



SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

ENDORSEMENT

COURT FILE
NO.:

BK-25-003267656-0032

DATE:

November 19, 2025

NO. ON LIST: 1

TITLE OF
PROCEEDING:

Re 3MotionAI Inc.

BEFORE:

JUSTICE J. STEELE

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Saisha Mahil	Counsel for 3Motion AI Inc.	smahil@grllp.com
Christopher Besant	Counsel for 3MotionAI Inc.	CBesant@GRLLP.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Eva Hyderman	Counsel for Proposed Trustee	ehyderman@cassels.com
Nisan Thurairatnam	TDB, Proposed Trustee	nthurairatnam@tdbadvisory.ca
Garry Derenoski	Bridges Health Services Inc.	garry@bridgeshealth.com
Monique Sassi	Counsel for Proposal trustee	msassi@cassels.com
Bryan A. Tannenbaum	TDB, Proposed Trustee	btannenbaum@tdbadvisory.ca

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Dilina Lallani	SimpleTherapy Inc.	dlallani@cozen.com
Steven Weisz	Counsel for the Purchaser	sweisz@cozen.com

ENDORSEMENT OF JUSTICE J. STEELE:

[1] Further to the attendance before me on November 13, 2025, the applicant, 3Motion, seeks:

- a. The approval of the sale of the assets of 3Motion further to a sales and investment solicitation process run during 3Motion's BIA process. The following orders are sought:
 - i. A Sale Approval and Vesting Order in respect of the sale;
 - ii. An Order granting a D&O Release;
- b. An Ancillary Order that provides for:
 - i. An Order approving a distribution on the closing of the Transaction of amounts owing to 3Motion's DIP lender and its professionals;
 - ii. An Order approving the Proposal Trustee's Second Report; and
 - iii. A further Order re cross border recognition under Chapter 15 of the *US Bankruptcy Code* of the SAVO and Ancillary Orders and related relief.

[2] Capitalized terms used in this endorsement that are not defined herein have the meaning set out in the applicant's factum.

[3] Following the last attendance, Mr. Derenoski filed an affidavit and a supplementary affidavit. At the hearing, Mr. Derenoski confirmed that he did not object to the approval of the sale and vesting order. He did, however, seek further time to consider the confidential materials to determine his position regarding the proposed D&O Release. Other than Mr. Derenoski, there was no opposition to the relief sought.

Should the Court approve the Sale Approval and Vesting Order?

[4] There was no opposition to the court granting the sale approval and vesting order.

[5] Under s. 65.13(1) of the BIA, the Court has the authority to approve a sale of an insolvent company's assets outside of the ordinary course of business. The sale may be authorized "free and clear of any security, charge or other restriction:" s. 65.13(7), BIA. Section 65.13(4) of the BIA sets out a non-exhaustive list of factors for the court to consider in determining whether to approve a sale:

- a. Whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
- b. Whether the trustee approved the process leading to the proposed sale or disposition;
- c. Whether the trustee filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;
- d. The extent to which the creditors were consulted;
- e. The effects of the proposed sale or disposition on the creditors and other interested parties; and

- f. Whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

[6] The Court will also consider the principles set out in *Royal Bank of Canada v. Soundair Corp.* when considering a motion for the approval of the sale of assets in an insolvency scenario:

- a. Whether sufficient effort has been made to obtain the best price and that the debtor has not acted improvidently;
- b. The interests of all parties;
- c. The efficacy and integrity of the process by which offers have been obtained; and
- d. Whether there has been unfairness in the working out of the process.

[7] For the reasons set out at para. 47 of the applicant's factum, I am satisfied that the *Soundair* principles and criteria in s. 65.13(4) of the BIA have been satisfied and that the transaction should be approved. Among other things, the APA is the product of a broad, transparent, and fair SISP conducted by the Proposal Trustee, the Proposal Trustee is of the view that the sale would be more beneficial to the creditors than a sale or disposition under a bankruptcy, the process was commercially reasonable, stakeholder interests were considered, the bids included offers from related and unrelated parties and the Purchaser is unrelated, and the APA is the highest and best offer.

Should the Distributions to pay the DIP Lender and the Professionals be approved?

[8] 3Motion seeks payment of all amounts owing under the DIP Facility and payment of 3Motion's counsel and advisors. As noted by 3Motion, the proposed sale will generate more than sufficient funds to pay these amounts and will leave funds available for unsecured creditors. The Proposal Trustee recommends that the court authorize the proposed distribution of sale proceeds.

[9] I am satisfied that the proposed distributions should be approved.

Should the D&O Release be granted?

[10] 3Motion seeks the D&O Release in favour of:

- a. The past and present directors, officers, employees, agents, advisors, counsel, and representatives of 3Motion; and
- b. The Proposal Trustee and its legal counsel, and their respective current directors, officers, partners, employees, consultants, and advisors.

[11] The proposed D&O Release would not release or bar any claim that is not permitted to be released under section 50(14) of the BIA or any claim with respect to any act or omission that is determined by a court to have constituted fraud, gross negligence, or wilful conduct.

[12] The Proposal Trustee recommends that the Court approve the D&O Release. The Proposal Trustee states at para. 36 of the Second Report:

The requested Releases will bring finality to the Proceedings, facilitate the release of the Court-Ordered Charges without requiring a reserve of potential claims and reduce recovery for stakeholders and to protect the Released Parties from the Released Claims.

[13] The proposed D&O Release is consistent with the scope and nature of releases granted by this court in other cases. I have considered the factors set out at para. 81-86 in *Re Harte Gold*, 2022 ONSC 653:

- a. **Whether the claims to be released are rationally connected to the purpose of the restructuring:** As noted by 3Motion, the conduct giving rise to the proposed release relates in large part to the actions taken by Mr. Hanoun during the proceedings, including efforts to stabilize operations, secure DIP financing, maintain critical supplier and customer relationship, and assist with the virtual data room.
- b. **Whether the releasees contributed to the restructuring:** As noted by 3Motion, Mr. Hanoun's continuing engagement ensured operational continuity, compliance with statutory obligations, and confidence among employees and others through the proceedings. Mr. Stoyan also provided guidance and assistance to 3Motion during the proceedings. Among other things, he arranged the DIP facility, which provided essential liquidity to the company. 3Motion's current and former employees provided ongoing technical support and addressed due diligence inquiries, among other things. The Proposal Trustee stated at para. 37 of the Second Report that "[...] the Proposal Trustee is of the view that the Released Parties, have made important contributions to the completion of the SISP and advancing the proceedings for the benefit of all stakeholders[...]"
- c. **Whether the proposed release is fair, reasonable and not overly broad:** The proposed release is reasonable in the circumstances. It releases the Releasees from conduct during the restructuring and from claims that otherwise relate to the business of 3Motion. The scope of the release is tailored to cover those who contributed in good faith in the restructuring, sale, and related implementation steps, and others who need to be released as a precautionary measure to prevent an end run around the release, and achieve finality. As noted above, the proposed release does not extend to conduct amounting to fraud, gross negligence or wilful misconduct, and excludes claims that cannot be released under section 50(14) of the BIA.
- d. **Whether the restructuring could succeed without the release:** While the D&O Release is not a condition of the closing of the Transaction in the APA, it is included in the form of order (appendix) that is a condition of the transaction.
- e. **Whether the release benefits the debtor company as well as the creditors generally:** The D&O Release is expected to enhance collection of the accounts receivable for the benefit of the creditors of 3Motion.
- f. **Whether creditors have knowledge of the nature and effect of the release:** The service list was served with the Motion Record enclosing the draft SAVO and the proposed D&O Release.

[14] As noted by Penny J. in *Harte Gold*, at para. 80, "it is not necessary for each of the factors to apply for the release to be approved."

[15] Mr. Derenoski, who does not have counsel, asked for additional time to consider the confidential appendices. The court had adjourned 3Motion's motion at the November 13, 2025 attendance to give Mr. Derenoski the opportunity to make submissions should he choose to do so. Although a link with the confidential appendices was sent to Mr. Derenoski on November 18, 2025 by the Proposal Trustee's counsel, he indicated that he had not had an opportunity to review them.

[16] I am satisfied that the court has the authority to grant the requested releases. The applicant referred the court to numerous cases. As noted by Penny J. in *Re Harte Gold*, in the CCAA context, at para. 79: "CCAA courts have frequently approved releases, both in the context of a plan and in absence of a CCAA plan, both on

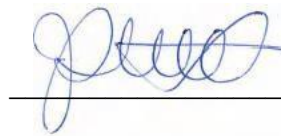
consent and in contested matters. These releases have been in favour of the parties, directors, officers, monitors, counsel, employees, shareholders and advisors.” The granting of a release is discretionary.

[17] Following the attendance, counsel for 3Motion suggested that the proposed D&O Release order be modified such that it is made without prejudice to the right of Mr. Derenoski to apply to set aside the releases as it pertains to him and his company Bridges Health Services Inc. 3Motion noted that it would be very expensive for the company to have to bring a second Chapter 15 application in the US, which may be necessary if the orders were split.

[18] I am satisfied that the proposed D&O Release may be granted on the basis proposed by 3Motion. The rights of the only person who has objected to the granting of the D&O Release would be preserved, and the proceeding in the US could be dealt with expeditiously. As noted, the company has very limited resources.

[19] I am also satisfied that the Proposal Trustee’s Second Report should be approved. Further, I am satisfied that the additional Chapter 15 relief sought should be granted. The order is sought to confirm that the Proposal Trustee in its capacity as foreign representative can seek to include in the Chapter 15 recognition process, recognition of the SAVO and any other orders made in the BIA Process to ensure that the APA conditions are satisfied.

[20] Three Orders attached.

A handwritten signature in blue ink, appearing to read 'J. Steele J.', is positioned above a horizontal line.

J. STEELE J.

Date: November 19, 2025