond Chabot Grant Thornton & Co. LLP (“**RC Co.**”) act as agent to implement the SISP that is sought for approval pursuant to the SISP Order and SISP Guidelines and assist the Monitor with same, with a view to broadly canvas the market in respect of one or more potential sale or investment transactions.

9.4. As more fully detailed in the SISP Guidelines and in the Application, a summary of the contemplated SISP Guidelines is presented in the table below:

STEPS	DATE
Launch of SISP	Upon issuance of SISP Approval Order
Due Date for Phase 1 Bids	January 31, 2025
Due Date for Phase 2 Bids	March 7, 2025
Signature of Binding Agreement(s)	No later than the week of March 24, 2025
Service of Application for Approval of the Agreement(s) by the Court	No later than the week of March 24, 2025
Hearing Seeking Court Approval of the Agreement(s) (subject to Court Availability)	No later than the week of March 24, 2025
Closing of the transaction(s)	No later than week of March 31, 2025

9.5. The Proposed Monitor considers the SISP Guidelines reasonable and appropriate in the circumstances and supports the issuance of the relief sought in respect of the SISP.

10. DIP FINANCING AND DIP CHARGE

10.1. In view of the cash flow projections discussed in the preceding section, ELNA Group requires DIP Financing in order to:

10.1.1. Maintain its operations, albeit at a reduced level; and to

10.1.2. Support restructuring costs in relation to the implementation of the SISP.

10.2. The projected cash flow statement shows a funding requirement of approximately $4.4 million for the period ending on February 14, 2025.

10.3. NBC, the current first-ranking secured lender of the Applicants, confirmed its interest and support by providing the DIP Financing as part of these CCAA Proceedings and subject notably to the issuance of the contemplated DIP Charge.

10.4. The terms and conditions of the proposed DIP Financing can be summarized as follows:

10.4.1. Amount: maximum of $5 million;

10.4.2. Interest rate: prime rate + 5%;

10.4.3. Interim lender's fee: 0.5%, or $25,000 in the aggregate;

10.4.4. The interest rate is based on the risks and uncertainty associated with the Applicants' business;

10.4.5. Use of funds: in conformity with the cash-flow projections;

10.4.6. Collateral secured by the DIP Charge of $6 million on all the Applicant's assets (with $1.2 million being sought for the initial stay period), ranking prior to all other charges except for the Administration Charge and the MRP Charge, as more detailed subsequently and in the Application.

10.5. The Proposed Monitor is of the opinion that the proposed DIP Financing is required and necessary, given notably the following:

10.5.1. The terms of the DIP Facility are reasonable and akin to what is generally available on the market;

10.5.2. No other alternative facility has been obtained at this time that would allow continuity of operations in the near term;

10.5.3. NBC, the first-ranking secured creditor, would be providing the DIP Financing, which is necessary to initiate and complete the CCAA Proceedings and the SISP, and in order to avoid the catastrophic effects of a bankruptcy;

10.5.4. Other creditors are not unduly or excessively prejudiced by the DIP Charge;

10.5.5. Applicants' business and financial affairs will be monitored closely, with the assistance of the Proposed Monitor, and are subject to the oversight of NBC under the DIP Term Sheet and in accordance with cash-flow projections;

10.5.6. The DIP Financing will enable the Applicants to cover expenses and cash requirements to carry out their restructuring plan and the SISP; and

10.5.7. The DIP Financing will enhance the prospects of a viable plan being made for the benefit of the Applicants' creditors and stakeholders (employees, patients, landlords, etc.).

11. PAYMENTS TO DOCTORS

MRP and MRP Charge

11.1. As of the date hereof, amounts due or to be due to Medicentres' doctors total approximately $3.6 million, of which (i) $1.6 million is related to collections from the governmental authorities, that have not been paid to the doctors (for which the Applicants are seeking the MRP Charge as security), and (ii) $2.0 million pertains to accounts receivable expected to be collected post-filing (which is projected to be paid upon collection of such accounts receivable), as detailed in the table below:

	Medicentres			
(in thousands of $ - unaudited)	Alberta	Ontario	Manitoba	Total
Amount due	2 291	1 150	155	3 595
Collected pre-filing				
November 1 to 30, 2024	1 561	-	-	1 561
Amount due > 90 days	13	-	-	13
	1 574	-	-	**1 574**
To be collected post-filing				
December 1 to 8, 2024 (billed)	448	-	-	448
December 9 to 11, 2024 (estimated)	269	-	-	269
October 25 to November 26, 2024 (billed)	-	908	-	908
November 27 to December 11, 2024 (estimated)	-	242	-	242
December 1 to 11, 2024 (estimated)	-	-	155	155
	716	**1 150**	**155**	**2 021**
	2 291	**1 150**	**155**	**3 595**

11.2. Given the nature of the business of the Medicentres, the continued services and participation of the physicians is essential to preserve value and ongoing activities, more particularly services to patients.

11.3. Therefore, with a view to securing this ongoing support, management prepared a doctor retention program pursuant to which Medicentres (i) will pay the $2.0 million pre-filing amount upon collection of the accounts receivable related thereto, (ii) will pay for all post-filing services immediately upon collection of the accounts receivable related thereto, and (iii) seek the approval of a charge on all of the present and future assets, property and undertakings of

Medicentres as part of the Application (the “**MRP Charge**”), in order to secure the $1.6 million pre-filing amount that remains unpaid and any and all unpaid post-filing amounts.

11.4. The Proposed Monitor supports the MRP and MRP charge for the retention of the Medicentres doctors.

ELNA Group Doctors

11.5. As of the date hereof, amounts due or to be due to ELNA Group doctors total approx. $610,000, which is projected to be paid in the usual course of business. Since some of these amounts pertain to services rendered prior to the filing, the Application seeks an authorization to make such payments to the doctors who are critical to the business.

12. ENGAGEMENT OF THE CHIEF FINANCIAL OFFICER

12.1. Mr. Patrick Ifergan was the Chief Financial Officer (the “**CFO**”) of the ELNA Group between July 2023 and September 2024, before joining Crowe BGK LLP as a Partner.

12.2. It is important to note that as a Partner of Crowe BGK LLP, Mr. Ifergan continued his role as CFO of the group, on the basis of a consulting agreement, which was amended on December 9, 2024, in the context of the contemplated CCAA proceedings (the “**CFO Agreement**”).

12.3. Currently, and except on a contractual basis and apart from the involvement of Amram, the ELNA Group does not currently have an officer directly responsible for the finances of the Applicants.

12.4. In the context of these CCAA Proceedings, it is imperative to secure the participation of such a resource, in order to make sure that the Proposed Monitor can adequately perform its duties, in accordance with the terms set forth in the draft Initial Order.

12.5. The Proposed Monitor supports the CFO Agreement given Mr. Ifergan’s deep knowledge of the ELNA Group and his necessary involvement for the continuation of the SISP. The Monitor also supports his inclusion as part of the Administration Charge, in order to secure potential monetary obligations pursuant to the CFO Agreement.

13. OTHER CHARGES – ADMINISTRATION CHARGE AND D&O CHARGE

13.1. Administration Charge

13.1.1. The draft Initial Order provides for a charge in favour of the Proposed Monitor, the Proposed Monitor's counsel, RC Co., ELNA Group's legal counsel and the CFO, as security for the professional fees and disbursements incurred both before and after the presentation of the Initial Order in respect of these proceedings.

13.1.2. The Administration Charge as described in the Initial Order provides for an initial amount of $725,000 (to be increased to $1 million as part of the ARIO).

13.1.3. The Administration Charge threshold has been established based on the various professionals' previous history and experience with restructurings of similar magnitude and complexity. The Proposed Monitor believes that the Administration Charge is required and reasonable in the circumstances given the complexity of the proceedings, the work expected to be performed by the professional firms and the size of similar charges in comparable cases.

13.2. D&O Charge

13.2.1. The draft Initial Order provides for the D&O Charge to secure the indemnity for ELNA Group's directors and officers provided in the Initial Order. Pursuant to the draft Initial Order, ELNA Group's directors and officers would be indemnified in respect of all liabilities and obligations which may arise on or after the date of the Initial Order provided that the liability relates to his or her capacity as director and/or officer and is not attributable to gross negligence or wilful misconduct on the part of the director or officer. The draft Initial Order provides for a D&O Charge in the initial amount of $725,000 (to be increased to an amount to be determined as part of the ARIO). These amounts have been established in consultation with the Proposed Monitor, taking into consideration potential directors' and officers' post-filing liabilities in connection with payroll, vacation pay and sales taxes, as is similar in comparable circumstances, based on the Proposed Monitor's experience.

13.2.2. It is noted that ELNA Group's directors and officers do not benefit from an insurance policy that provides some measure of protection, with the exception of an insurance provided in relation to Medicentres, which may not be sufficient to cover potential liabilities arising from the date of the initial order.

13.2.3. The Proposed Monitor believes that such charge is required and reasonable under the circumstances.

14. INTERCOMPANY TRANSACTIONS

14.1. The proposed Initial Order provides certain relief and obligations pertaining to Intercompany Transactions (as defined therein). The relief provides that Intercompany Transactions may continue on terms consistent with existing arrangements or past practice, subject to changes the Monitor may require or further to an order from the Court.

14.2. Furthermore, (i) the Applicants shall notify three (3) days in advance the interim lender of any monetary payment from one Applicant to another, and (ii) no distribution may occur in respect of any sale proceeds resulting from a transaction (except in respect of CCAA Charges) without a report having been prepared and filed by the Monitor in respect of such Intercompany Transactions and of a proposed allocation as between estates, with a right being preserved in respect of potential contestations, in accordance with the proposed Initial Order, and further to future orders of the Court.

14.3. The Monitor supports the relief sought in that respect, which will facilitate operations during the CCAA Proceedings, while preserving the rights of parties in advance of a possible allocation exercise to be completed.

15. CONSEQUENCES OF A POTENTIAL BANKRUPTCY IN THE ABSENCE OF AN INITIAL ORDER BEING GRANTED

15.1. The possible consequences of such an outcome are undesirable and largely prejudicial to various stakeholders, as mentioned below.

15.2. NBC holds first-ranking security on all of the Applicants' movable and immovable property and would likely incur a significant loss in either a forced or orderly liquidation scenario.

15.3. The profitable divisions would lose their value/ability to attract potential buyers if the operations were to be shut down completely.

15.4. Considering the foregoing, the impacts of the Applicants' bankruptcy for the various stakeholders would include the following:

15.4.1. Nearly all employees would be terminated as only certain positions could be maintained temporarily to cease operations in an orderly manner;

15.4.2. Approx. 1,000 Physicians and approximately 3 million patients would need to be reassigned to other clinics;

15.4.3. Approx. 100 points of care would be left vacant, leaving landlords without tenants.

15.5. As for the suppliers/unsecured creditors, given their rank as unsecured creditors and the potential significant deficit of the first-ranking secured creditor, the Applicants' assets would clearly be insufficient to eventually allow for a recovery.

15.6. NBC and potentially other creditors would likely need to take the necessary steps to directly or indirectly realize/sell off the assets held under various security and guarantees to seek repayment, resulting in a race to assets of multiple creditors and the multiplication of enforcement measures and proceedings.

15.7. Furthermore, a major employer would close in several provinces, with impacts on the health sector and its related stakeholders and employees.

16. CONCLUSIONS AND RECOMMENDATIONS

16.1. In the context of their liquidity crises, the Applicants are unable to meet their obligations as they become due.

16.2. They are also unable to continue or implement a sale and investment solicitation process in the required timeline.

16.3. In a bankruptcy scenario, the value of the assets would be jeopardized, with major negative impacts on stakeholders, including hundreds of employees, physicians and millions of patients.

16.4. The CCAA proceedings will ensure ELNA Group is able to complete the SISP, subject to ongoing access to liquidities, as part notably of the DIP Facility that is being sought for approval, and other relief sought. Subject to the Court's approval of the DIP Financing, the Applicants are expected to have sufficient funds for the initial period and up and until at least February 14, 2025, as presented in the cash-flow projections.

16.5. The Proposed Monitor is of the opinion that it is in the interest of all stakeholders for an Initial Order pursuant to the CCAA to be issued in accordance with the relief sought in the Application.

SCHEDULE A – LIST OF APPLICANT ENTITIES

- 9508503 Canada Inc.
- ELNA Medical Group Inc.
- ELNA Pediatrics Inc.
- Tiny Tots Medical Centre Ltd.
- 7503881 Canada Inc.
- Clinique Médicale ELNA Unimed Inc.
- Gestion ELNA 2 Inc. (ELNA Plateau Mont-Royal)
- CDL Protontherapy Center Inc.
- CDL Proton Management Inc.
- Clinique Médicale ELNA Châteauguay Inc.
- Clinique Métro-Medic Centre-Ville Inc.
- 9248-5994 Québec Inc. (ELNA Pierrefonds)
- Créa-Med Clinique de Médecine Privée Inc.
- GBMC Medical Office Management Inc.
- Omni-Med Stillview Inc.
- Elna Rockland Management Inc.
- ELNA Rockland Clinic Inc.
- ELNA Clinique A Inc.
- ELNA Group Inc. (ELNA Cosmetics)
- ELNA Anti-Aging Inc.
- Clinique Médicale ELNA Décarie Inc.
- ELNA Plus Decarie Square Inc.
- ELNA Mental Health Inc.
- ELNA Technologies Inc.
- Montreal Perfusion Centre Inc.
- Gestion ELNA 1 Inc.
- Clinique Privamed Inc.
- ~~ELNA Private Care – Old Montreal Inc.~~
- M-Health Solutions Inc.
- 1000224328 Ontario Inc.
- CDL Laboratories Inc.
- 11247603 Canada Inc.
- ~~Évalumedic Inc.~~
- 7159099 Canada Inc.
- CDL Cardiology Inc.
- ELNA Acquisitions Inc.
- Medicentres Canada Inc.
- 9472-1024 Québec inc.

SCHEDULE B – COMPLETE CORPORATE ORGANIZATION CHART

Legend

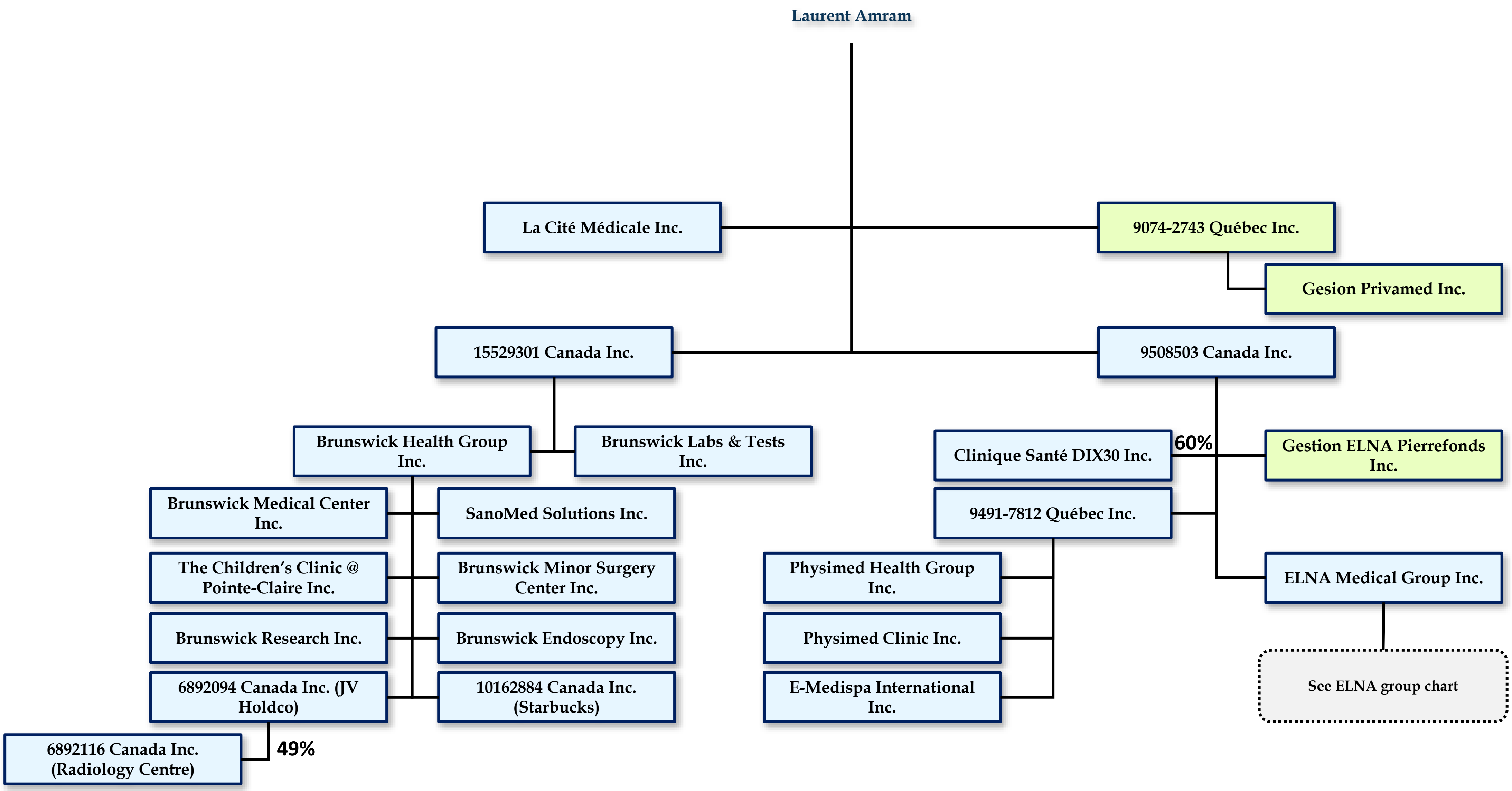
Clinic / Lab

Proton Therapy

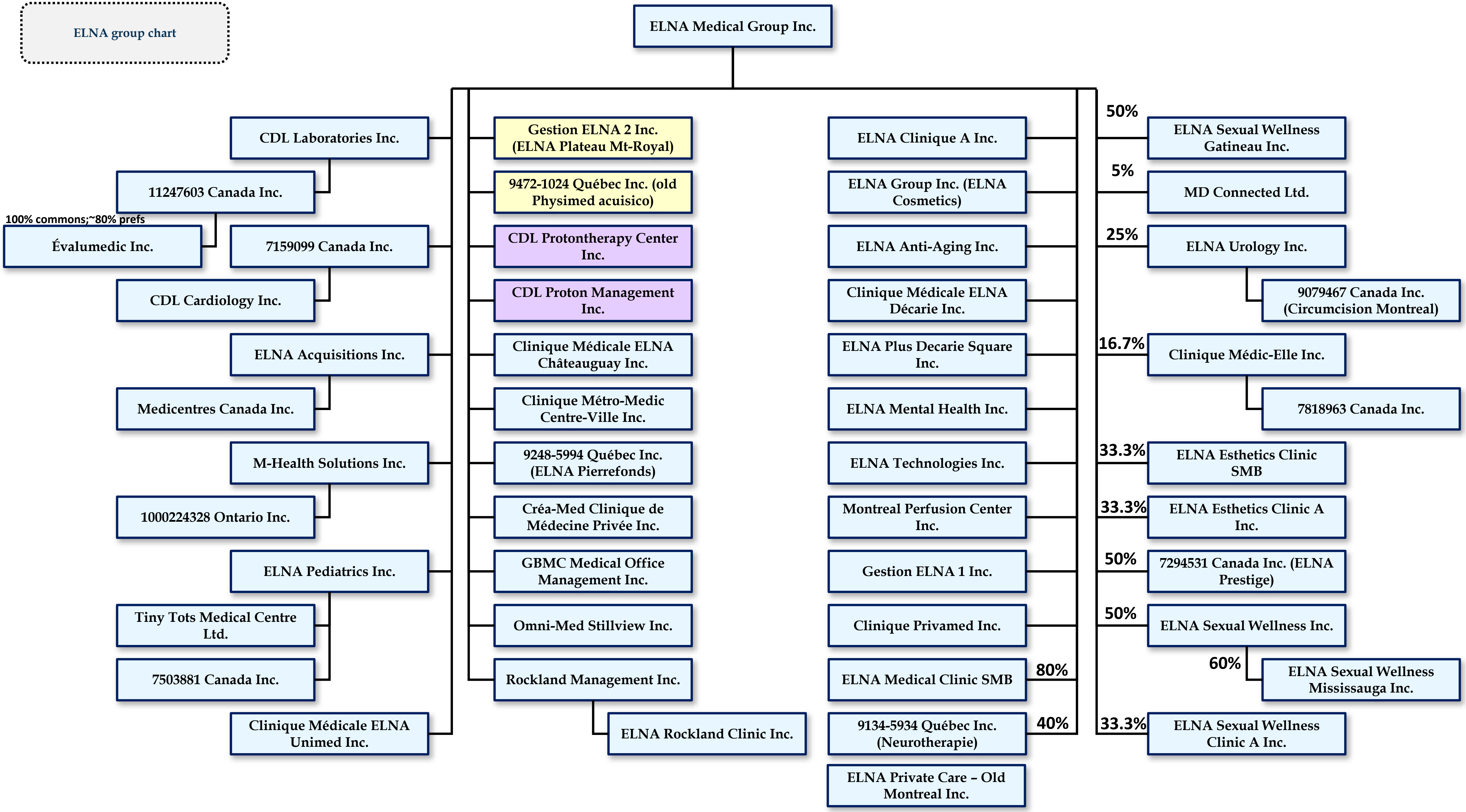
Real estate

Inactive

See separate chart


Laurent Amram
La Cité Médicale Inc.
9074-2743 Québec Inc.
Gesion Privamed Inc.
15529301 Canada Inc.
9508503 Canada Inc.
Brunswick Health Group Inc.
Brunswick Labs & Tests Inc.
Clinique Santé DIX30 Inc.
60%
Gestion ELNA Pierrefonds Inc.
Brunswick Medical Center Inc.
SanoMed Solutions Inc.
9491-7812 Québec Inc.
The Children's Clinic @ Pointe-Claire Inc.
Brunswick Minor Surgery Center Inc.
Physimed Health Group Inc.
ELNA Medical Group Inc.
Brunswick Research Inc.
Brunswick Endoscopy Inc.
Physimed Clinic Inc.
6892094 Canada Inc. (JV Holdco)
10162884 Canada Inc. (Starbucks)
E-Medispa International Inc.
See ELNA group chart
6892116 Canada Inc. (Radiology Centre)
49%

ELNA group chart



SCHEDULE C – SUMMARY ANALYSIS OF FINANCIAL SITUATION

(UNDER SEAL)