

FTI Consulting Canada Inc.
1000, Sherbrooke Street West
Suite 915
Montréal QC H3A 3G4
Canada

Tel.:514-446-5093
Fax:514-656-0285
www.fticonsulting.com

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
Commercial Division

COURT N°: 500-11-067437-265

**IN THE MATTER OF THE COMPANIES' CREDITORS'
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED OF:**

ROYAL BANK OF CANADA

Applicant / Secured Creditor

**PREMIER HEALTH OF AMERICA INC. / PREMIER
SOIN D'AMÉRIQUE INC.,**
- and -
**PREMIER SOIN NORDIK INC. / PREMIER HEALTH
NORDIK INC.,**
- and -
PREMIER HEALTH NORDIK ONTARIO INC.,
- and -
9104-8306 QUÉBEC INC.,
- and -
6150977 CANADA INC.,
- and -
10544485 CANADA INC.,
- and -
SOLUTIONS NURSING PHA INC.,
- and -
CANADIAN HEALTH CARE AGENCY LTD.,
- and -
SOLUTIONS STAFFING INC.,
- and -
8961760 CANADA INC.,

Debtors

-and-

FTI CONSULTING CANADA INC.

Monitor

**FIRST REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. The present report (the **"First Report"**) is intended to supplement the report dated June 22, 2026 (the **"Pre-Filing Report"**) prepared by FTI Consulting Canada Inc. (**"FTI"** or the **"Monitor"**) then in its capacity as proposed monitor in the context of these proceedings and should be read in conjunction therewith.
2. On June 22, 2026, the Royal Bank of Canada (**"RBC"**, or the **"Applicant"**), in its capacity as secured creditor, filed an application entitled *Application for the Issuance of an Initial Order and an Amended and Restated Initial Order* (the **"Initial Application"**) before the Superior Court of Québec (the **"Court"**) to commence proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended, the **"CCAA"**) seeking the issuance of an order (the **"Initial Order"**) declaring that Premier Health of America Inc. / Premier Soin d'Amérique Inc. (**"PHA"**), Premier Soin Nordik Inc. / Premier Health Nordik Inc. (**"Nordik Québec"**), Premier Health Nordik Ontario Inc. (**"Nordik Ontario"**), 9104-8306 Québec Inc. (**"Code Bleu"**), 6150977 Canada Inc. (**"Placement Premier Soin"**), 10544485 Canada Inc. (**"10544485"**), Solutions Nursing PHA Inc. (**"Nursing PHA"**), Canadian Health Care Agency Ltd. (**"CHCA"**) and Solutions Staffing Inc. (**"SSI"**) (collectively, the **"Borrowers"**), together with 8961760 Canada Inc. (**"8961760"** or the **"Guarantor"**, and together with the Borrowers, the **"Debtors"** or the **"PHA Group"**) are debtor companies subject to the CCAA, providing for a stay of proceedings in respect of the Debtors, the appointment of FTI as monitor and various other relief measures (the **"CCAA Proceedings"**).
3. On June 22, 2026, FTI, in its capacity as the proposed Monitor, issued its Pre-Filing Report. The Pre-Filing Report was prepared to provide the Court with information concerning the Debtors' financial affairs and the relief sought by the Applicant in connection with the Initial Application, including, in particular, the relief sought pursuant to the proposed Initial Order.

4. On June 23, 2026, the Court granted the Initial Application and issued the requested Initial Order, which provided for the following, amongst other things:
 - a. a stay of proceedings in favour of the Debtors, their property, and their directors and officers until and including July 3, 2026 (the “**Stay Period**”);
 - b. the appointment of FTI as monitor to the Debtors in the CCAA Proceedings, with the extended powers set out in the Initial Order;
 - c. the establishment of an Administration Charge in the amount of \$250K;
 - d. the approval of Interim Financing of an amount of up to \$1.5M, to be secured by an Interim Lender’s Charge of \$1.8M; and
 - e. the establishment of a D&O Charge in the amount of \$400K.
5. On June 30, 2026, the Applicant filed an *Amended Application for the Issuance of an Initial Order, an Amended and Restated Initial Order, Approval and Reverse Vesting Orders and Ancillary Relief* (the “**June 30 Application**”) for the issuance of an Initial Order, an Amended and Restated Initial Order (the “**ARIO**”), Approval and Reverse Vesting Orders (the “**RVOs**”) and ancillary relief. The Court has scheduled a hearing on July 3, 2026 (the “**Comeback Hearing**”) to consider the June 30 Application.
6. The First Report has been prepared to provide the Court with information relevant to the June 30 Application, based on information that has been made available to the Monitor. This report may not be appropriate for any other purpose and consequently should not be used for any other purpose.
7. The First Report is presented under the following headings:
 - a. Introduction;
 - b. Terms of Reference;
 - c. Overview of the CCAA Proceedings to Date;
 - d. Comparison of Actual and Projected Cash Flow Results;
 - e. Cash Flow Forecast;
 - f. FTICA Process;
 - g. The Proposed Transactions;
 - h. Next steps within the CCAA Proceedings;

- i. Interim Financing;
 - j. Relief Sought as Part of the ARIO and the Monitor's Recommendations thereon; and
 - k. Conclusions
8. The corporate structure of PHA Group, description of activities, causes of financial difficulties and various other issues relevant to the restructuring proceedings of the Debtors are described in greater detail in the Pre-Filing Report and will therefore not be addressed in this report. The Pre-Filing Report and other relevant and accessory documents in the present matter are accessible through the Monitor's website, at <https://cfcanada.fticonsulting.com/PHA>.

TERMS OF REFERENCE

9. Capitalized terms not defined herein have the meaning ascribed to them in the Pre-Filing Report, in the Initial Application or in the June 30 Application.
10. In preparing this First Report, the Monitor has been provided and relied upon certain unaudited, draft and/or internal financial information, company records, management prepared financial information and projections, information from other third-party sources, and has engaged in discussions with the Debtors' senior management team ("**Management**") and the Applicant's legal advisors (collectively, the "**Information**").
11. Except as otherwise described in this First Report:
- a. The Monitor has assumed the integrity and truthfulness of the Information and explanations provided to it, within the context in which it was presented. To date, nothing has come to the attention of the Monitor that would cause it to question the reasonableness of this assumption.
 - b. The Monitor has requested that Management bring to its attention any significant matters which were not addressed in the course of its specific inquiries. Accordingly, this First Report is based solely on the Information (financial or otherwise) provided to the Monitor.

- c. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards or Generally Accepted Standards for Review Engagements pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.
 - d. Some of the information referred to in this First Report consists of forecasts and projections that were prepared based on Management's current estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence, no assurance can be provided regarding any such forecasts or projected results. Actual results will vary from the forecasts or projections, even if the estimates and assumptions are accurate, and the variations could be significant.
 - e. The Monitor has not examined or reviewed financial forecasts and projections referred to in this First Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
12. Unless otherwise stated, all monetary amounts contained herein are expressed in **Canadian Dollars**.

OVERVIEW OF THE RESTRUCTURING PROCEEDINGS TO DATE

Activities of the Monitor

13. Since the date of the Initial Order, the Monitor has conducted the following activities:
- a. Filed with the Office of the Superintendent of Bankruptcy the documents contemplated in paragraph 23(1)(f) of the CCAA;
 - b. Established a website on June 23, 2026, to post information and materials regarding the restructuring proceedings, at the following address: <https://cfcanada.fticonsulting.com/PHA> (the "**Monitor's Website**");
 - c. Coordinated the publication of a notice in the newspaper (La Presse+ and the Globe and Mail) once a week for two consecutive weeks, containing the prescribed information. The first notice was published on June 30, 2026, and the second will be published on July 7, 2026. A copy of the notice is also available on the Monitor's Website;

- d. Prepared a list of known creditors of the Debtors as of June 23, 2026, including the names, addresses, and an estimate of the amounts owed to each of these creditors. A copy of the list of creditors has been published on the Monitor's Website;
- e. On June 30, 2026, issued a notice (by e-mail and regular mail) to all known creditors advising them of the existence of the CCAA Proceedings and of the Initial Order;
- f. Assisted Management in the preparation of a communication plan with customers and employees;
- g. Participated in a town hall meeting led by Management for the employees to provide updates on the CCAA Proceedings;
- h. Established a dedicated email address (phagroup@fticonsulting.com) for creditors and followed up on communications received;
- i. Responded to questions from various stakeholders and creditors and assisted the Debtors in relation to facilitating continued service and supply from vendors;
- j. Collaborated with the Debtors to analyze their actual cash flows compared to the Cash Flow Forecast previously submitted at the time of the filing of the Application;
- k. Monitored the daily receipts and disbursements of the Debtors, including supervising the daily issuance of payments by implementing a prior review and approval by the Monitor of payment requests formulated by the Debtors;
- l. Held daily meetings with Management, to address priority challenges which have resulted from the CCAA proceedings, notably those related to supply chain, customer communications and collection of accounts receivable;
- m. Continued pursuit of the FTICA Process to assess the bids received and selected a successful bid, in consultation with the Debtors' secured lenders and their respective advisors;
- n. Attended calls with the Applicant, its counsel, FTICA and the Monitor's counsel in respect of matters relating to the FTICA Process and selection of the successful bid and the negotiation, documentation and finalization of the transaction terms with the successful bidder;
- o. Collaborated, consulted, and transmitted information in respect of the FTICA Process to the Applicant, BDC Capital and Desjardins Capital; and

- p. Prepared this First Report.

Activities of the Debtors

- 14. Since the date of the Initial Order, the Debtors have conducted the following activities:
 - a. Continued to manage their operations in the normal course;
 - b. Communicated with various of its creditors and suppliers to provide information and updates regarding the CCAA proceedings;
 - c. Held a town hall meeting in presence of the Monitor with employees to explain the proposed restructuring process and the CCAA Proceedings; and
 - d. Provided materials pertaining to the FTICA Process, CCAA Proceedings and the ARIO.

COMPARISON OF ACTUAL AND PROJECTED CASH FLOW RESULTS

- 15. Appendix A of the Pre-Filing Report includes a statement of projected cash flow for the 4-week period from June 22, 2026, to July 19, 2026 (the “**Cash Flow Forecast**”). A comparison of actual to projected cash flow results, for the one-week period from June 22, 2026, to June 28, 2026, is attached hereto as Appendix A-1, under seal.
- 16. The net cash outflow during this period totalled \$20K compared to a projected net cash outflow of \$122K, resulting in a favourable net cash flow variance totalling \$102K.
- 17. The favourable variance is primarily attributable to higher-than-forecast collections of accounts receivable, partially offset by higher-than-forecast travel, accommodation and administrative expenses. The expense-related variances are largely attributable to timing differences and are expected to reverse over the coming weeks.

CASH FLOW FORECAST

- 18. The Monitor, with the assistance of the Debtors, has prepared the statement of projected cash flow (the “**Revised Cash Flow Forecast**”), on a weekly basis, for the 9-week period from June 29, 2026 to August 30, 2026 (the “**Cash Flow Period**”) for the purpose of forecasting the Debtors’ liquidity needs during the Cash Flow Period. The Revised Cash Flow Forecast is accompanied by notes outlining the significant assumptions made in preparing the Revised Cash Flow Forecast.

19. A copy of the Revised Cash Flow Forecast and accompanying notes are attached hereto as Appendix A-2, under seal.
20. The Revised Cash Flow Forecast is presented on a consolidated basis for all the Debtors. The Revised Cash Flow Forecast, including the notes attached thereto has been prepared for the purpose described in the notes accompanying the Revised Cash Flow Forecast, using probable and hypothetical assumptions set out in the said notes.
21. The Monitor's preparation consisted of inquiries, analytical procedures and discussions related to information supplied by the Debtors. Since hypothetical assumptions need not be supported, the procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Revised Cash Flow Forecast. The Monitor also reviewed the support provided by the Debtors for the probable assumptions, and the preparation and presentation of the Revised Cash Flow Forecast.
22. Based on this review, nothing has come to the Monitor's attention that causes it to believe that, in all material respects:
 - a. The hypothetical assumptions are not consistent with the purpose of the projection;
 - b. As at the date of this First Report, the probable assumptions developed by the Debtors are not suitably supported and consistent with the plans of the Debtors or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
 - c. The Revised Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
23. Since the Revised Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material.
24. Accordingly, the Monitor expresses no assurance as to whether the Revised Cash Flow Forecast will be achieved. The Revised Cash Flow Forecast has been prepared solely for the purpose described in the notes accompanying the Revised Cash Flow Forecast, and readers are cautioned that it may not be appropriate for other purposes.
25. While the Monitor does not express reservations regarding the Revised Cash Flow Forecast, some components thereof are noteworthy and are addressed below.

26. The Revised Cash Flow Forecast indicates that operating cash receipts total approximately \$2.5M over the Cash Flow Period.
27. The Revised Cash Flow Forecast also illustrates that operating disbursements total approximately \$7.4M over the Cash Flow Period and consist primarily of payroll, travel and accommodation expenses, general administration expenses, and professional fees.
28. Over that same period, net negative cash flow from operations is forecast to approximate \$4.9M. As such, the Revised Cash Flow Forecast suggests that the Debtors do not have sufficient liquidity to operate and will require an additional DIP Advance of \$1.0M to complete the Proposed Restructuring and to maintain the Debtors' operations until the closing of the Proposed Transactions, which is anticipated to occur no later than July 10, 2026, and in any event prior to the outside date of July 15, 2026, subject to Court approval.

FTICA PROCESS

29. The Leede process, which preceded the FTICA Process is described in greater detail in the Pre-Filing Report.
30. The FTICA Process was conducted in two (2) phases. Phase 1 commenced on May 11, 2026, and spanned approximately two weeks. The FTICA Process involved targeted outreach to a select group of potential purchasers, including participants from the prior Leede process who executed an NDA, parties identified by FTICA as capable of transacting on an accelerated timeline, and parties that had engaged in recent discussions with Management.
31. A total of 16 parties were contacted during Phase 1, seven (7) of which expressed interest in the FTICA Process. Participating parties were granted access to a virtual data room and the opportunity to conduct diligence.
32. Four (4) parties submitted non-binding offers ("**LOIs**") by the Phase 1 bid deadline of May 22, 2026 (the "**Phase 1 Bidders**"). One of the LOIs received was from members of the Debtors' management team.
33. In light of the interest expressed by members of the Debtors' management team in participating in the FTICA Process, appropriate safeguards were implemented to ensure the integrity and fairness of the process, including the following:

- a. FTICA was present for all discussions between management of the Debtors and potential bidders;
 - b. FTICA ensured that all potential bidders were provided with access to sufficient information to conduct their due diligence in respect of the Debtors; and
 - c. FTICA ensured that the Debtors' management team was not provided with any information regarding the letters of intent received in Phase 1 or Phase 2 of the FTICA Process, including information relating to the value or structure of such bids.
34. Following evaluation of the Phase 1 indications of interest, the results were presented to the Applicant together with updated liquidity forecasts. The Applicant agreed to continue supporting the Debtors on a limited basis, and therefore support further operating losses of the Debtors, to enable completion of a second phase of the FTICA Process ("**Phase 2**") with a view to preserving going-concern operations of the Debtors and maximizing value for stakeholders.
35. On May 27, 2026, the Phase 1 Bidders were invited to participate in Phase 2, with binding offers due by June 17, 2026 (the "**Phase 2 Bid Deadline**").
36. Over the ensuing three-week Phase 2 period, FTICA facilitated an extensive due diligence process for the Phase 2 participants. This process included responding to detailed information requests, holding multiple calls with each participant, and coordinating both in-person and virtual meetings with executives and management of certain subsidiaries. A Phase 2 process letter, along with draft template transaction documents (including subscription and asset purchase agreements), was made available in the data room during the week of June 1, 2026. FTI, together with FTICA, worked closely with Management to ensure that diligence requests were addressed in a timely and organized manner, having regard to the compressed timeline. No participants requested an extension to the Phase 2 Bid Deadline. A copy of the Phase 2 process letters sent to Phase 1 Bidders are attached hereto as Appendix B-1, under seal.
37. Four (4) binding offers were received by the Phase 2 Bid Deadline (the "**Phase 2 Bids**"). Copies of the Phase 2 Bids are attached hereto as Appendices B-2 through B-5, under seal. A summary of the Phase 2 Bids is attached as Appendix B-6, under seal.
38. In the days following the Phase 2 Bid Deadline, FTICA communicated with certain parties that had submitted Phase 2 Bids in order to obtain clarifications and additional information regarding their respective bids and to facilitate the evaluation process.

39. Following a comprehensive review and assessment of the Phase 2 Bids, and after consultation with the Debtors' secured lenders and their respective advisors, FTICA determined that the bid submitted by Polar Valley Investments Limited ("**Polar**"), the parent company of Bayshore HealthCare Ltd., represented the highest and best offer available in the circumstances and engaged in discussions with Polar regarding definitive documentation.
40. Accordingly, Polar was selected as the successful bidder (the "**Successful Bidder**") by the Monitor, in consultation with the Debtors' secured lenders and their respective advisors.
41. Negotiations with respect to the final terms of the proposed Polar transactions (the "**Proposed Transactions**") between the Monitor, in consultation with FTICA, the Debtors' secured lenders and their respective advisors, Polar and its advisors culminated in the execution of definitive subscription agreements on June 30, 2026 (collectively, the "**Polar Subscription Agreements**"). The material terms of the transactions contemplated are summarized below.
42. Prior to the hearing on the June 30 Application, the Monitor notified all other parties that had submitted Phase 2 Bids that their bids had not been selected.

THE PROPOSED TRANSACTIONS

43. As part of the Proposed Transactions, and subject to the issuance of the RVOs sought by the Applicant, Polar will acquire the equity interests in three operating Debtors, namely SSI, CHCA and Nordik Québec, pursuant to the Polar Subscription Agreements.
44. The Proposed Transactions have been structured as reverse vesting transactions. Subject to the terms and conditions of the Polar Subscription Agreements and the issuance of the RVOs:
 - a. Polar will subscribe for newly issued shares of SSI, CHCA and Nordik Québec;
 - b. all existing equity interests in SSI, CHCA and Nordik Québec will be cancelled without consideration;
 - c. the retained businesses, assets, contracts, permits, licences and operations of SSI, CHCA and Nordik Québec (including its wholly-owned subsidiary, Nordik Ontario) will remain within those entities; and
 - d. certain excluded assets, excluded contracts and excluded liabilities will be transferred to and vested in 10544485 Canada Inc. ("**ResidualCo**"), a Debtor which currently has no active operations.

45. The Proposed Transactions are intended to preserve the going-concern operations of SSI, CHCA and Nordik Québec and facilitate the uninterrupted provision of healthcare staffing services to governmental, Indigenous and public-sector clients across Canada.
46. Pursuant to the Polar Subscription Agreements, the Monitor shall implement the following transactions in accordance with the restructuring steps contemplated therein:
 - a. Polar will pay the consideration contemplated under each of the Polar Subscription Agreements;
 - b. SSI, CHCA and Nordik Québec will each issue new shares to Polar;
 - c. upon closing, the newly issued shares will represent 100% of the issued and outstanding equity interests of each of SSI, CHCA and Nordik Québec;
 - d. all existing shares and equity interests in those entities will be deemed cancelled and extinguished without consideration;
 - e. all Excluded Assets, Excluded Contracts and Excluded Liabilities (as defined in the Polar Subscription Agreements) will be transferred to and assumed by ResidualCo;
 - f. SSI, CHCA, Nordik Québec (including its wholly-owned subsidiary, Nordik Ontario) will retain the assets and liabilities necessary to continue the operation of their respective businesses as going concerns; and
 - g. SSI, CHCA, Nordik Québec (including its wholly-owned subsidiary, Nordik Ontario) will cease being Debtors in these CCAA Proceedings.
47. Following the implementation of the Proposed Transactions, SSI, CHCA and Nordik Québec (including its wholly-owned subsidiary, Nordik Ontario) will retain substantially all assets necessary for the continued operation of their businesses, including:
 - a. client records and files;
 - b. employee and independent care provider records;
 - c. intellectual property and proprietary software, including the LiPHe platform;
 - d. accounts receivable and unbilled work in progress;

- e. bank accounts;
 - f. governmental and commercial contracts designated as retained contracts (and any obligations related to the continued performance thereof);
 - g. permits, licences and certifications required to perform retained contracts; and
 - h. movable property required for ongoing operations.
48. The Polar Subscription Agreements also contain the following provisions governing the treatment of employees and the continuation of operations following closing:
- a. Polar will designate the employees and subcontracted nurses that it intends to retain as part of the continuing businesses. The Monitor understands that Polar intends to continue operating the retained businesses on a going-concern basis and, accordingly, does not currently anticipate material job losses among frontline operational personnel. While certain administrative and head-office functions may ultimately be integrated into Polar's existing platform, the parties have agreed to a seven (7) business-day period following the execution of the Polar Subscription Agreements during which Polar may identify the employees and subcontracted nurses it wishes to retain as part of the ongoing operations. Polar will assume accrued vacation obligations for retained employees of SSI and CHCA.
 - b. The Proposed Transactions will preserve the governmental and healthcare contracts that constitute the principal source of value of the retained businesses and will facilitate the uninterrupted delivery of healthcare staffing services to clients located throughout Canada, including Indigenous and remote communities.
49. The Polar Subscription Agreements also contemplate a transition services arrangement pursuant to which the Monitor will take the necessary steps to permit SSI, CHCA and Nordik Québec to continue occupying certain existing premises for a period of up to three months following closing. During such transition period, Polar will reimburse the applicable costs and expenses incurred in connection with such occupancy and related transition services, including professional fees.
50. The Proposed Transactions are not subject to any financing condition and are being completed on an "as is, where is" basis. The principal conditions to closing include the issuance of the RVOs and the satisfaction of customary closing conditions contained in the Polar Subscription Agreements.

51. Subject to Court approval and the satisfaction of the closing conditions, the Monitor understands that the Proposed Transactions are expected to close no later than July 10, 2026, and in any event prior to the outside date of July 15, 2026, contemplated in the Polar Subscription Agreements.
52. The Monitor understands that the Proposed Transactions are expected to generate sufficient proceeds to repay the Interim Facility in full and provide liquidity to fund the remaining costs of these CCAA Proceedings.

The Monitor's observations with respect to the Proposed Transactions

(i) The Effects of the Proposed Transactions on the Debtors' Creditors and Other Stakeholders

53. The Monitor believes that the Proposed Transactions are the best alternative in the circumstances and should be approved by the Court for the following reasons:
- a. The Proposed Transactions are the result of the Leede process and the FTICA Process during which the market was canvassed through a fair and transparent process;
 - b. The consideration payable by Polar as part of the Proposed Transactions will allow the Debtors' secured creditors to maximize their respective recoveries;
 - c. The implementation of the Proposed Transactions will result in the continuation of the Debtors' businesses as a going concern, which, in turn, will allow, inter alia:
 - (i) A substantial portion of the Debtors' employees to maintain their employment;
 - (ii) The uninterrupted pursuit of the Debtors' operations, which will benefit their respective clients, including remote and Indigenous communities.

(ii) The Consideration Payable as Part of the Proposed Transactions and Comparison with a Sale in Bankruptcy

54. The Monitor has considered the consideration payable as part of the Proposed Transactions, and whether such transactions would be more beneficial to the Debtors' creditors and stakeholders generally, in comparison with a sale or disposition of their assets in the context of a bankruptcy liquidation.
55. Given the results of the FTICA Process, the Monitor is of the view that:
- a. the consideration payable as part of the Proposed Transactions is reasonable and fair, taking into account the market value of the purchased assets; and that

- b. a bankruptcy liquidation is unlikely to result in a better outcome for the Debtors' creditors and other stakeholders, given the intangible nature of the Debtors' assets.
56. Furthermore, a liquidation would:
- a. destroy value associated with the Debtors' contractual relationships, licenses, permits and ongoing operations;
 - b. terminate going concern operations of the Debtors, affecting healthcare service delivery to the detriment of customers, including remote and Indigenous communities; and
 - c. result in the immediate termination of employment of substantially all of Debtors' employees.
57. Accordingly, it is the Monitor's view that a sale or disposition of the Debtors' assets in a liquidation would not be more beneficial than proceeding with the closing of the Proposed Transactions.

(iii) Reasonableness of the Process Leading to the Proposed Transactions

58. As discussed in greater detail in the Pre-Filing Report, the FTICA Process was prepared by FTICA in consultation with the Applicant.
59. The FTICA Process was prepared taking into consideration the nature of the Debtors' business and assets, as well as the limited liquidities of the Debtors and the funding made available to them as part of the Interim Financing. It targeted parties with a strategic interest for the highly specialized nature of the Debtors' business.
60. Based on the foregoing, the Monitor is of the opinion that:
- a. the FTICA Process (including its milestones and timeline) was reasonable in the circumstances;
 - b. the market was canvassed adequately and extensively through the Leede process and the FTICA Process; and
 - c. further marketing of the Debtors' assets is highly unlikely to result in offers superior to the Proposed Transactions.

The Monitor's recommendations on the use of the RVO structure

61. In considering the proposed RVO structure, the Monitor has reviewed the following questions:
- a. Why are reverse vesting orders necessary in the circumstances?
 - b. Do the proposed reverse vesting transactions produce a result at least as favourable as other reasonably available alternatives?
 - c. Is any stakeholder materially prejudiced by the proposed structure?
 - d. Does the consideration reflect the value of the licenses, permits, governmental registrations, contracts and other intangible assets being preserved?
62. The Monitor understands that the reverse vesting structure is necessary and appropriate in the present circumstances for several reasons. In particular:
- a. the value of the Debtors' operating businesses is largely derived from governmental and healthcare staffing contracts, governmental registrations, licences, permits and operating relationships which are difficult to transfer through a conventional asset transaction;
 - b. CHCA services federal government healthcare staffing contracts, while SSI and Nordik Québec maintain important healthcare staffing relationships across several jurisdictions;
 - c. preserving those contractual and regulatory relationships through a reverse vesting structure significantly enhances transaction certainty and minimizes disruption to ongoing healthcare services; and
 - d. Polar has made it clear that preserving these relationships on a going-concern basis formed a fundamental component of its transaction proposal, such that the reverse vesting structure is a condition to the closing of the Proposed Transactions.
63. Conversely, the Monitor understands that implementing the Proposed Transactions by way of a traditional approval and vesting order, to the extent such a structure would even be feasible, would likely require additional time and give rise to increased costs. Any such delay would, in turn, necessitate additional interim financing to sustain the Debtors' operations throughout the extended period, to the direct detriment of the Debtors' secured creditors.
64. The Monitor is therefore satisfied that the reverse vesting structure is both necessary and justified in the circumstances.

65. The Monitor is not aware of any stakeholder that would be materially prejudiced by the proposed RVO structure. The proposed structure provides for the transfer of the Excluded Assets, Excluded Contracts and Excluded Liabilities to ResidualCo while preserving the value associated with the retained businesses. The Monitor is satisfied that stakeholders are not worse off under the proposed RVO structure than they would be under any reasonably available alternative transaction structure.
66. The Monitor further notes that the Proposed Transactions preserve the value associated with retained contracts, licences, permits, employee relationships and ongoing operations within SSI, CHCA and Nordik Québec, value which would be difficult or impossible to realize through a conventional asset transaction.
67. As noted above, the Monitor believes that the Proposed Transactions provide substantial benefits to the Debtors' stakeholders, including:
- a. preserving the going-concern operations of CHCA, SSI and Nordik Québec;
 - b. preserving important governmental and healthcare services contracts servicing Indigenous communities, provincial healthcare systems and federal clients;
 - c. maximizing realizations for secured creditors through a going-concern transaction;
 - d. preserving a substantial portion of employment associated with the retained businesses; and
 - e. avoiding the value destruction that would likely result from a liquidation scenario.
68. The Monitor understands that while certain administrative functions may be integrated into Polar's existing platform, the purchaser intends to continue operating the retained businesses and does not currently anticipate material reductions among frontline operational personnel.

The Monitor's Recommendations with respect to the Proposed Transactions

69. The Monitor is of the view that:
- a. the FTICA Process was fair, reasonable and appropriately conducted;
 - b. the market was adequately canvassed;
 - c. the Proposed Transactions represent the highest and best offer available;
 - d. the consideration was established through a competitive market-based process;

- e. the reverse vesting structure is justified and necessary;
 - f. the Proposed Transactions maximize value for stakeholders; and
 - g. there is no evidence that any superior transaction is available.
70. In light of the foregoing, the Monitor is of the view that the approval of the Proposed Transactions on the terms set forth in the Polar Subscription Agreements is in the best interests of the stakeholders generally and respectfully requests that the Court issue the RVOs accordingly.

CONSULTATION WITH SECURED CREDITORS

71. The Applicant, BDC Capital and Desjardins Capital have been actively consulted throughout the FTICA Process.
72. The Monitor understands that these principal secured creditors support the Proposed Transactions and the relief sought.
73. Given that these parties represent substantially all of the secured indebtedness of the Debtors, the Monitor believes that the degree of creditor consultation has been appropriate.

NEXT STEPS WITHIN THE CCAA PROCEEDINGS

74. The Monitor anticipates that the following steps will be undertaken during the requested extension of the Stay Period:
- a. oversee the closing and implementation of the Proposed Transactions prior to July 15, 2026;
 - b. reimburse the Interim Financing from the proceeds of the Proposed Transactions;
 - c. seek a distribution order in respect of the net proceeds resulting from the closing of the Proposed Transactions;
 - d. continue to monitor the Debtors' operations, liquidity and compliance with the Orders of this Court;
 - e. continue to consult and communicate with the Applicant, the secured creditors and other key stakeholders regarding matters arising in the CCAA Proceedings;
 - f. address matters relating to the remaining assets, liabilities and obligations of the Debtors;

- g. continue to respond to stakeholder inquiries and address issues arising in the ordinary course of the CCAA Proceedings;
- h. work to wind down the Debtors' corporate structure in view of terminating the CCAA Proceedings in due course; and
- i. report to the Court regarding material developments in the CCAA Proceedings and seek such further directions and relief as may be necessary.

RELIEF SOUGHT AS PART OF THE ARIO AND THE MONITOR'S RECOMMENDATIONS THEREON

STAY OF PROCEEDINGS

- 75. The Debtors obtained an initial stay of proceedings on June 23, 2026, up to and including July 3, 2026.
- 76. The Applicant is seeking an extension of the stay of proceedings until August 28, 2026.
- 77. The Revised Cash Flow Forecast, attached hereto under seal as Appendix A-2, reflects that the Debtors will require additional liquidity during the requested extension period to implement the Proposed Restructuring. The Monitor understands that, following the closing of the Proposed Transactions, sufficient liquidity is expected to be available through the partial use of the transaction proceeds to fund such requirements and, as a result, no increase to the maximum amount available under the Interim Facility of \$2.5 million, as contemplated by the ARIO, is being sought.
- 78. The Monitor is not aware of any creditor that would be materially prejudiced by the proposed extension and believes that the extension is justified in the circumstances to implement the Proposed Transactions and Proposed Restructuring to maximize value for the benefit of all stakeholders involved in the restructuring process.
- 79. The Monitor is supportive of the Applicant's request to extend the stay of proceedings through August 28, 2026, on the basis that sufficient liquidity is expected to be available through the partial use of the proceeds of the Proposed Transactions.

INCREASES TO CCAA CHARGES

(iv) Administration Charge

- 80. Pursuant to the Initial Order, the Court granted an Administration Charge in the amount of \$250K. The Applicant is seeking approval, pursuant to the ARIO, to increase the Administration Charge from \$250K to \$500K.

81. The beneficiaries of the Administration Charge will remain unchanged and include FTI, counsel to the Monitor (Osler, Hoskin & Harcourt LLP), counsel to the Debtors (Lavery de Billy LLP), and counsel to RBC in its capacities as Applicant and Interim Lender (Davies Ward Phillips & Vineberg LLP).
82. The Monitor has reviewed the proposed increase to the Administration Charge, having regard to, among other things, the nature and complexity of these CCAA Proceedings, the work completed to date and anticipated to be completed during the restructuring process, and the professional services expected to be provided by the beneficiaries of the Administration Charge.
83. Based on the foregoing, the Monitor is of the view that the proposed increase of the Administration Charge to \$500K is reasonable and appropriate in the circumstances.

(v) Interim Financing Charge

84. Pursuant to the Initial Order, the Court granted an Interim Financing Charge in the amount of \$1.8M. The Applicant is seeking approval, pursuant to the ARIO, to increase the Interim Financing Charge from \$1.8M to \$3.0M, ranking in priority subject only to the Administration Charge.
85. The Monitor notes that the Revised Cash Flow Forecast reflects a projected liquidity requirement during the requested extension period and that the proposed increase to the Interim Financing Charge is required to support the implementation of the Proposed Transactions and the Proposed Restructuring. The Monitor supports the proposed increase of the Interim Financing Charge to \$3.0M and is of the view that such increase is reasonable and appropriate in the circumstances.

(vi) D&O Charge

86. Pursuant to the Initial Order, the Court granted a D&O Charge in the amount of \$400K. No increase to the D&O Charge is being sought pursuant to the ARIO.
87. The D&O Charge becomes effective only if the existing D&O Insurance is not responsive or sufficient, such that the added D&O Insurance coverage reduces the risk that the D&O Charge would be triggered.
88. In these circumstances, the Monitor is of the opinion that the D&O Charge is reasonable and appropriate in the circumstances.

PRIORITY OF CHARGES

89. The charges sought pursuant to the Initial Order and ARIO shall rank in the following priority:
 - a. first, the Administration Charge;

- b. second, the Interim Financing Charge; and
- c. third, the D&O Charge, subject to availability of D&O Insurance.

SECURITIES OBLIGATIONS

90. Pursuant to the ARIO, the Applicant seeks an order authorizing the Debtors and the Monitor to no longer incur further expenses in relation to any securities filing requirements and granting the Debtors and the Monitor the authority not to incur any further expense in relation to any filings, disclosures, core or non-core documents and press releases (together, the “**Securities Filings**”) that may be required by any federal, provincial or other law respecting securities or capital markets in Canada or by the rules and regulations of an over a stock exchange, including, without limitation, the *Securities Act* (Québec) and comparable statutes enacted by other provinces of Canada, and providing that none of the directors or officers, employees or other representatives of the Debtors or the Monitor shall have personal liability with respect to these obligations.
91. The Monitor supports the requested relief. In the circumstances, the costs associated with continuing to comply with the Debtors' securities reporting obligations would impose an additional burden on the Debtors' limited liquidity and would not provide a corresponding benefit to stakeholders. Stakeholders, regulators and other interested parties will continue to receive information concerning the Debtors and these CCAA Proceedings through materials filed with the Court and reports issued by the Monitor, all of which will be made available on the Monitor's Website.
92. Accordingly, the Monitor is of the view that the requested relief respecting Securities Filings is reasonable and appropriate in the circumstances.

INTERIM DISTRIBUTION

93. The ARIO provides that the Monitor, for and on behalf of the Debtors, is authorized to make interim distributions to the Interim Lender, solely in connection with the Interim Facility and in full repayment thereof, from the proceeds of the Proposed Transaction (the “**Interim Distributions**”).
94. The Monitor is supportive of the Interim Distributions, as it will limit the interest payable to the Interim Lender under the Interim Facility.
95. The Monitor expects to seek approval of further interim or final distributions once it obtains an independent legal opinion on the validity of security of the Debtors' secured creditors.

CONCLUSIONS

96. Based on the Monitor's review thus far, the Debtors and the Applicant have displayed diligence, good faith and proper intentions in pursuing these CCAA Proceedings.
97. In view of the foregoing and the information received since its recent appointment, FTI considers that the restructuring efforts implemented to date and those contemplated herein are reasonable.
98. The Monitor is also of the view that the relief sought in the June 30 Application is reasonable and appropriate in the circumstances.
99. The Monitor is satisfied that the FTICA Process was conducted in a fair, transparent and reasonable manner and that the market was adequately canvassed. Following completion of that process, the Monitor concluded that the Proposed Transactions represent the highest and best transaction available in the circumstances.
100. The Monitor is satisfied that the proposed RVO structure is necessary and appropriate to preserve the value associated with the governmental contracts, licences, registrations and operating relationships of SSI, CHCA and Nordik Québec and will produce a superior result to a liquidation scenario.
101. The Monitor supports the ARIO, the extension of the Stay Period, the increase to the Administration Charge and Interim Financing Charge, the continuation of the D&O Charge, the RVOs, the Interim Distributions and the other ancillary relief sought by the Applicant.
102. For the reasons set out above, the Monitor respectfully recommends that this Court grant the relief sought in the June 30 Application, as such relief is necessary to preserve value for the benefit of the Debtors' stakeholders, including creditors.
103. Lastly, the Monitor also supports the request for an order allowing the Debtors and the Monitor to no longer incur further expenses in relation to Securities Filings, as well as the request for an order providing for the sealing of certain confidential exhibits filed by the Applicant in support of the June 30 Application, as well as certain Appendices to this First Report.

The Monitor respectfully submits to the Court this First Report.

DATED AT MONTRÉAL, this July 2, 2026

FTI Consulting Canada Inc.
In its capacity as Monitor of the Debtors



Martin Franco, CPA, CIRP, LIT
Senior Managing Director



Matt Budd, CPA, CIRP, LIT
Managing Director

Appendix A-1 to B-6
(under seal)