

SUPERIOR COURT

(Commercial Division)

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No.: 500-11-065011-245

DATE: March 10, 2025

BY THE HONOURABLE MARTIN F. SHEEHAN, J.S.C.

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 OF THE APPLICATION

Applicants

and

RAYMOND CHABOT INC.

Monitor

JUDGMENT ON APPLICATION FOR A THIRD AMENDED AND RESTATED INITIAL ORDER

OVERVIEW

[1] On December 11, 2024, the undersigned issued an initial order (the “**Initial Order**”)¹ pursuant to the *Companies’ Creditors Arrangement Act*² (the “**CCA**”) on behalf of Applicants, ELNA Medical Group Inc. (“**EMG**”), 9508503 Canada Inc. (“**950 Canada**”), as well as other Applicants listed in Schedule A of the Initial Order (collectively with EMG and 950 Canada, the “**Applicants**”).

¹ *Arrangement relatif à Elna Medical Group Inc. / Groupe médicale Elna inc.*, 2024 QCCS 4541.

² *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36.

[2] Among other things, the Initial Order:

- 2.1. stayed all proceedings and remedies taken or that might be taken in respect of the Applicants and their property (the “**Stay**”), for an initial period of ten days (the “**Stay Period**”);
- 2.2. appointed Raymond Chabot Inc. (“**RCI**” or the “**Monitor**”) as the monitor of the Applicants in these proceedings (the “**CCAA Proceedings**”) and granted the Monitor certain powers;
- 2.3. authorized National Bank of Canada (“**NBC**” or the “**Interim Lender**”) to provide the DIP Facility (as defined in the Initial Order) to the Applicants and granted DIP Charge (as defined in the Initial Order) in relation thereto;
- 2.4. ordered that certain documents be kept confidential.

[3] At the same time, the Court issued an order (the “**SISP Approval Order**”) approving the initiation of a Sale and Investment Solicitation Process (the “**SISP**”). The SISP Approval Order approved the engagement of Raymond Chabot Grant Thornton & Co LLP (the “**Financial Advisor**”) to assist in the implementation of the SISP.

[4] On December 17, 2024, the Court issued an Amended and Restated Initial Order (the “**ARIO**”)³ which, among other relief:

- 4.1. extended the Stay Period to February 12, 2025;
- 4.2. increased certain CCAA Charges.

[5] On February 12, this Court issued a Second Amended and Restated Initial Order (the “**Second ARIO**”)⁴ providing for the following relief:

- 5.1. an extension of the Stay Period until March 10, 2025;
- 5.2. a sealing order with regards to certain documents.

[6] The Applicants now ask for a Third Amended and Restated Initial Order (the “**Third ARIO**”), seeking, inter alia:

- 6.1. extension of the Stay Period up to and until April 25, 2025;
- 6.2. the increase of the DIP Facility and the DIP Charge;

³ *Arrangement relatif à Elna Medical Group Inc. / Groupe médicale Elna inc.*, 2024 QCCS 4612.

⁴ *Arrangement relatif à Elna Medical Group Inc. / Groupe médical Elna inc.*, 2025 QCCS 370.

- 6.3. A sealing order with regards to certain exhibits filed in support of the application.

ANALYSIS

[7] The Third ARIO is not contested.

1. Extension of the Stay

[8] As mentioned in the reasons supporting the Second ARIO, on February 7, 2025, the Financial Advisor informed certain interested parties that following receipt and review of the Phase 1 LOIs, they had been qualified to participate in Phase 2 of the SISP (“**Phase 2 Qualified Bidders**”). Other parties received a rejection letter such that all parties having submitted a LOI received a communication from the Financial Advisor.

[9] The Financial Advisor then initiated Phase 2 of the SISP, populated and opened a separate Phase 2 virtual data room (the “**Phase 2 VDR**”) and the Phase 2 Qualified Bidders were invited to continue their due diligence and submit definitive offers by March 7, 2025.

[10] Since then, Management, the Financial Advisor and the Monitor have worked intensively to respond to numerous due diligence requests, which includes providing documentation to Phase 2 Qualified Bidders and conducting site visits.

[11] Given the (i) high level of interest, (ii) number of Phase 2 Qualified Bidders, (iii) number of entities and business segments, (iv) volume of due diligence requests, and the (iv) very short timeframe initially contemplated, several Phase 2 Qualified Bidders asked the Financial Advisor to extend the SISP deadline to submit binding proposals.

[12] Keeping in mind the paramount objectives of maximizing value for stakeholders and attempting to conclude one or more going concern transaction(s), the Financial Advisor recommended that the Phase 2 Bid Deadline of March 7, 2025, be extended. This recommendation, supported by the Monitor, was brought to the attention of NBC, as interim lender and secured creditor, given especially that an extension would have an impact on the cash flow requirements of the Applicants and on the DIP Facility currently in place.

[13] After analysis and review, and subject to certain conditions which are reflected in the proposed Third ARIO, NBC agreed to the extension of the remaining SISP deadlines.

[14] On February 27, 2025, the Monitor notified to the service list a Notice of Extension of Certain SISP Deadlines (the “**SISP Extension Notice**”),⁵ which was also posted in the Phase 2 VDR.

⁵ Exhibit R-5.

[15] The Phase 2 Bid deadline is now March 21, 2025. Selection of final successful bids is meant to occur no later than April 4, 2025.

[16] The application to approve bids should be filed prior to April 14, 2025. Closing of a transaction is expected by April 21, 2025.

[17] Therefore, a new extension of the Stay Period is necessary to conclude the SISP.

[18] An extension of the Stay Period until April 25, 2025, is approved.

2. The Increase of the DIP Facility and Corresponding Charge

[19] In the ARIO, the Court authorized interim financing in an amount not exceeding \$5 million.

[20] Since the issuance of the Initial Order, advances totalling \$5 million have been made.

[21] The extension of the Stay Period and of the remaining SISP deadlines (pursuant to the SISP Extension Notice), require additional interim funding of \$1.5 million.

[22] NBC has agreed to increase the amount of the DIP Facility up to an amount of \$6.5 million, which is expected to be sufficient to allow for the continuation of operations during the proposed Stay Period.

[23] A correlative increase of the DIP Charge is also required, up to the amount of \$7.8 million (being \$6.5 million + 20%).

[24] The Monitor supports the increase of the DIP Facility and DIP Charge, which are essential to the continuation of the SISP and the restructuring of the Applicants' businesses.

3. Sealing Order

[25] The Applicants seek an order declaring that the third amendment to the DIP Term Sheet (Exhibit R-6) be kept confidential and filed under seal considering that they contain commercially sensitive information regarding the business and assets of the Applicants, which disclosure risks compromising the SISP.

[26] For the reasons set out in the reasons in support of the Second ARIO, the Court is willing to redact those portions of the term sheet that could affect the integrity of the SISP. Counsel agreed to review the document and redact only those sections whose dissemination could be detrimental to this public interest.

CONCLUSION

[27] The Third ARIO is in the interest of the stakeholders including, first and foremost, the patients who rely on ELNA Group's services.

[28] The Third ARIO is granted.

[29] The urgency and severity of the circumstances confronting the Applicants justify that the execution of the order sought herein be granted notwithstanding appeal.

FOR THESE REASONS, THE COURT:

[30] **ISSUES** a Third ARIO in the form submitted by the parties this day and signed contemporaneously with the present judgment;

[31] **THE WHOLE** without costs.

**Martin
Sheehan**  Signature numérique
de Martin Sheehan
Date : 2025.03.10
14:15:35 -04'00'

MARTIN F. SHEEHAN, J.S.C.

Mtre Sandra Abitan
Mtre Jack M. Little
OSLER, HOSKIN & HARCOURT, S.E.N.C.R.L./S.R.L.
Attorneys for the Applicants

Mtre Isabelle Desharnais
Mtre Kevin Maïlloux
BORDEN LADNER GERVAIS S.E.N.C.R.L., S.R.L.
Attorneys for the National Bank of Canada

Mtre Jocelyn Perreault
Mtre Marc-Étienne Boucher
MCCARTHY TÉTRAULT LLP
Attorneys for the Monitor

Hearing date: March 10, 2025