

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

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

COURT NO.: 500-11-065011-245

IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF:

ELNA MEDICAL GROUP INC. / GROUPE MÉDICAL ELNA INC.

-AND-

9508503 CANADA INC.

-AND-

OTHER ENTITIES LISTED IN SCHEDULE A HEREIN

Hereinafter collectively referred to as the **“Applicants”**

-AND-

RAYMOND CHABOT INC.

Hereinafter referred to as the **“Monitor”** or **“RCI”**


SECOND REPORT TO THE COURT SUBMITTED BY RAYMOND CHABOT INC.

To the Honourable Martin F. Sheehan, J.S.C., we respectfully submit this Second Report of the Monitor (the **“Report”**).

Signed in Montréal, on February 10, 2025

RAYMOND CHABOT INC.

Monitor


Benoit Fontaine, CPA, CIRE, LIT

1. INTRODUCTION

- 1.1. On December 10, 2024, the Applicants notified an *Application for an Initial Order, an Amended and Restated Initial Order, a SISP Approval Order and Other Ancillary Relief*, seeking a first day initial order and other relief.
- 1.2. On December 10, 2024, the Monitor issued its Pre-Filing Report.
- 1.3. On December 11, 2024, following the first day hearing, this Court issued an initial order (the “**Initial Order**”) providing for, *inter alia*, the following relief:
 - 1.3.1. declaring that the CCAA applies to the Applicants;
 - 1.3.2. staying all proceedings and remedies taken or that might be taken in respect of the Applicants, and any of their property, except as otherwise set forth in the Initial Order or as otherwise permitted by law (the “**Stay**”), for an initial period of ten days in accordance with the CCAA (the “**Stay Period**”);
 - 1.3.3. staying all civil proceedings and remedies taken or that might be taken in respect of Laurent Amram, and any of his property, with respect to: i) personal guarantees granted on debts of the Applicants, and ii) personal loans whose proceeds were totally invested in the Applicants (the “**Amram Stay**”);
 - 1.3.4. appointing Raymond Chabot Inc. as the Monitor of the Applicants in these proceedings, with the powers provided for in the Initial Order
 - 1.3.5. ordering the procedural consolidation of the CCAA proceedings in respect of each of the Applicants, for administrative purposes only;
 - 1.3.6. granting the Administration Charge in the amount of \$750K;
 - 1.3.7. granting a D&O Charge in the amount of \$725K;
 - 1.3.8. authorizing the engagement of Crowe BGK LLP (Mr. Patrick Ifergan) to act as the “**CFO**”;
 - 1.3.9. authorizing National Bank of Canada (“**NBC**”) to provide the DIP Facility to the Applicants and granting a DIP Charge in the amount of \$1.2M in relation thereto;
 - 1.3.10. authorizing the Applicants, with the consent of the Monitor, and in accordance with agreements in effect with certain secured creditors, 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 and in the aggregate does not exceed \$300K;
 - 1.3.11. authorizing the Applicants to pay, with the consent of the Monitor, any pre filing unpaid claims of suppliers it deems critical, up to an aggregate amount of \$300K;
 - 1.3.12. authorizing the Applicants to establish the MRP and granting the related MRP Charge in the amount of \$3.0M;

- 1.3.13. the scheduling of a comeback hearing for December 17, 2024 (the “**Comeback Hearing**”); and
- 1.3.14. ordering the sealing of certain confidential exhibits supporting this Application and Schedule C of the Pre-Filing Report.
- 1.4. On December 11, 2024, the Court also issued the *SISP Approval Order*, along with the appended *Bidding Procedures*.
- 1.5. On December 16, 2024, the Applicants notified an *Amended Application for an Initial Order, an Amended and Restated Initial Order, a SISP Approval Order and Other Ancillary Relief* (the “**Application for an ARIO**”), seeking *inter alia*, at the Comeback Hearing, the following additional relief as part of the proposed Amended and Restated Initial Order (the “**ARIO**”):
- 1.6. On December 16, 2024, the Monitor issued its First Report.
- 1.7. On December 17, 2024, the Court issued an Amended and Restated Initial Order (the “**ARIO**”), which provides, amongst other things, the following:
 - 1.7.1. an extension the Stay Period until February 12, 2025;
 - 1.7.2. an extension and an expansion of the Amram Stay until February 12, 2025;
 - 1.7.3. the authorization for the Applicants, with the consent of the Monitor, 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 \$500,000 individually and \$1,500,000 in the aggregate;
 - 1.7.4. an increase of certain CCAA Charges, namely the Administration Charge (up to \$1.0 million) DIP Charge (up to \$6.0M) and the D&O Charge (up to \$1.6 million);
 - 1.7.5. the addition of Gestion Privamed Inc. as an Applicant to these proceedings; and
 - 1.7.6. the establishment of a Key Employee Retention Plan (the “**KERP**”) and a KERP Charge (in the amount of \$250,000);
- 1.8. On January 7, 2025, Mr. Brandon Shiller notified an *Application for Leave to Appeal* of the ARIO, particularly in respect of the Amram Stay, as well as a *Notice of Appeal* (the “**Shiller Leave to Appeal**”).
- 1.9. The Shiller Leave to Appeal was heard on January 16, 2025, and was dismissed by the Court of Appeal on the same day, with costs.
- 1.10. On February 7, 2025, the Applicants notified the *Application for a Second Amended and Restated Initial Order* (the “**Application**”), seeking, *inter alia* the (i) issuance of a stay extension up to and until March 19, 2025, (ii) the approval of the ELNA KERP and the ELNA KERP Charge, and (iii) certain sealing provisions relating essentially to confidential information relating to the SISP.

1.11. This Report is intended to provide an update on the file since the issuance of the First Report, as well as the Monitor's recommendations in relation to the relief sought in the Application. This Second Report is comprised of the following sections:

- Section 2: Activities of the Monitor since the First Report;
- Section 3: Restructuring Measures and Updates Regarding the Operations of the Applicants Since the First Report;
- Section 4: Update on the Sale and Investment Solicitation Process;
- Section 5: Communications with Doctors;
- Section 6: Communications with Certain Landlords;
- Section 7: Communications with Santé Québec and CIUSSS Ouest;
- Section 8: Change in Cash Position;
- Section 9: Update on Interim Financing (DIP);
- Section 10: Intercompany Transactions;
- Section 11: Projected Cash-Flow;
- Section 12: Matters Relating to Non-Applicant Entities;
- Section 13: Amram Stay;
- Section 14: Proactive Measures Taken to Avoid Potential Conflicts of Interest in respect of the SISP;
- Section 15: ELNA KERP and ELNA KERP Charge;
- Section 16: Extension Sought; and
- Section 17: Conclusions and Recommendations.

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

2. ACTIVITIES OF THE MONITOR SINCE THE FIRST REPORT

2.1. Since the First Report, the Monitor posted additional documents regarding the CCAA Proceedings on its website at <https://www.raymondchabot.com/en/companies/public-records/groupe-elna/> (the "**Monitor's Website**"). Such documents include notably the following:

- 2.1.1. Application for an ARIO;
- 2.1.2. Pre-Filing Report and First Report;
- 2.1.3. ARIO;
- 2.1.4. Service List, as updated from time to time;
- 2.1.5. Notice to Creditors;
- 2.1.6. Hearing Minutes (*procès-verbal*) for the December 16, 2025 hearing;
- 2.1.7. Creditor list; and

2.1.8. Judgment on the Shiller Leave to Appeal;

- 2.2. Following the compilation of an important quantity of information, the Monitor prepared and issued the notices to creditors, which for administrative and technical reasons could not be sent before December 19, 2024. It was sent on said day by e-mail, fax and regular mail, as the case may be, to the last known contact information on file with the Applicants.
- 2.3. On December 19, 2024, the Monitor filed the statutory Form 2 with the Office of the Superintendent of Bankruptcy Canada.
- 2.4. The Monitor (and its counsel) also complete litigation searches at various dockets and prepared notices of stay of proceedings in connection with ongoing proceedings, which have been or are in the process of being served on the relevant parties and filed in the applicable court records.
- 2.5. The Monitor has continued to supervise receipts and disbursements on a daily basis, including reviewing the lists of payments to be made by the different financial controllers for the various Applicants.
- 2.6. As more fully detailed herein, the Monitor assisted the Applicants in multiple operations and/or restructuring related matters, including *inter alia*: (i) communications with landlords, (ii) communications with creditors/suppliers, (iii) communications with various groups of physicians, (iv) communications with Santé Québec and the CIUSSS de l'Ouest-de-l'Île-de-Montréal (the "**CIUSS Ouest**"), (v) transfer and/or closing of certain unprofitable clinics, (vi) finalization of a cost reduction plan and implementation of said measures identified by Management (as defined below), (vii) drawdowns and collections of DIP financing, (viii) intercompany advances and payments, and (ix) reporting to NBC, as interim lender, in accordance with the Applicants' obligations under the NBC forbearance agreement and the interim financing agreement, including weekly reporting on the finances and operations of the Applicants.
- 2.7. The Monitor also assisted the Applicants' management team, including the CFO ("**Management**") in the preparation and transmission of financial information to the Financial Advisor (as defined thereafter), for the SISP and continued to supervise the conduct of the SISP, in accordance with the SISP Procedures.
- 2.8. The Monitor also participated in twice-weekly calls with management and its counsel, in which ongoing restructuring topics are monitored and discussed, as well as weekly calls with Santé Québec and CIUSSS Ouest.

3. RESTRUCTURING MEASURES AND UPDATES REGARDING THE OPERATIONS OF THE APPLICANTS SINCE THE FIRST REPORT

- 3.1. Management has issued communications and notices to patients, employees and doctors, with the assistance of the Monitor in most cases, in connection with these CCAA proceedings.

- 3.2. Several interviews were also conducted with the media to inform the general public of the situation, in view of alleviating certain concerns as to the general continuation of operations.
- 3.3. Management prepared, with the assistance of the Monitor, a cost reduction plan and implemented the following measures over the last weeks, the whole in consultation with the interim lender:
- 3.3.1. Lay-offs and reduction of working hours: 49 layoffs were carried out and 15 employees were informed that their working hours would be reduced, representing annualized savings of approximately \$4 million.
- 3.3.2. Hiring of an external consultant to perform a review of current lease obligations, in view of identifying any potential leases that should be renegotiated or terminated, as the case may be.
- 3.3.3. Transfer and/or closing of three unprofitable clinics, for which average annual net losses totaled approximately \$600,000 in the aggregate, before any allocation of head office expenses, as well as various asset transfers outside of the usual course of business, the whole in accordance with the ARIO. More precisely:
- 3.3.3.1. Clinique Médicale ELNA Châteauguay inc. (“Elna Châteauguay”) :
- 3.3.3.1.1. The Applicants, with the assistance of the Monitor, negotiated the transfer of the operations of this clinic to the landlord of the premises occupied by Elna Châteauguay. Following negotiations, an agreement was entered on December 31, 2024, which allowed for the transfer of the operations, which maintained the majority of employees (assumed by the landlord as part of the agreement), retained doctors and continued patient services in a seamless and uninterrupted manner;
- 3.3.3.1.2. As part of the agreement, the landlord and purchaser assumed obligations of Elna Châteauguay, including in particular with respect to the retained employees and the lease from and after January 1, 2025, and Elna Châteauguay transferred the title to the movable assets located within the clinic, which had a nominal liquidation value based on an appraisal carried out by an independent firm obtained by the Monitor;
- 3.3.3.1.3. The agreement was made conditional upon the approval of the NBC, which was obtained on January 7, 2025.
- 3.3.3.2. 9248-5994 Québec Inc. (“Pierrefonds”) and GBMC Medical Office Management Inc. (“Statcare”) :
- 3.3.3.2.1. As no interest was expressed by a potential transferee for these clinics or identified by Management, leases for these clinics were disclaimed

under section 32 of the CCAA on December 31, 2024 (with an effective date of January 30, 2025).

3.3.3.2.2. Over the following days, with the doctors' collaboration, Management terminated patient services and operations at these clinics, and doctors previously practicing at both clinics and their patients were all transitioned to other facilities, including the Brunswick facilities located nearby.

3.3.3.2.3. The Applicants and the Monitor kept Santé Québec and the CIUSSS Ouest apprised of this situation during the weekly update meetings with these parties.

3.3.3.2.4. An appraisal of these clinics' movable assets was subsequently carried out by an independent firm. Some of these assets were sold for their liquidation value to other clinics within the group, with the approval of NBC and in consultation therewith.

3.3.3.3. The Monitor has given his consent to these transactions and a further approval from the Court was not necessary as they were substantially below the thresholds provided by subparagraph 53(c) of the ARIO. The Monitor is tracking these transactions which are listed at **Schedule F (under seal)** appended hereto.

3.4. The Applicants, with the assistance of the Monitor, also entered into negotiations with certain landlords in relation to current lease expenses and obligations for certain clinics.

3.5. Furthermore, the Applicants continued to manage the cash flow and its financial situation closely, including managing certain overdraft situations which have been rectified from time to time, with the assistance of the Monitor and in consultation with NBC.

3.6. Management has also been heavily involved in compiling and providing information to be shared with prospective bidders as part of the ongoing SISP, as well as assisting the Financial Advisor and the Monitor in answering various queries relating thereto, in the context of Phase 1 of the SISP.

4. UPDATE ON THE SALE AND INVESTMENT SOLICITATION PROCESS

Launch of the SISP and Steps Leading to the Phase 1 Bid Deadline

4.1. Since the issuance of the SISP Approval Order and the Bidding Procedures, the Monitor and the Financial Advisor launched the SISP, in accordance with said Bidding Procedures. Capitalized terms not otherwise defined in this section have the meaning ascribed to them in the Bidding Procedures.

4.2. The Monitor and the Financial Advisor, in consultation with the Applicants, prepared the solicitation documents following the issuance of the SISP Order, which included a teaser letter

presenting an overview of the Opportunity as well as a reminder of the applicable Bidding Procedures. Prospective Bidders were notably reminded of the Phase 1 Bid Deadline and the requirements of a Phase 1 Qualified Bid.

- 4.3. The list of prospective parties was prepared by the Financial Advisor, in consultation with the Applicants, the Monitor and NBC. It also included targets that were included in previous solicitation processes.
- 4.4. The solicitation letter was sent out to 258 prospective parties. 137 of these parties were part of the initial group that received the solicitation letter on or around December 13, 2024, whereas 121 additional prospective parties were solicited over the following weeks.
- 4.5. Following the receipt of the solicitation materials, a total of 103 parties executed an NDA (including certain parties which had previously signed one as part of the previous solicitation processes and advised the Financial Advisor that they wanted to be considered in the SISP) and were granted access to the VDR. Such parties then received a copy of the corporate presentation, which sets out the Opportunity and the Business in more detail.

Interim Protocol, Related Bidder Notice and Notice to Bidders

- 4.6. With the objective of preserving and safeguarding the integrity of the SISP, certain specific provisions were included at the request of the Monitor at paragraphs 34 to 36 of the Bidding Procedures, in view of the potential participation of a Related Bidder (being one of the Applicants' shareholders, directors or officers, or any person related thereto, that intends to act as a Potential Bidder or forming part of an entity or group that will act as such).
- 4.7. These measures were notably designed to address the fact that Mr. Laurent Amram is the ultimate sole shareholder and director of the Applicants.
- 4.8. These provisions require that a Related Bidder must advise the Monitor and the Financial Advisor in writing, at least ten (10) days prior to the Phase 1 Bid Deadline (i.e. at the latest on January 21, 2025, the "**Related Bidder Notice Deadline**"), if it intends to act as a Potential Bidder, failing which it shall not be permitted to participate in Phase 2, as applicable.
- 4.9. Upon receipt of such Related Bidder Notice, the Related Bidder is no longer entitled to:
 - 4.9.1. receive any information regarding the conduct of the SISP;
 - 4.9.2. exercise any of the Applicants' consultation or consent rights that the Related Bidder would have exercised, and the Monitor can make such decisions on behalf of the Applicants, as it deems appropriate;
- 4.10. Furthermore, the Financial Advisor then becomes the sole contact person of any Potential Bidder and no discussions and/or exchanges regarding the SISP or any bids are authorized between a

Related Bidder and Potential Bidder, save and except if the Monitor is present or party to such discussions.

- 4.11. As a matter of prudence and in light of certain questions raised by Potential Bidders and with the objective of preserving the integrity of the SISP, the Monitor did not wait until receipt of a Related Bidder Notice or the Related Bidder Notice Deadline to implement certain measures.
- 4.12. An interim protocol was put in place to be in effect until the Related Bidder Notice Deadline (appended hereto as **Schedule B** (the “**Interim Protocol**”)), which was prepared and formalized in writing on January 13, 2025, although already informally implemented by the Monitor since early January, with the consent of Mr. Amram. The Interim Protocol notably provided that, until the earlier of the occurrence of (i) the Related Bidder Notice Deadline and (ii) the receipt of a Related Bidder Notice, Mr. Amram:
 - 4.12.1. Acquiesced that paragraph 36 of the Bidding Procedures was immediately applicable, such that the Financial Advisor was the principal contact person of any Potential Bidder and that discussions and/or exchanges regarding the SISP or any bids are not authorized between a Related Bidder and Potential Bidder, save and except if the Monitor is present or party to such discussions;
 - 4.12.2. No decision necessitating the Applicants’ consultation or consent as set out in the Bidding Procedures will be taken by the Applicants in respect of an LOI, a bid or a proposal, or the SISP, generally, prior to the Related Bidder Notice Deadline; and
 - 4.12.3. May continue to receive certain limited information relating to the SISP before the Related Bidder Notice Deadline, but no financial information or conditions relating to potential LOIs to be received before then, as the case may be.
- 4.13. The Interim Protocol was prepared by the Monitor, in consultation with the Applicants and their counsel. NBC was informed of the terms of the Interim Protocol.
- 4.14. On January 20, 2025, a Related Bidder Notice was received from Mr. Amram’s counsel, which had the effect of confirming and triggering the abovementioned provisions of the Bidding Procedures (namely paragraphs 34 to 36).
- 4.15. Upon receipt of the Related Bidder Notice, and in consultation with the Applicants and the interim lender, the Monitor prepared a notice to Potential Bidders (appended hereto as **Schedule C** (the “**Notice to Bidders**”)), which was (i) posted to the VDR on January 22, 2025, and (ii) confirmed the application of paragraphs 34 to 36 of the Bidding Procedures, and the conditions imposed upon the Related Bidder as a result of same.
- 4.16. Following the Related Bidder Notice, the Monitor received the following confirmations:
 - 4.16.1. From the CFO that he was not involved in the offer of Mr. Amram and that he would not be participating in the SISP, whether as a Potential Bidder or within a group, and that, despite this absence of involvement, he agreed to not receive the LOIs or any

information in connection with the LOIs, in order to preserve the integrity of the process and to avoid any perceived conflict of interest; and

- 4.16.2. From the Applicants' counsel that they will not share the LOIs nor any information in connection with the LOIs to anyone, including in particular to Mr. Amram and the CFO, and that any instructions in connection with the conduct of the SISP pertaining to the Applicants would come from the Monitor, in order to preserve the integrity of the process and to avoid any perceived conflict of interest.

Results and Summary of Phase 1 of the SISP

Offers received leading up to the Phase 1 Bid Deadline

- 4.17. In the weeks and days leading up to the Phase 1 Bid Deadline, certain LOIs or expressions of interest were received for various assets comprising the Applicants. Some of these LOIs were open for acceptance on an expedited basis,
- 4.18. Promptly upon receipt, the Monitor shared those LOIs with the Applicants' counsel and with NBC and its counsel, in accordance with the terms of the interim facility and in light of NBC's status as first ranking secured creditor.
- 4.19. In the opinion of the Monitor and upon review of such LOIs, in consultation with its counsel, NBC and its counsel and Applicants' counsel, no such "early offer" was deemed to be advisable or justifying an interruption or modification of the SISP process and timelines.

Offers received on or around the Phase 1 Bid Deadline

- 4.20. As mentioned previously, proactive steps were taken to ensure the preservation of the integrity of the SISP including the competitive nature of this process, with a view to maximizing value. As indicated above, all LOIs shared by the Monitor and Financial Advisor with counsel to the Applicants were shared on the basis outlined above, namely that same would remain confidential for all purposes and for "counsel eyes only", as contemplated in the Interim Protocol and in the Bidding Procedures, as applicable.
- 4.21. Furthermore, although the CFO participated in several meetings and discussions with Potential Bidders, he was not provided with copies of any of the LOIs.
- 4.22. On January 31, 2025, at 5:00 p.m. (Montréal time), the Phase 1 Bid Deadline occurred, as contemplated by the Bidding Procedures.
- 4.23. As at the Phase 1 Bid Deadline, the Financial Advisor received LOIs from 45 parties. While certain offers only contemplate the acquisition of a single asset or business unit, several offers contemplate a global transaction providing for the continuation of the Applicants as a whole.

- 4.24. In the following days, the Financial Advisor and the Monitor reviewed the LOIs, in view of completing an analysis to identify potential Phase 2 Qualified Bidders, in consultation with the Applicants' counsel, BNC and its counsel.
- 4.25. As certain LOIs contained confidentiality clauses which did not clearly permit the sharing of same with NBC, as interim lender and secured creditor and given the terms of the interim facility, the Financial Advisor sought and obtained such authorization from the parties having sent all such LOIs, between February 1 and 3, 2025.
- 4.26. All LOIs were consequently shared with Applicants' counsel, NBC and its counsel. Meetings were also held during the week of February 3, 2025, between Applicants' counsel, the Monitor and its counsel, the Financial Advisor, NBC and its counsel, in order to review and assess the LOIs and determine which bidders would be deemed to be Phase 2 Qualified Bidders for the purposes of moving on to Phase 2 of the SISP.
- 4.27. A summary of Phase 1 is provided below, for convenience:
- 4.27.1. Solicitation packages were sent to 258 prospective parties. 137 of these parties were part of the initial group that received the solicitation letter on or around December 13, 2024, whereas 121 additional prospective parties were solicited over the following weeks;
 - 4.27.2. 103 parties executed NDAs; and
 - 4.27.3. By 5:00 p.m., on January 31, 2025 (the Phase 1 deadline for bids), the Financial Advisor received LOIs from 45 parties (a few of these parties having submitted multiple LOIs).
- 4.28. On February 7, 2025, the Financial Advisor advised several parties that they were each deemed to be Phase 2 Qualified Bidders and provided them with a process letter reminding them of the applicable Bidding Procedures as they relate to Phase 2 and advising that all Binding Offers to be submitted must include an authorization that they be shared confidentially with NBC and its counsel, in order to avoid any further delays. All such parties were also granted access to the Phase 2 VDR.
- 4.29. On February 7, 2025, the Financial Advisor also sent a letter to each party who was not retained to participate in Phase 2 of the SISP to advise that they had not been selected to participate in Phase 2 of the SISP.
- 4.30. The LOIs of the Phase 2 Qualified Bidders, including the one from Laurent Amram and from other financial or strategic bidders, contemplate through one or more transactions (as the case may be) the continuation of the business of all of the Applicants, the whole in the interest of all stakeholders, including namely the employees, the doctors and the patients being served by the Applicants in all of the regions and provinces where the Applicants operate.

4.31. As indicated in the Application, the remaining steps of the SISP, as per the SISP Order and Bidding Procedures are as follows:

STEPS	DATE
Due Date for Phase 2 Bids	March 7, 2025
Auction(s) (if needed)	Weeks of March 10, 2025, and March 17, 2025
Selection of final Successful Bid(s)	No later than March 21, 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

4.32. The requested extension as sought by the Application is necessary in order to continue the SISP, in view of concluding one or more transaction(s) in the interest of the stakeholders.

5. COMMUNICATIONS WITH DOCTORS

Medicentres

- 5.1. In the First Report, the Monitor provided certain information in relation to the MRP and to Medicentres' doctors, which are located primarily in Alberta and in Ontario.
- 5.2. Since the First Report, the Applicants and the Monitor continued to have regular exchanges and discussions with these physicians, in order notably to alleviate certain concerns relating to (i) the MRP approved by the Court as part of the Initial Order and ARIO, and (ii) assurances in respect to payments to be made to the Medicentres doctors.
- 5.3. Furthermore, these efforts are also aimed at fostering maximum retention of these physicians, in view of preserving value while the SISP is ongoing.

MRP

- 5.4. In regards to the MRP, a formal communication was prepared and sent on December 13, 2024, along with an appendix setting out the terms and admissibility conditions of this retention program (the "**MRP Conditions**", enclosed herewith as **Schedule D**).

- 5.5. In particular, the MRP Conditions provide that eligibility is subject to continued service by the doctor, in conformity with past practice, arrangements and agreements, except in exceptional circumstances, as approved by the Monitor, such as retirement or long-term disability.
- 5.6. The Monitor approved an exceptional status for one (1) physician who has now retired. The Monitor also had exchanges with one (1) physician who had requested early payment of the MRP and who had indicated its intention to leave Medicentres. This request was denied.

Billing practices

- 5.7. Since the First Report, Medicentres and the Monitor have been involved in several discussions with various groups of Medicentres doctors in respect to past and future billing practices.
- 5.8. Indeed, and despite assurances provided by Medicentres and the Monitor that the intention was to continue with past billing practices in the normal course, certain accommodations have been made in order to provide further comfort to the doctors. The Monitor has reviewed these changes in order to ensure minimal impact in terms of cashflow, in consultation with NBC and its counsel.
- 5.9. At the time of the Second Report, there are no significant issues to report in terms of current billing practices with Medicentres physicians.

Elna Clinics

- 5.10. The Applicants and the Monitor have had certain discussions with physicians practicing in Elna clinics, notably to answer questions relating to the SISP and the impact on ongoing operations.
- 5.11. Information was provided as necessary to alleviate certain concerns, in view of fostering retention and minimizing impact on the value of these assets.

6. COMMUNICATIONS WITH CERTAIN LANDLORDS

- 6.1. Since the First Report, the Applicants, with the assistance of the Monitor, have held various discussions with landlords in respect of certain lease obligations, as well as questions arising from the SISP. A few salient items are presented below:
- 6.1.1. Clinique Métro-Medic Centre-Ville Inc. (« **Metro-Medic** »);
- 6.1.1.1. On December 12, 2024, Metro-Medic received a termination notice from landlord Canderel, in respect of the premises located at 2020 Robert-Bourassa Boulevard, in Montreal. Following receipt of this notice, the Applicants and the Monitor contacted the landlord's counsel, (who confirmed that the landlord was not aware of the issuance of the Initial Order when the notice was sent), to advise of the provisions of the Initial Order preventing termination and to

attempt to come to an agreement for the ongoing temporary occupation of the premises.

6.1.1.2. An agreement in principle was reached over the past weeks, and a draft lease agreement is in preparation by counsel to the landlord.

6.1.2. Medicentres Canada Inc. – Clinic located at 17730 Leslie Street, Newmarket, ON:

6.1.2.1. A communication was received from counsel to the landlord, in respect of certain non-monetary documentary obligations under the lease. The Monitor is in contact with this party, and with Medicentres, in order to coordinate compliance with these requests.

6.1.3. Elna Rockland Inc. (Centre Rockland):

6.1.3.1. Prior to the Initial Order, the landlord had already repossessed the premises, as rent had not been paid for a period of over 14 months. These premises were under construction prior to the filing, which construction had been halted given insufficient funds. The premises, as well as its contents comprised mainly of construction materials, were abandoned to the landlord Cominar, in consultation with NBC, given that an appraisal confirmed the absence of value relating to same.

6.1.4. Société en commandite centre commercial Carré Décarie Inc.:

6.1.4.1. The Monitor is in communication with this landlord for several matters relating to such leases, and in particular in relation to a specific space for which the lease would have expired. There are ongoing discussions regarding an interim agreement.

7. COMMUNICATIONS WITH SANTÉ QUÉBEC AND CIUSSS OUEST

7.1. From the onset of the file, the Applicants and the Monitor have been in contact with representatives of the Quebec health authorities, namely Santé Québec and CIUSSS Ouest, as well as their counsel, in view of providing information and updates as to the status of Quebec clinics and particularly those clinics that may need to be transferred or closed.

7.2. These proactive and positive measures are implemented in order to avoid unnecessary consequences for patients and the public, and to assist with the relocation of patients as well as physicians within the network, as may be necessary and insofar as possible.

7.3. Many communications and answers to information requests have been regularly provided, including notably in respect of the:

7.3.1. Status of the Québec clinics, and a general overview of their finances;

7.3.2. Transition plans for clinics contemplated to be transferred or closed; and

ELNA MEDICAL GROUP INC. ET AL.

Second Report of the Monitor

7.3.3. Contingency plan in the event that there is no viable alternative or transaction available for one or more clinics.

7.4. Furthermore, weekly calls have been held since January 8, 2025, between Santé Québec, the CIUSSS Ouest and their legal counsel, the Monitor and its legal counsel, Management and legal counsel to the Applicants.

8. CHANGE IN CASH POSITION

8.1. Since the First Report, the Monitor continued to supervise the business, operations and financial situation of the Applicants on a daily basis, and obtained all the necessary collaboration from the Applicants, Management and the CFO.

8.2. Furthermore, the financial situation and change in cash position is reviewed and communicated weekly to the interim lender and its counsel, as part of the reporting obligations under the interim facility.

8.3. The Monitor's analysis essentially consists of enquiries, analytical procedures and discussions related to information supplied by Management. This work does not constitute an audit or review of the financial statements in accordance with generally accepted auditing standards established by CPA Canada or by the American Institute of Certified Public Accountants (AICPA). No audit work has been carried out by the Monitor and, consequently, it does not express an opinion on these financial statements or hypotheses.

8.4. Below is a comparison of actual and projected changes in cash position for the eight-week period ended January 31, 2025.

(In thousands of \$)	As at January 31, 2025 (8 weeks)		
	Actual	Budget	Variances
Receipts			
Opening AR and Subsequent sales	15,697	15,315	382
Evaluemedic - Dividends	37	120	(83)
DIP Drawdown	3,800	3,150	650
M-Health - Line of credit Drawdown / (Reimbursement)	20	380	(360)
Transfer from non consolidated accounts	4	-	4
	19,558	18,965	593
Disbursements			
Subsequent purchases			
Laboratory direct costs, medical supplies, office furnitures and other expenses	2,356	3,691	1,335
Physicians - Centres and m-Health	5,924	5,904	(19)
Salary and social benefits	4,926	5,159	234
Rent	1,435	1,792	357
Restructuring professional fees (pre-filing and post-filing) and M&A fees	1,843	2,578	735
Contingency reserve	399	207	(191)
NBC - M-Health loan - Interests	132	149	17
Obligation under capital leases	32	56	25
Bank fees and interest on DIP facility	184	143	(41)
Sales taxes	-	88	88
	17,230	19,768	2,538
(Decrease) / Increase in cash	2,328	(803)	3,131
Cash - Opening balance	858	858	(0)
Cash - Ending balance	3,186	55	3,131

- 8.5. As at January 31, 2025, cash totaled \$3.2 million, \$3.1million more than forecasted due to timing differences totaling \$2.1 million and permanent differences totaling \$1 million. The main variances can be summarized as follows:

Receipts

- 8.5.1. Opening AR and Subsequent sales: \$382,000 (2%) higher than forecasted, mainly driven by higher than forecasted services rendered during the holiday period.
- 8.5.2. DIP Drawdown: \$650,000 higher than forecasted, mostly due to the timing of the last drawdown of \$1 million by NBC, which was required and expected on February 4, 2025, but was received on January 31, 2025 (additional information regarding the interim financing is presented in section 9 of this Second Report)

Disbursements

- 8.5.3. Laboratory direct costs, medical supplies, office furniture and other expenses: \$1.3 million lower than forecasted, mostly due to lower expenses incurred over the holiday break and the impact of the cost reduction plan put in place by Management since then, in consultation with the Monitor and, and from time to time, NBC. Pre-filing payments to suppliers deemed critical included in these disbursements, as per section 23 (d) of the ARIO totaled \$290,000 as at January 31, 2025.
- 8.5.4. Rent: \$357,000 lower than forecasted mainly due to the fact that some of December rents were paid prior to the CCAA filing, but were not identified and excluded from the cash flow projection, and the fact that the cash flow included a general reserve for certain temporary locations for which the status was uncertain, and ultimately which have not been required to be paid over the last weeks.
- 8.5.5. Restructuring professional fees (pre-filing and post-filing) and M&A fees: \$735,000 lower than forecasted due to timing differences. Accruals, including invoices and work in progress balance of all professionals, totaled \$1 million as at January 31, 2025, part of which was paid during the week ended February 7, 2025.
- 8.5.6. Sales taxes: \$88,000 lower than forecasted as Management was not able to file its assessment for the period between December 11, 2024, and December 31, 2024, on January 31, 2025.

9. UPDATE ON INTERIM FINANCING (DIP)

- 9.1. In accordance with the ARIO, the Court authorized interim financing in an amount not exceeding \$5 million.
- 9.2. Since the issuance of the Initial Order and as at the date of this Second Report, four (4) drawdown request certificates totaling \$3.8 million were issued by the Applicants. The requested amounts were disbursed by the interim lender, on December 13, 24 and 30, 2024 and January 31, 2025.

- 9.3. Information pertaining to additional required interim financing funding is presented in the updated cash-flow forecast.
- 9.4. It is expected that the Applicants will need to draw the remaining amount of \$1.2 million during the proposed extension of the Stay Period.

10. INTERCOMPANY TRANSACTIONS

- 10.1. The ARIO 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.
- 10.2. Furthermore, (i) the Applicants shall notify the interim lender three (3) days in advance 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 rights being reserved in respect of potential contestations, in accordance with the ARIO, and further to future orders of the Court.
- 10.3. Since the issuance of the ARIO, the Monitor continued to monitor Intercompany Transactions and held several discussions with Management in order to ensure that the abovementioned mechanism was complied with.
- 10.4. There were limited instances where Intercompany Transactions occurred, albeit in the normal course of business, without complying with the said process. Upon the Monitor being made aware of same, measures were taken to address and correct these limited instances, and were reported to NBC, as were other Intercompany Transactions forming part of the weekly reporting to NBC.
- 10.5. In order to ensure that all employees and financial controllers have the clarity needed to process the Intercompany Transactions in accordance with the provisions of the ARIO, the Monitor prepared a clear and concise protocol to be communicated to such employees.
- 10.6. A summary of Intercompany Transactions is presented at **Schedule E**.

11. PROJECTED CASH FLOW

- 11.1. Management, with the assistance of the Monitor, prepared a projected cash flow statement, which is summarized in the table presented below.

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(in thousands of \$)	Week 1 2/7/2025	Week 2 2/14/2025	Week 3 2/21/2025	Week 4 2/28/2025	Week 5 3/7/2025	Week 6 3/14/2025	Week 7 3/21/2025	Total
Receipts								
Opening AR and Subsequent sales	1,339	3,961	1,572	1,278	1,422	2,993	1,688	14,252
Evaluemedic - Dividends	-	-	60	-	-	-	60	120
DIP Drawdown	-	-	-	600	600	-	-	1,200
M-Health - Line of credit Drawdown	280	(280)	-	-	-	-	-	-
Sales taxes	-	-	-	130	-	-	-	130
	1,619	3,681	1,632	2,008	2,022	2,993	1,748	15,703
Disbursements								
Purchases								
Direct costs - Laboratory	84	84	84	84	84	84	84	588
Physicians (Medicentres)	828	841	1,122	525	605	1,016	746	5,682
Salary and social benefits	534	830	362	800	447	781	362	4,116
Professional fees	16	16	16	16	16	16	16	114
Rent	730	29	-	245	670	29	16	1,719
Office furnitures	65	55	55	55	55	55	55	396
Medical supplies	87	94	47	47	100	52	72	499
Others	289	232	196	214	187	290	306	1,714
Restructuring and M&A professional fees (post-filing)	1,242	219	219	219	219	214	219	2,552
Contingency reserve	(200)	26	26	26	26	-	-	(96)
NBC - M-Health loan - Interests	-	-	-	88	-	-	-	88
Obligation under capital leases	36	1	1	2	36	1	1	76
Interest and bank fees (including DIP)	51	75	20	101	0	0	20	270
Sales taxes	42	-	41	114	-	-	-	197
	3,804	2,489	2,189	2,537	2,446	2,537	1,897	17,900
Decrease (Increase) in cash / bank advances	(2,185)	1,192	(557)	(529)	(425)	456	(149)	(2,197)
Cash (Bank advances) - Opening balance	3,186	1,001	2,192	1,636	1,107	682	1,138	3,186
Cash - Ending balance	1,001	2,192	1,636	1,107	682	1,138	989	989

11.2. These projections have been prepared based on assumptions which reflect the approach expected to be taken by Management, given the financial and economic conditions and hypotheses which, in the opinion of Management are reasonable and expected.

11.3. The projected cash flow is also based on recent average weekly receipts and disbursements and reflects no additional restructuring measures.

11.4. The 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. 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.

11.5. Considering the above, additional use of the DIP facility for the period ending March 21, 2025, would total \$1.2 million. As at that date, the authorized DIP facility of \$5 million would be fully drawn and the company would have a remaining amount of approximately \$1 million in cash balance.

12. MATTERS RELATING TO NON-APPLICANT ENTITIES

12.1. Transition Service Agreements with EMG:

12.1.1. Given that Elna Medical Group Inc. ("**EMG**"), an Applicant entity, renders services to certain related non-Applicant entities, such as Groupe Santé Brunswick Inc., Groupe Santé Physimed Inc. and La Cité Médicale Inc., the Applicants have drafted transition

services agreements (each, a “**TSA**”) in respect of said entities, to govern the provision of certain accounting, financial, IT, and human resources services to these clients;

12.1.2. The Monitor was consulted by the Applicants in this respect and is satisfied with the proposed terms and conditions. These draft agreements and negotiations also formed part of the weekly reporting to NBC.

12.1.3. Except for the Groupe Santé Brunswick Inc. whose TSA which has been executed, the two other TSAs are under review by the non-Applicant entities and remain in negotiation.

12.2. Gestion Elna Pierrefonds Inc.:

12.2.1. This non-Applicant entity no longer has any significant operations.

12.2.2. However, it owns an immovable property which is secured in favor of Banque Laurentienne du Canada and certain subordinate creditors (the “**Pierrefonds Immovable**”), some of which having announced and/or begun enforcement measures.

12.2.3. An appraisal was completed in respect of the Pierrefonds Immovable in 2018, which according to the values indicated, would not yield any equity in favor of the Applicants, considering the level of liabilities.

12.2.4. The Applicants, in consultation with the Monitor, contacted the appraiser in order to determine if an update of the 2018 appraisal could be prepared, in short order to confirm potential values, which will influence next steps in respect to the Pierrefonds Immovable. At this time, an update is expected in the week of February 10, 2025, and the Monitor will report further in due time.

12.3. Clinique Saint-Mathieu-de-Beloeil Inc.:

12.3.1. This non-Applicant is continuing its activities and the Monitor is informed periodically of any financial and operational issues in connection with same.

12.4. La Cité Médicale Inc. receivership proceedings and separate SISP:

12.4.1. On December 23, 2024, an order appointing Richter Inc. as receiver to the assets of this non-Applicant was granted, at the request of Fiera, in Court file number 500-11-065082-246. On January 23, 2025, a SISP order was also granted.

12.5. Shares held by 9508503 Canada Inc. in 9491-7812 Québec Inc.:

12.5.1. On December 22, 2024, an agreement was entered into between 9508503 Canada Inc., an applicant entity and Laurent Amram, as vendors, and 143956 Canada Inc. and 14479149 Canada Inc., as purchasers, pursuant to which the shares held by 9508503 Canada Inc. in 9491-7812 Québec Inc., a non-applicant entity which operated the Physimed Clinic), were sold to the purchasers, which are third parties to the Applicants.

12.5.2. Given notably the absence of equity or value that could be obtained from these shares, and the fact that they were pledged in favor of another creditor (Fiera), the interim lender consented to this transaction on December 23, 2024.

13. AMRAM STAY

13.1. The Monitor is advised that the Applicants and/or Mr. Amram will not be seeking the extension of the Amram Stay beyond February 12, 2025, as indicated in the Application.

14. PROACTIVE MEASURES TAKEN TO AVOID POTENTIAL CONFLICTS OF INTEREST IN RESPECT OF THE SISP

14.1. As indicated above, 258 solicitation packages were sent and 103 NDAs were executed by parties who became Phase 1 Bidders (strategic or financial) as part of the conduct of the SISP. In this context, the Monitor was advised that professionals at McCarthy Tétrault LLP (“**McCarthy**”) and could be contacted to act as advisors for Potential Bidders.

14.2. The Monitor insisted upon implementing proactive measures in order to avoid any potential conflicts of interest or perceived conflicts of interest and preserve the integrity of the SISP.

14.3. These measures are the following:

14.3.1. One or more separate McCarthy team(s) may advise Bidder(s) under the SISP, with applicable confidentiality measures and subject to the conditions of the paragraph below.

14.3.2. The Bidder(s) concerned must be informed and accept that the McCarthy team advising it in the context of the SISP (i) cannot have communications with the Applicants, the Monitor, the Financial Advisor or their representatives, (ii) cannot participate in negotiations or discussions with them, (iii) cannot represent the Bidder in Court, and (iv) McCarthy will continue its representation of the Monitor in the proceedings under the CCAA, regardless of the circumstances and developments.

14.3.3. The Applicants, the Monitor, the Financial Advisor or their representatives in the context of the CCAA proceedings cannot be informed of any such mandate(s) for a Bidder, if any, nor even of the identity of the Bidder(s). A McCarthy lawyer in charge of conflict measures has implemented these measures, including confidentiality screens, and monitors them.

14.3.4. In this context, and for clarity, no notice that a separate McCarthy team acts for a Bidder can be sent, since the Applicants, the Monitor and the Financial Advisor cannot be informed of any such mandate, as the case may be.

15. ELNA KERP AND ELNA KERP CHARGE

- 15.1. As part of the Application, the Applicants are seeking the approval of a key employee retention program as it relates to a limited number of Quebec employees (the “**ELNA KERP**”), namely seven (7) individuals with management and financial functions. For clarity, Mr. Amram is not a proposed beneficiary of the ELNA KERP.
- 15.2. The Monitor has been consulted in relation to the ELNA KERP and believes that the retention of these employees is justified and required in order to ensure minimal disruption of activities in this critical phase of the SISP, and to avoid further erosion of the Applicants’ workforce.
- 15.3. Several of the employees are important to the conduct of the SISP, which is to be implemented according to a very tight timeline, with several different parties. Further departures would impair the efficient conduct of the SISP, as their involvement is critical to supplying information and answering various due diligence questions and requests.
- 15.4. The ELNA KERP payments are expected to be made to each participant in a single lump-sum payment payable in priority following the closing of a single, or multiple, transaction(s) for substantially all of the Applicants’ assets, property and undertakings, subject to general conditions to be met by the participants, including with respect to remaining employed and maintaining satisfactory compliance with employment conditions.
- 15.5. The ELNA KERP Charge, which will rank immediately after the DIP Charge on all assets and property of the Applicants, in the amount of \$250,000, is also justified and appropriate in order to provide sufficient security to participants, and is in line with what is generally implemented in similar circumstances.
- 15.6. The Monitor has reviewed the proposed ELNA KERP, and is supportive of same, as well as of the ELNA KERP Charge.

16. EXTENSION SOUGHT

- 16.1. Considering the launch of Phase 2 of the SISP Process in light of the results of Phase 1 of the SISP, and that further restructuring measures need to be put in place, an extension of the Stay Period up to and including March 19, 2025 is required, in order to:
- 16.1.1. Continue Phase 2 of the SISP, with a view to obtaining binding offers by the Phase 2 Bid Deadline;
 - 16.1.2. Implementing any and all restructuring measures to preserve value;
 - 16.1.3. Close or transfer unprofitable clinics, as may be required; and
 - 16.1.4. Identify and sell surplus assets, notably relating to clinics that may be closed.
- 16.2. The Monitor is supportive of such relief, which is in the best interest of the stakeholders.

17. CONCLUSIONS AND RECOMMENDATIONS

- 17.1. Based on the information presented previously in this report as well as the work performed to date, the Monitor has no reason to question the Applicants' diligence, good faith and proper intentions in pursuing the current restructuring proceedings.
- 17.2. Considering the above, the Monitor recommends that the Court grant the requested extension to the Stay Period up to and including March 19, 2025, as well as the ELNA KERP and ELNA KERP Charge.
- 17.3. Subject to continued access to the DIP Financing, the Applicants are expected to have sufficient funds for the duration of the proposed Stay Period.

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.
- M-Health Solutions Inc.
- 1000224328 Ontario Inc.
- CDL Laboratories Inc.
- 11247603 Canada Inc.
- 7159099 Canada Inc.
- CDL Cardiology Inc.
- ELNA Acquisitions Inc.
- Medicentres Canada Inc.
- 9472-1024 Québec inc.
- Gestion Privamed Inc.

- **SCHEDULE B – INTERIM PROTOCOL**

**SUPERIOR COURT / COUR SUPÉRIEURE
(COMMERCIAL DIVISION / CHAMBRE COMMERCIALE)**

Canada
Province of/de Québec
District of/de Montréal
No : 500-11-065011-245

IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF:

ELNA MEDICAL GROUP INC. / GROUPE MÉDICAL ELNA INC.

-and-

9508503 CANADA INC.

-and-

THE OTHER APPLICANTS LISTED IN SCHEDULE A

Applicants / Requéranes

-and-

LAURENT AMRAM

Impleaded Party / Mis en cause

-and-

RAYMOND CHABOT INC.

Monitor / Contrôleur

**INTERIM PROTOCOL – SISP
Dated January 13, 2025**

WHEREAS on December 11, 2024, the Superior Court of Québec (Commercial Division) sitting in and for the District of Montréal (the “**Court**”) issued an initial order under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) in respect of ELNA Medical Group Inc. and certain affiliates (the “**Applicants**”) and, namely, appointed Raymond Chabot Inc. as Court-appointed monitor (the “**Monitor**”) (as amended and restated on December 17, 2024 and as may be amended or restated from time to time, the “**Initial Order**”).

WHEREAS on December 11, 2024, the Court also issued a SISP Approval Order, along with the bidding procedures at Schedule B of said order (the “**Bidding Procedures**”), which set out the applicable rules in respect of the sale and investment solicitation process (the “**SISP**”).

WHEREAS pursuant to the Bidding Procedures, the SISP is conducted by the Applicants, under the oversight of the Monitor and with the assistance of Raymond Chabot Grant Thornton & Co. LLP (the “**Financial Advisor**”).

WHEREAS, in accordance with the Bidding Procedures, the “**Phase 1 Bid Deadline**” is January 31, 2025, at 5 p.m. (prevailing Eastern Time).

WHEREAS the Bidding Procedures includes certain provisions (at paragraphs 34 to 36) governing the participation of any Applicants’ shareholders, directors and officers, or any person related thereto that intends to act as a potential bidder or forming part of an entity or group that will act as such (a “**Related Bidder**”), including potentially Mr. Laurent Amram (“**LA**”), the sole director and officer of the Applicants (excluding Mr. Patrick Ifergan who acts as CFO pursuant to the Initial Order).

WHEREAS paragraph 34 of the Bidding Procedures provides that notice (a “**Related Bidder Notice**”) must be provided by a Related Bidder to the Monitor and to the Financial Advisor, no later than ten (10) days before the Phase 1 Bid Deadline, being January 21, 2025, at 5 p.m. (prevailing Eastern Time) (the “**Notice Deadline**”).

WHEREAS the Monitor and the Financial Advisor understand that LA may potentially act as a Related Bidder in the context of the SISP and is accordingly exploring all available options at this time, but that these initiatives are still at the exploratory state, such that LA is not in a position to send a Related Bidder Notice at this time.

WHEREAS in light of the aforementioned initiatives, the Monitor, the Financial Advisor and LA, have agreed upon certain measures relating to the involvement of LA, as representative of the Applicants in the SISP, up to the earlier of the receipt of a Related Bidder Notice or the Notice Deadline.

IN LIGHT OF THE FOREGOING, IT IS AGREED THAT:

1. Any capitalized not otherwise defined herein have the meaning ascribed to them in the Bidding Procedures.
2. Until the earlier of the receipt of a Related Bidder Notice or the Notice Deadline, the Financial Advisor shall be the principal contact person of any Potential Bidder, and no discussions and/or exchanges regarding the SISP Procedures or any bids made pursuant to the SISP Procedures are authorized between LA and a Potential Bidder (except if said Potential Bidder is a group or entity acting as a Potential Bidder that includes LA), save and except unless a representative of the Monitor and/or the Financial Advisor is present or party to such discussions and/or exchanges. For greater certainty, this provision does not affect the Financial Advisor or the Monitor’s right to request information from LA regarding the Applicants or the Business as required by any Potential Bidder, in which case said information will be provided to all Potential Bidders.
3. The Monitor and the Financial Advisor understand that there should be no decision requiring the Applicants’ consultation or consent as set out in these SISP Procedures in respect of an LOI, a bid or a proposal, or the SISP, generally, prior to the receipt of a Related Bidder Notice or the Notice Deadline, such that the second sentence of paragraph 35 of the Bidding Procedures should be moot. However, should such consent or approval be required prior to the earlier of the receipt of a Related Bidder Notice or the Notice Deadline, which is not expected, the Monitor will consider, at its discretion, whether it is appropriate to include LA in any such related discussions, exchanges or disclosures of information.

4. The Monitor and the Financial Advisor understand that LA shall continue to receive information relating to the SISF prior to the date of a Related Bidder Notice from LA or the Notice Deadline. To the extent that any financial information (including valuations, purchase price or consideration) is provided by any Potential Bidder, same will not be shared with LA before the Notice Deadline.
5. The present Interim Protocol shall remain in force and effective until the occurrence of the receipt of a Related Bidder Notice from LA or the Notice Deadline.

- **SCHEDULE C – NOTICE TO BIDDERS**

**SUPERIOR COURT / COUR SUPÉRIEURE
(COMMERCIAL DIVISION / CHAMBRE COMMERCIALE)**

Canada
Province of/de Québec
District of/de Montréal
No : 500-11-065011-245

IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF:

ELNA MEDICAL GROUP INC. / GROUPE MÉDICAL ELNA INC.

9508503 CANADA INC.

THE OTHER APPLICANTS LISTED IN SCHEDULE A HERETO

Applicants / Requérantes

-and-

LAURENT AMRAM

Impleaded Party / Mis en cause

-and-

RAYMOND CHABOT INC.

Monitor / Contrôleur

NOTICE OF THE MONITOR RAYMOND CHABOT INC. TO POTENTIAL BIDDERS – SISP
Dated January 22, 2025

On December 11, 2024, the Superior Court of Québec (Commercial Division) issued an initial order pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**") with respect to Elna Medical Group Inc. / Groupe Médical Elna Inc. ("**ELNA**") as well as the other applicants listed in Appendix A hereof (collectively with ELNA, the "**Applicants**"). Such initial order namely appointed Raymond Chabot Inc. as court-appointed monitor (the "**Monitor**"). The initial order was amended and restated on December 17, 2024.

Reference is made to the SISP Approval Order dated December 11, 2024, including Schedule B of said order (the "**Bidding Procedures**"), as part of the CCAA proceedings. Any capitalized terms not otherwise defined herein have the meaning ascribed to them in the Bidding Procedures.

The Monitor hereby advises the Potential Bidders that on January 20, 2025, the Monitor and the Financial Advisor received a notice from Mr. Laurent Amram indicating that he intends to form part of an entity or group that will act as a Potential Bidder in the SISP (the "**Related Bidder Notice**") and that he is therefore a Related Bidder under the SISP, in accordance with paragraph 34 of the Bidding Procedures.

As a result of the Related Bidder Notice, and in accordance with the SISP Approval Order, more specifically paragraphs 35 and 36 of the Bidding Procedures, be advised that:

- a) the Related Bidder is no longer entitled to receive any information regarding the conduct of the SISP (including without limitation any information regarding any Phase 1 Bids and the Phase 2 Bids submitted in the SISP);
- b) the Related Bidder is not entitled to exercise any of the Applicants' consultation or consent rights set out in the Bidding Procedures;
- c) the Monitor, in consultation with the Applicants (excluding for greater certainty the Related Bidder), is authorized to take any action it deems appropriate, including to make any decision pursuant to these Bidding Procedures that would otherwise be made by, or with the consultation or consent of the Related Bidder, on behalf of the Applicants; and
- d) the Financial Advisor shall be the principal contact person of any Potential Bidder, and no discussions and/or exchanges regarding the Bidding Procedures or any bids made pursuant to the Bidding Procedures are authorized between a Related Bidder and a Potential Bidder, save and except unless a representative of the Monitor is present or party to such discussions and/or exchanges, or the Monitor otherwise expressly consents in writing thereto on the basis that the group or entity acting as a Potential Bidder that includes the Related Bidder. For greater certainty, this provision does not affect the Financial Advisor or the Monitor's right to request information from the Related Bidder regarding the Applicants or the Business as required by any Potential Bidder, in which case said information will be provided to all Potential Bidders.

You may contact the Monitor or the Financial Advisor directly for any question relating to the present notice:

Mr. Saki Tzanidis, Partner
tzanidis.saki@rcgt.com / 1-514-393-4833

Mr. Simon Marcotte Légaré, MBA, Partner
marcottelegare.simon@rcgt.com / 1-514-954-4667

Mr. Benoit Fontaine, Partner
Fontaine.benoit@rcgt.com / 514-390-4195

SCHEDULE A – LIST OF APPLICANT ENTITIES

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- 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 Décarie Square Inc.
- ELNA Mental Health Inc.
- ELNA Technologies Inc.
- Montreal Perfusion Center Inc.

- Gestion ELNA 1 Inc.
- Clinique Privamed Inc.
- M-Health Solutions Inc.
- 1000224328 Ontario Inc.
- CDL Laboratories Inc.
- 11247603 Canada Inc.
- 7159099 Canada Inc.
- CDL Cardiology Inc.
- ELNA Acquisitions Inc.
- Medicentres Canada Inc.
- 9472-1024 Québec Inc.
- Gestion Privamed Inc.

- **SCHEDULE D – MRP CONDITIONS**

**TERMS AND CONDITIONS OF THE
MEDICENTRES DOCTOR RETENTION PROGRAM (“MRP”)**

The general terms of the MRP provided to doctors rendering services for Medicentres Canada Inc. (“**Medicentres**”), in view of securing their ongoing support and continued engagement during the restructuring proceedings under the *Companies’ Creditors Arrangement Act*, which have been approved by the Superior Court of Québec on December 11, 2024, are as follows:

1. For all amounts to be received by Medicentres from the governmental authorities relating to services rendered in the period prior to December 11, 2024 (which amounts are estimated at approximately \$2.0M in the aggregate), Medicentres will distribute same to the doctors, calculated in accordance with the terms of their respective agreements with Medicentres, forthwith upon collection of same from the governmental authorities;
2. For all services rendered from and after December 11, 2024 inclusively, Medicentres will pay the amounts owing to the doctors, calculated in accordance with the terms of their respective agreements with Medicentres, on a weekly basis, forthwith upon collection of the related accounts receivable;
3. Subject to the terms of point 1 above, in order to secure the payment of certain amounts owed to doctors for services rendered in the periods prior to December 11, 2024 and for which funds were received prior to December 11, 2024, notably for services rendered in Alberta during the month of November 2024 (estimated at approximately \$1.6M in the aggregate) as well as any and all unpaid amounts payable after December 11, 2024, as the case may be, Medicentres has obtained, in favour of the Medicentres doctors, a priority charge on all of Medicentres’ present and future assets, property and undertakings, up to an amount of \$3.0M;
4. Pursuant to the MRP, the Medicentres’ doctors will receive, in priority, payment of the amounts outstanding for services rendered (including the amounts outstanding for the month of November 2024) following either: (i) the closing of one or more transaction(s) for substantially all of Medicentres’ assets, property and undertakings, or (ii) the implementation of a plan of arrangement or compromise in respect of Medicentres.
5. Eligibility under the MRP is subject to the continued service by the doctor, in conformity with past practice, agreements and arrangements, except in the event of exceptional circumstances to be approved by the court-appointed monitor Raymond Chabot Inc., including for instance in the event of retirement or long-term disability.

SCHEDULE E – INTERCOMPANY TRANSACTIONS

Schedule E - Intercountry transactions

(in thousands of \$) - Note 1	EMG	GE1	CDL	Unimed	Décarie	Perf.	CDL Cardio	Medi-centres	TT DDO	TT Dec.	Châteauguay	Méto-Medic	Pierrefonds	Créa-Med	Statcare	Omni-Med	Clin. A	Décarie Plus	Privamed	Gest. Priv.	Total
Goods and services - Note 2																					
Week ended December 20, 2024	-	-	-	-	(100)	-	-	-	-	100	-	-	-	-	-	-	-	-	-	-	-
Week ended December 27, 2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(26)	26
G2692000002338	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G2692000002342	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-	-	-	-	-	(3)	-
Week ended January 3, 2025	-	-	-	-	-	-	-	-	-	-	-	-	-	(3)	-	-	-	-	-	3	-
G2692000002349	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI0800000227	-	3	-	(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Week ended January 10, 2025	-	-	-	-	-	-	-	-	(55)	55	-	-	-	-	-	-	-	-	-	-	-
G2692000002384	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI08000003574	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(38)	38
Week ended January 17, 2025	-	-	-	-	-	-	-	-	7	-	-	-	(7)	-	-	-	-	-	-	-	-
Intercountry advances	-	3	-	(3)	(100)	-	-	-	(47)	155	-	-	(7)	-	-	-	-	-	-	(64)	64
Week ended December 13, 2024	-	-	-	-	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20)	-
G2692000002312	-	-	-	-	-	-	-	-	(11)	-	-	-	-	-	-	-	-	-	-	-	-
G2692000002313	-	-	-	-	-	-	-	-	(6)	-	6	-	-	-	-	-	-	-	-	11	-
G2692000002314	-	-	-	-	-	-	-	-	(33)	-	-	-	-	-	33	-	-	-	-	-	-
G2692000002315	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Week ended December 20, 2024	-	7	(7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
G2692000002327	-	-	-	-	-	-	-	-	5	(5)	-	-	-	-	-	-	-	-	-	-	-
G2692000002333	-	-	(10)	-	-	-	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CPI08000000842	115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(115)
Week ended January 24, 2025	(115)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115
Week ended January 31, 2025	400	-	-	-	-	-	-	(400)	-	-	-	-	-	-	-	-	-	-	-	-	-
G2692000002433	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35848327	400	7	(17)	-	20	-	10	(400)	(45)	(5)	-	6	-	-	33	-	-	-	11	(20)	-
DIP transfers (from)to EMG	400	7	(17)	-	20	-	10	(400)	(45)	(5)	-	6	-	-	33	-	-	-	11	(20)	-
Week ended December 20, 2024	(318)	196	5	11	-	9	-	-	-	18	23	20	29	7	-	-	-	-	-	-	-
Week ended January 3, 2025	(593)	180	242	1	33	-	-	-	11	14	17	(2)	9	17	16	10	36	-	11	-	-
Week ended January 10, 2025	(166)	41	-	65	4	-	-	-	0	0	12	-	11	28	5	-	-	-	10	(11)	-
Week ended January 17, 2025	(201)	140	-	-	46	-	-	-	-	0	-	0	-	4	-	-	-	-	11	-	-
Week ended January 24, 2025	97	0	-	-	-	(9)	-	-	-	13	-	(20)	(16)	(55)	-	-	-	-	(10)	-	-
Week ended January 31, 2025	21	138	(95)	-	(20)	-	-	-	-	1	-	(25)	(19)	-	-	-	-	-	-	-	-
	(1,160)	695	152	77	63	-	-	-	11	26	48	0	-	-	32	10	36	11	-	-	-
	(760)	704	135	74	(17)	-	10	(400)	(81)	176	48	6	(7)	-	65	10	36	22	(84)	64	-

Note 1 :

Legal Names

Elna Medical Group Inc.
 Gestion ELNA 1 Inc.
 CDL Laboratories Inc.
 CDL Cardiology Inc.
 Medicentres Canada Inc.
 Tiny Tots Medical Centre Ltd.
 7503881 Canada Inc.
 Clinique Médicale ELNA Unimed Inc.
 Clinique Médicale ELNA Châteauguay Inc.
 Clinique Méto-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 Clinique A Inc.
 Clinique Médicale ELNA Décarie Inc.
 ELNA Plus Décarie Square Inc.
 Montreal Perfusion Center Inc.
 Clinique Privamed Inc.
 Gestion Privamed Inc.

Naming Convention

EMG
 GE1
 CDL
 CDL Cardio
 Medicentres
 TT DDO
 TT Dec.
 Unimed
 Châteauguay
 Méto-Medic
 Pierrefonds
 CréaMed
 Statcare
 Omni-Med
 Clin. A
 Décarie
 Décarie Plus
 Perf.
 Privamed
 Gest. Priv.

Note 2 : As of the date of this report, some transfers have not yet been made between different companies of the group for post-filing services rendered. These transfers will be completed over the next weeks.

SCHEDULE F – TRANSACTIONS (UNDER SEAL)