



TDB Restructuring Limited
Licensed Insolvency Trustee

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Estate No.: 32-3267656

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF 3MOTIONAI INC.

OF THE CITY OF OAKVILLE, IN THE PROVINCE OF ONTARIO

FIRST REPORT OF TDB RESTRUCTURING LIMITED
AS PROPOSAL TRUSTEE OF
3MOTIONAI INC.

SEPTEMBER 29, 2025

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1.0 INTRODUCTION

1. This report is being submitted by TDB Restructuring Limited (“**TDB**”) in its capacity as proposal trustee (the “**Proposal Trustee**”) of 3MotionAI Inc. (“**3Motion**” or the “**Company**”) in connection with Notice of Intention to Make a Proposal (the “**NOI**”) filed by 3Motion on September 3, 2025 (the “**Filing Date**”), pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*. A copy of the certificate of filing issued by the Office of the Superintendent of Bankruptcy is attached as **Appendix “A”** to this report.
2. The principal purposes of the NOI proceedings (these “**Proceedings**”) are to provide for a stay of proceedings to allow the Company an opportunity to complete a court supervised sales and investment solicitation process to maximize value of the Company’s assets for the benefit of its stakeholders; and provide a formal process for 3Motion’s creditors and stakeholders to obtain information about the Company.

1.1 Purpose of the First Report to Court

3. The purpose of this report (the “**First Report**”) is to provide the Court with further information related to the relief sought by the Company. This First Report specifically provides information regarding:
 - a) the background on the Company, their financial position, and the reasons for the NOI filing;
 - b) the Proposal Trustee’s activities since the Filing Date;
 - c) the Company’s activities since the Filing Date;
 - d) the Proposal Trustee’s comments on the Company’s cash flow forecast for the period September 6, 2025, to December 6, 2025 (the “**Cash Flow Forecast**”); and
 - e) 3Motion’s application for an Order which includes, among other things, relief for the following:

- i. extending the period in which 3Motion can make a proposal to its creditors and the stay of proceedings up to and including November 14, 2025 (the “**Stay Extension**”)
 - ii. expanding the role of the Proposal Trustee, including authorizing the Proposal Trustee to conduct a sale and investment solicitation process (the “**SISP**”);
 - iii. granting the following charges against 3Motion’s current and future assets, in the following relative priorities:
 1. first - a charge in the maximum amount of \$750,000 (the “**Interim DIP Loan**”) in respect of amounts borrowed from the Interim Lenders (as defined herein) under the Interim Financing Facility (as defined herein) (the “**Interim DIP Charge**”);
 2. second - a charge to not exceed \$500,000 as security for the fees and disbursements of the Proposal Trustee, the Proposal Trustee’s counsel, Barclay Damon LLP (“**Barclay**”), and the Company’s counsel, Gardiner Roberts LLP (“**Gardiner**”) (the “**Administration Charge**”);
 3. third - a charge in favour of the Company’s directors and officers (collectively, the “**Directors and Officers**”) to a maximum amount of \$150,000 (the “**D&O Charge**”);
 - iv. approving the Key Employee Retention Plan (the “**KERP**”) between Reed Hanoun and the Company; and
 - v. appointing the Proposal Trustee as the foreign representative of this proceeding for purposes of making an application for recognition of same under Chapter 15 of the US Bankruptcy Code.
4. The Certificate of Filing, together with the Court documents related to the NOI proceeding, have been posted on the Proposal Trustee’s website, which can be found here: <https://tdbadvisory.ca/insolvency-case/3motionai-inc/> (the “**Case Webpage**”).

1.2 Terms of Reference

5. In preparing this First Court Report and making the comments herein, the Proposal Trustee has relied upon information from third-party sources (collectively, the **“Information”**). Certain of the information contained in the First Court Report may refer to, or is based on, the Information. As the Information has been provided by other parties or obtained from documents filed with the Court in this matter, the Proposal Trustee has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information.
6. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this First Report is based upon the Company’s assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposal Trustee expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.
7. Unless otherwise stated, all dollar amounts contained in the First Report are expressed in Canadian dollars.

2.0 BACKGROUND

8. The details of 3Motion’s background, and the events leading up to the filing of the NOI can be found in the Affidavit of Reed Hanoun sworn September 29, 2025 (the **“Hanoun Affidavit”**), which is included in the Company’s motion materials.

2.1 Secured Creditor

9. A search of the Personal Property Security Registration System in Ontario (**“PPRS”**) as of June 11, 2025, shows that Royal Bank of Canada (**“RBC”**) registered a financing

statement on April 12, 2023, listing collateral classified as “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included” in respect of operating loan made to the Company. It is the Proposal Trustee’s understanding that the amount owing to RBC in connection with this registration has been repaid in full.

10. A copy of the PPRS search results are attached to the Hanoun Affidavit.

2.2 Unsecured Creditors

11. The Company’s preliminary list of creditors was filed with its NOI statutory documents and is available on the Case Webpage.

3.0 ACTIVITIES OF THE PROPOSAL TRUSTEE

12. Since its appointment, the Proposal Trustee has performed the following activities:
 - a) attended on-going meetings with management to discuss the proposal process and the sales process;
 - b) assisted the Company with their communications to both internal and external stakeholders;
 - c) filed the necessary prescribed forms required pursuant to the BIA for the NOI;
 - d) issued the required notice pursuant to section 50.4(6) of the BIA to all known creditors of the Company;
 - e) assisted the Company in preparing the Cash Flow Statement;
 - f) corresponded and held numerous discussions with management, Barclay and Gardiner, with respect to general filing matters and specific matters related to the development of the SISP;
 - g) worked on arrangements to file a Chapter 15 recognition proceeding under the US Bankruptcy Code;

- h) reviewed the Company's proposed key employee retention arrangements with Reed Hanoun, including termination of his employment agreement and replacement of that with a consulting agreement;
- i) corresponded and held numerous discussions with various stakeholders, and/or respective legal counsel to stakeholders;
- j) maintaining the Case Website for these Proceedings; and
- k) prepared this First Report.

4.0 ACTIVITIES OF THE COMPANY

13. Since the filing of the NOI, and in consultation with the Proposal Trustee, the Company has undertaken the following activities to advance the SISP (as defined below):

- a) assisted the Proposal Trustee in the development of the SISP terms;
- b) updated and organized the virtual data room previously used to solicit investors in order to facilitate its use in the SISP;
- c) prepared a Non-Disclosure Agreement for use in connection with the SISP and provided it to the Proposal Trustee for review;
- d) prepared an outline of the Company's business for circulation in the SISP and shared same with the Proposal Trustee;
- e) identified potential purchasers for the various business modules of the Company and provided this information to the Proposal Trustee;
- f) commenced initial outreach to the most likely potential purchasers identified, shared preliminary feedback with the Proposal Trustee, and discussed their level of interest;
- g) negotiated the terms of the DIP Loan and DIP Charge with West Tech Fitness Group Inc. and sourced investors to help fund same;

- h) with the assistance of the Proposal Trustee, arranged the key employee retention arrangements for Reed Hanoun, including the termination of his employment agreement and the non compete and non-solicitation restrictions therein contained and replacing same with a consulting agreement;
- i) assisted the Proposal Trustee with arrangements to file a Chapter 15 recognition proceeding under the US Bankruptcy Code; and
- j) prepared motion materials for a stay extension and the other relief sought as noted above and otherwise prepared for the motion.

5.0 CASH FLOW FORECAST

- 14. 3Motion has prepared the Cash Flow Forecast for the period September 6, 2025, to December 6, 2025 (the “**Forecast Period**”).
- 15. The Cash Flow Forecast was prepared by the Company with the assistance of the Proposal Trustee. 3Motion’s receipts during the Forecast Period consist primarily of accounts receivable collected from the sale of its services in the normal course, as well as funds projected to be advanced pursuant to the Interim DIP Loan. The Company’s disbursements in the Forecast Period are comprised mostly of payroll, professional fees and general operating expenses.
- 16. The Proposal Trustee has reviewed the Cash Flow Forecast and 3Motion’s underlying assumptions, and it is the Proposal Trustee’s view that the Cash Flow Forecast and the assumptions contained therein are reasonable. A copy of the Cash Flow Forecast, along with the Proposal Trustee’s report on 3Motion’s Cash Flow Forecast pursuant to Section 50.4(2)(b) of the BIA, are collectively attached as **Appendix “B”** to this report.

6.0 DIP AND INTERIM FINANCING

- 17. As set out in the Hanoun Affidavit, the Company has received a term sheet for DIP financing from a related-party lender, and the proposed terms are acceptable to the Company. The proposed DIP lender, West Tech Fitness Group Inc. (“**West**” or the

“DIP Lender”), a non-arms length party has agreed to provide the Interim Financing Facility up to a maximum of \$750,000.

18. The Company requires the Interim Financing Facility to fund:

- a) the pre-filing professional expenses incurred in preparation for filing the BIA Proceedings; and
- b) the cash flow requirements of the Company on a going concern basis provided that the same is, unless approved in writing by, the DIP Lender and the Proposal Trustee,
 - i. in accordance with the approved cash flows; and
 - ii. not on account of any liability that existed as of September 3, 2025 unless permitted by the DIP Lender, including for avoidance of doubt but without limitation any unremitted statutory remittances existing as of September 3, 2025, as a contingency in case additional funds are required to pay critical operating expenses relating to payroll, professional fees and other operating costs.

19. West has provided a term sheet to the Company which sets out the terms upon which West is prepared to advance funds (the **“West Term Sheet”**). A copy of the West Term Sheet is attached as **Appendix “C”** to this report.

20. The material terms of the West Term Sheet include the following:

Terms not defined within this First Report are defined within the West Term Sheet.

Key Terms	Description
Borrower	3MotionAI Inc.
Lender	West Tech Fitness Group Inc.
Facility	A super-priority, debtor-in-possession credit facility up to a maximum principal amount of \$750,000 (the “Interim Financing Facility”).
Interest Rate	Interest on the principal amount of the Facility outstanding from time to time shall be calculated at a rate of ten percent

	(10%) per annum, which interest shall be calculated on the daily outstanding balance owing under the Facility.
Commitment Fee	A Commitment Fee of 1.5%, which shall be fully earned upon Court approval of this Term Sheet, and secured by the Interim DIP Charge, shall be due and payable on the Closing Date.
Repayment	The Interim Financing Facility shall be due, owing, payable and repaid as the Termination Date without further notice, protest, demand or other act on the part of the Lender.

23. The Proposal Trustee believes that the terms offered by West are reasonable in the circumstances.
24. The Company is seeking an Interim DIP Charge to secure the Interim DIP Loan, which is required pursuant to the terms of the West Term Sheet. The Interim DIP Charge is intended to rank in priority to all encumbrances.
25. The Proposal Trustee is of the view that the Company's request for approval of the Interim DIP Loan and the Interim DIP Charge are reasonable in the circumstances and may be required to provide the Company with the necessary financing to maintain ongoing operations while it formulates a restructuring plan and proposal to its creditors. If this financing is not approved, the Company will not have access to capital, if needed. Therefore, will not have sufficient liquidity to continue operations and will be required to cease operations, resulting in lost jobs for the Company's employees and losses for the Company's creditors and stakeholders.

7.0 SALE AND INVESTMENT SOLICITATION PROCESS

26. Capitalized terms used in the section are defined in the Sale and Investment Solicitation Process (the "**SISP**"), a copy of which is attached as **Appendix "D"** to this report.
27. As set out in the Hanoun Affidavit, the Company has commenced soliciting buyers for the assets of the Company.
28. A related party to the Company has expressed interest in potentially bidding on some or all of the Company's assets. Accordingly, the Company is seeking approval of the

SISP for the Proposal Trustee to assume conduct of the process from the date of the SISP Order, to ensure a fair and transparent sales process that permits related parties to participate up to the bid deadline.

29. In general, the proposed SISP sets out, among other things:
- a) the participation requirements to participate in the SISP;
 - b) the manner and timelines by which an interested party may gain access to due diligence materials concerning the Company and its business;
 - c) the manner, requirements and timelines by which Potential Bidders may submit a binding offer;
 - d) SISP timelines;
 - e) the process for an Auction, if needed; and
 - f) the process for obtaining the Approval Order.

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30. A summary of the SISP timeline is as follows:

Event	Milestone
<u>Prepare for Process Launch</u> Includes creation of Solicitation Letters, target list, marketing material, CIM, NDA and VDR.	As soon as practicable after the granting of the SISP Order.
<u>Launch SISP</u> Distribute the Solicitation Letters to potential Interested Parties and publish notice of the SISP on the Proposal Trustee’s Website.	No later than October 7, 2025.
<u>Bid Deadline</u> Deadline for submissions of binding Bids.	5:00 p.m. on October 21, 2025.
<u>Selection of Successful Bidder</u> The Proposal Trustee, in consultation with the Company, will choose the Successful Bid.	No later than October 24, 2025.
<u>Approval Order – Successful Bid(s)</u> Deadline for receiving the Approval Order in respect of the Successful Bid.	As soon as practicable after the selection of Successful Bidder, and no later than November 5, 2025, unless the Proposal Trustee otherwise permits, and subject to Court availability.
<u>Closing – Successful Bid(s)</u> Anticipated closing date of the Successful Bid.	As soon as practicable after the Approval Order and, in any event, no later than November 21, 2025 unless the Proposal Trustee otherwise permits (“Outside Date”).

31. The Proposal Trustee is of the view that the duration of the SISP is sufficient to allow interested parties to perform diligence and submit offers and is consistent with the timelines and structure for sales processes in other insolvency proceedings.

8.0 KERP

32. The Company entered into certain agreements with Reed Hanoun in connection with the restructuring proceedings. Specifically:
- a) a termination agreement dated September 25, 2025 (the “**Termination Agreement**”), a copy of which is attached as **Appendix “E”** to this report; and
 - b) an independent contractor agreement dated September 3, 2025 (the “**Consulting Agreement**”), a copy of which is attached as **Appendix “F”** to this report.
33. These agreements were implemented in order to ensure continuity of management and the ongoing availability of Reed Hanoun’s knowledge and expertise with respect to the business of the Company during the course of the NOI Proceedings. The Termination Agreement addresses the cessation of Reed Hanoun’s employment, while the Consulting Agreement provides for the engagement of Reed Hanoun as an independent contractor to assist with the Company’s operations during the restructuring process.
34. A summary of the key terms of the Consulting Agreement is as follows:
- a) the term of the Consulting Agreement is 90 days from and after the effective date of September 3, 2025, subject to extension as provided therein;
 - b) Reed Hanoun, as consultant, is to be paid a fee of \$15,000 per month plus benefits of \$2,500 per month, plus applicable HST;
 - c) invoices are to be rendered monthly; and
 - d) the consultant is to be reimbursed for pre-approved out-of-pocket expenses.

35. The Proposal Trustee has reviewed these agreements and is of the view that they are reasonable in the circumstances and consistent with the objective of preserving the value of the Company's business during the proceedings.

9.0 CHAPTER 15 APPLICATION – FOREIGN REPRESENTATIVE

36. By resolution of its board of directors, the Company appointed the Proposal Trustee as the foreign representative of these Proposal Proceedings (the “**Foreign Representative**”) for the purpose of seeking recognition of the proceedings under Chapter 15 of the United States Bankruptcy Code.
37. In that capacity, the Proposal Trustee intends to file a petition in the United States to obtain recognition of the Proposal Proceedings and to seek interim relief staying all proceedings against the Company in the United States, including the Velocity Proceeding, together with any other relief required to give full effect to these restructuring proceedings in the United States.
38. The Company is also seeking, as part of the relief in the present motion, an order pursuant to section 279 of the BIA formally appointing the Proposal Trustee as the Foreign Representative and requesting the assistance of the United States courts in recognizing the Proposal Proceedings and the stay of proceedings triggered by the NOI filing on September 3, 2025.
39. Recognition of the Proposal Proceedings in the United States is important in order to
- a) address the Company's U.S. intellectual property, contracts, customers, and receivables;
 - b) stay the Delaware Litigation (as defined in the Hanoun Affidavit) against the Company; and
 - c) provide certainty to prospective purchasers in the SISP that any assets acquired will have a good and marketable root of title that is not vulnerable to challenge in the United States.

10.0 COURT ORDERED CHARGES

10.1 Administration Charge

40. The Company is seeking an Administration Charge in an amount not to exceed \$500,000 to secure the professional fees and disbursements of the Proposal Trustee, the Proposal Trustee's legal counsel and the Applicant's legal counsel, whether incurred before or after the Filing Date, in priority to all other charges and encumbrances except for the Interim DIP Charge in respect of the fees and disbursements of the Proposal Trustee, its counsel, and the Company's counsel. An Administration Charge is a standard feature of restructuring proceedings and the quantum requested is appropriate, in TDB's view, given its previous history and experience with restructurings of similar size and complexity.
41. The Proposal Trustee understands that the DIP Lender is supportive of the Administration Charge. There are no secured creditors who would be primed by the Administration Charge.
42. The Proposal Trustee supports the request for the Administration Charge, pursuant to section 64.2(1) of the BIA, on the basis that it provides payment certainty for the professionals involved and allows them to effectively participate in the proceedings.

10.2 D&O Charge

43. Pursuant to section 64.1 of the BIA, the Company is seeking Court approval of the indemnification of the Directors and Officers of the Company and the creation of the D&O Charge, secured as against the assets of the Company, to the maximum amount of \$150,000. The D&O Charge is intended to protect such individuals from all post-filing obligations and liabilities that they may incur as Directors and Officers.
44. The Company does have an insurance policy in place to provide protection to directors and officers; however, the Company has advised the Proposal Trustee that certain exclusions and limitations apply. The D&O Charge would apply only to the extent the existing insurance policies do not provide sufficient coverage.

45. The Proposal Trustee is supportive of the D&O Charge and views it as reasonable in the circumstances to support the continued involvement of the Directors and Officers, that will play an important role in the restructuring of 3Motion.

10.3 Priority of Charges

46. The Company proposes that the charges have the following priority (with maximum amounts in brackets):
- a) first, the Interim DIP Charge (\$750,000);
 - b) second, the Administration Charge (\$500,000); and
 - c) third, the D&O Charge (\$150,000).
47. The Proposal Trustee is of the view that the priority of the above charges is appropriate and in the interest of facilitating these proceedings.

11.0 EXTENSION OF THE STAY OF PROCEEDINGS

48. The Company is seeking the Court's approval for the Stay Extension.
49. The Company believes that in order to formulate a plan for the restructuring process and maximize recoveries for all stakeholders, it will require additional time. Furthermore, the Company notes that due to the seasonality of its business, the Company will have much more insight into its ability to offer a viable proposal to its creditors once the contracts for the summer season have been secured, which will likely occur in the Stay Extension period.
50. The Proposal Trustee has considered the Company's request for the Stay Extension and is supportive of this request for the following reasons:
- a) The Company is acting in good faith and with due diligence;
 - b) The Stay Extension will provide the Company with an appropriate period in which to conduct the restructuring to the benefit of its creditors; and

- c) The Stay Extension does not appear to materially prejudice any of the Company's creditors.

12.0 CONCLUSION AND RECOMMENDATION

51. The Proposal Trustee respectfully recommends that this Court grant the relief sought by 3Motion in the draft Order to maximize realizations for all creditors and stakeholders.

All of which is respectfully submitted to this Court as of this 29th day of September 2025.

TDB RESTRUCTURING LIMITED, solely in its capacity
as Proposal Trustee *re* 3MotionAI Inc. and not in its personal
or corporate capacity

Per: Bryan A. Tannenbaum
Signer ID: ZRRWRPZN24...
Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT
Managing Director

APPENDIX A



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of: Ontario
Division No.: 09 - Mississauga
Court No.: 32-3267656
Estate No.: 32-3267656

In the Matter of the Notice of Intention to make a proposal of:

3MotionAI Inc.

Insolvent Person

TDB Restructuring Limited
Licensed Insolvency Trustee

Date of the Notice of Intention:

September 03, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: September 03, 2025, 12:49

E-File/Dépôt Electronique

Official Receiver

Canada

Federal Building - Hamilton, 55 Bay Street N, 9th Floor, Hamilton, Ontario, Canada, L8R3P7, (877)376-9902

APPENDIX B

3MotionAI Inc.
13-Week Cash Flow Forecast
For the Period ended December 6, 2025

Notes	Week 1 6-Sep-25	Week 2 13-Sep-25	Week 3 20-Sep-25	Week 4 27-Sep-25	Week 5 4-Oct-25	Week 6 11-Oct-25	Week 7 18-Oct-25	Week 8 25-Oct-25	Week 9 1-Nov-25	Week 10 8-Nov-25	Week 11 15-Nov-25	Week 12 22-Nov-25	Week 13 29-Nov-25	Total
CAD: week ended														
Opening Cash	305,450	274,044	257,494	228,103	231,569	205,216	195,407	166,534	161,528	138,810	115,904	89,129	75,705	305,450
Receipts														
Accounts Receivable	1	-	23,950	-	29,568	-	29,337	-	5,500	5,188	-	10,790	-	109,522
Forecasted Revenue/Collections	2	-	16,905	-	16,804	1,553	3,761	518	32,400	-	5,341	29,482	-	106,762
Subscription Revenue	3	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	65,000
CRA - IIST Refund	4	-	-	-	-	-	-	-	-	40,000	-	-	-	73,395
Total Receipts		5,000	45,855	5,000	51,372	6,553	38,097	5,518	42,900	10,188	45,000	21,130	34,482	354,678
Disbursements										Payroll Res	CRA Res			
Accounts Payable - Contingency	5	-	-	-	-	-	-	-	-	-	20,000	15,000	-	35,000
Payroll & Benefits	6	-	25,000	-	15,000	-	15,000	-	15,000	-	15,000	-	-	100,000
Sales Consulting	7	-	-	-	-	-	-	-	-	-	-	-	-	2,500
Software Development	8	7,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	64,500
Subscription Fees	9	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	54,000
Insurance	10	-	4,500	1,485	-	-	1,485	-	-	-	-	-	-	7,469
Interest & Bank Charges		845	845	845	845	845	845	845	845	845	845	845	845	10,138
Vehicle and travel		1,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,500
Office and general		1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	1,061	12,733
Marketing & Advertising		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
Professional fees	11	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	257,577
Total Disbursements		36,406	62,406	34,391	47,906	32,906	47,906	34,391	47,906	32,906	67,906	47,906	47,906	568,417
Closing Cash		274,044	257,494	228,103	231,569	205,216	195,407	166,534	161,528	138,810	115,904	89,129	75,705	91,711

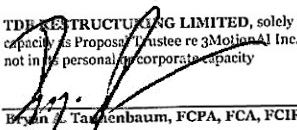
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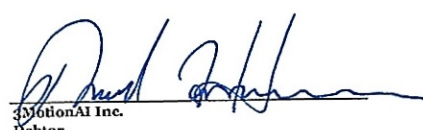
Notes

- Represents collections of trade receivables outstanding as of August 30, 2025. Timing reflects anticipated customer payment patterns on invoices issued prior to the forecast period.
- Cash inflows from current sales, representing expected customer payments on new billings, net of potential delays or write-offs.
- Recurring subscription fees billed directly to customers. Assumes consistent inflows of \$5,000 per week throughout the forecast horizon.
- Anticipated GST/IIST input tax credits to be refunded by the CRA, based on previously filed returns and projected future filings. Timing is subject to CRA processing.
- Represents a contingency reserve for potential payroll or CRA-related obligations arising from unexpected expenses.
- Bi-monthly payroll costs, including salaries, wages, and employee benefits. Timing aligns with payroll cycles, with minimal variance expected between pay periods.
- Professional fees payable to external sales consultants engaged to support business development and revenue generation initiatives.
- Represents payments to developers and contractors for ongoing software development, maintenance, and system enhancements.
- Represents payments for essential IT infrastructure and services, including Microsoft licensing, hosting, and security services.
- Insurance coverage for Directors & Officers (D&O), General Liability, Cybersecurity, and Intellectual Property (IP) infringement.
- Professional fees payable to legal counsel for the Debtor, counsel for the Trustee, U.S. counsel, and the Trustee in connection with restructuring activities.

Dated at the City of Toronto in the Province of Ontario, this 9th day of September 2025.

TDE RESTRUCTURING LIMITED, solely in its
capacity as Proposer/Trustee re 3MotionAI Inc. and
not in its personal or corporate capacity


Bryan J. Tannenbaum, FCPA, FCA, FCIRP, LIT
Managing Director


3MotionAI Inc.
Debtor

REED HANOUN, CEO
Name and title of the signing officer

District of: Ontario
Division No. 09 - Mississauga
Court No. 32-3267656
Estate No. 32-3267656

-- FORM 29 --

Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of
3MotionAI Inc.
of the Town of Oakville
in the Province of Ontario

The attached statement of projected cash flow of 3MotionAI Inc., as of the 6th day of September 2025, consisting of a cash flow projection for the 13-week period from September 6, 2025 to December 6, 2025, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: ☒ the management and employees of the insolvent person or ☐ the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:

☒ management or ☐ the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us 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 report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

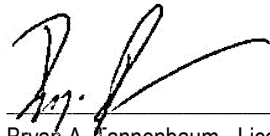
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 9th day of September 2025.

TDB Restructuring Limited - Licensed Insolvency Trustee

Per:



Bryan A. Fannenbaum - Licensed Insolvency Trustee

11 King Street W., Suite 700, Box 27

Toronto ON M5H 4C7

Phone: (416) 575-4440 Fax: (416) 915-6228

District of: Ontario
Division No. 09 - Mississauga
Court No. 32-3267656
Estate No. 32-3267656

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of
3MotionAI Inc.
of the Town of Oakville
in the Province of Ontario

Purpose:

The purpose of the cash flow projection is to comply with the requirements set out in section 50.4(2) of the Bankruptcy and Insolvency Act.

Projection Notes:

- 1 Represents collections of trade receivables outstanding as of August 30, 2025. Timing reflects anticipated customer payment patterns on invoices issued prior to the forecast period.
- 2 Cash inflows from current sales, representing expected customer payments on new billings, net of potential delays or write-offs.
- 3 Recurring subscription fees billed directly to customers. Assumes consistent inflows of \$5,000 per week throughout the forecast horizon.
- 4 Anticipated GST/HST input tax credits to be refunded by the CRA, based on previously filed returns and projected future filings. Timing is subject to CRA processing.
- 5 Represents a contingency reserve for potential payroll or CRA-related obligations arising from unexpected expenses.
- 6 Bi-monthly payroll costs, including salaries, wages, and employee benefits. Timing aligns with payroll cycles, with minimal variance expected between pay periods.
- 7 Professional fees payable to external sales consultants engaged to support business development and revenue generation initiatives.
- 8 Represents payments to developers and contractors for ongoing software development, maintenance, and system enhancements.
- 9 Represents payments for essential IT infrastructure and services, including Microsoft licensing, hosting, and security services.
- 10 Insurance coverage for Directors & Officers (D&O), General Liability, Cybersecurity, and Intellectual Property (IP) infringement.
- 11 Professional fees payable to legal counsel for the Debtor, counsel for the Trustee, U.S. counsel, and the Trustee in connection with restructuring activities.

Dated at the City of Toronto in the Province of Ontario, this 9th day of September 2025.

TDB Restructuring Limited - Licensed Insolvency Trustee

Per:

A handwritten signature in black ink, appearing to read 'B. A. Tannenbaum', is written over a horizontal line.

Bryan A. Tannenbaum - Licensed Insolvency Trustee

11 King Street W., Suite 700, Box 27

Toronto ON M5H 4C7

Phone: (416) 575-4440 Fax: (416) 915-6228

APPENDIX C

DEBTOR-IN-POSSESSION FINANCING TERM SHEET

This term sheet DIP Term Sheet sets out the terms and conditions upon which West Tech Fitness Group Inc. will provide debtor-in-possession financing to the Borrower (as defined below) in consideration of the mutual covenants, terms and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

Borrower:	3MotionAI Inc. (the “ Borrower ”)
DIP Lender:	West Tech Fitness Group Inc. (the “ DIP Lender ”)
Proposal Trustee:	TDB Restructuring Limited in its capacity as proposal trustee (in such capacity, the “ Proposal Trustee ”) in connection with the Borrower’s proceedings (the “ BIA Proceedings ”) under the <i>Bankruptcy and Insolvency Act</i> (Canada) (the BIA) commenced by a Notice of Intention to Make a Proposal filed on September 3, 2025 (the “ NOI ”).
Type of DIP Loan:	Debtor-in-possession loan of up to a maximum amount of CDN \$750,000.00 (the “ DIP Loan ”) secured by way of the DIP Charge (defined herein) to be available to the Borrower with the agreement of the Proposal Trustee subject to and in accordance with the terms herein.
Availability:	Subject to the fulfillment of the applicable conditions precedent to the availability of the DIP Loan set out herein and the Borrower’s adherence to the Form 30 Report of Consolidated Cash-Flow Statement filed by the Borrower pursuant to the NOI (the “ Approved Cash Flows ”) being satisfactory to each of the Proposal Trustee and the DIP Lender, and provided that no Event of Default (as defined below) has occurred and is then continuing, advances of the DIP Loan shall be made by the DIP Lender to the Borrower.
Purpose, Use of Proceeds:	The proceeds of the DIP Loan will be used by the Borrower to fund (a) the pre filing professional expenses incurred in preparation for filing the BIA Proceedings, and (b) the cash flow requirements of the Borrower on a going concern basis provided that the same is, unless approved in writing by the DIP Lender and the Proposal Trustee, (i) in accordance with the Approved Cash Flows, and (ii) not on account of any liability that existed as of September 3, 2025 unless permitted by the DIP Lender, including for avoidance of doubt but without limitation any unremitted statutory remittances existing as of September 3, 2025.
Closing Date:	On or before September 22, 2025 unless otherwise agreed by the Borrower and the DIP Lender (the “ Closing Date ”)
Termination Date:	The maturity of the DIP Loan (the “ Termination Date ”) shall be the earliest of: (a) 12 months following the Closing Date; (b) the effective date of any merger, amalgamation, consolidation, arrangement, reorganization, recapitalization, sale or any other transaction

	affecting all or a material part of the Borrower's assets or operations or resulting in the change of ownership or control of the Borrower confirmed by the Supreme Court of Ontario (the "Court") and satisfactory to the DIP Lender (any of the foregoing being a "Transaction"); (c) the date on which the Borrower's stay of proceedings expires without being extended or the date on which the BIA Proceedings are dismissed or terminated or the date on which either the Borrower becomes bankrupt or the stay of proceedings is lifted to allow the filing of a bankruptcy or receivership application or similar insolvency proceeding; and (d) the date of the acceleration of the DIP Loan and the termination of the commitment with respect to the DIP Loan as a result of an Event of Default (as defined herein). All outstanding amounts under the DIP Loan, together with all interest accrued in respect thereof and all other amounts owing under this DIP Term Sheet shall be payable in full on the Termination Date.
Interest Rates:	All amounts outstanding under the DIP Loan will bear interest at a rate of 10% per annum, on the daily balance outstanding under the DIP Loan. Interest shall be due, owing, payable and repaid as at the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.
Commitment Fee:	The Borrower shall pay to the DIP Lender a commitment fee equal to 1.5% of the maximum DIP Loan amount (the "Commitment Fee"). The Commitment Fee is non-refundable and is fully earned and payable no later than the Closing Date.
Repayment:	Unless otherwise repaid as contemplated herein, the DIP Loan shall be due, owing, payable and repaid as the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.
Mandatory Prepayments:	The DIP Loan shall be repaid in full from the net proceeds of any Transaction involving the Borrower.
Representations and Warranties:	The Borrower represents and warrants to the DIP Lender as of the date hereof, and as of the date of each advance under the DIP Loan, that: (a) the Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of their organization, has all requisite power to carry on business as now and formerly conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to constitute a material adverse effect, are qualified to do business in, and are in good standing in, every jurisdiction where such qualification is required; (b) the execution, delivery and performance, as applicable, of the DIP Term Sheet has been duly authorized by all actions, if any, required on the

	part and by the Borrower's board of directors, and constitutes a legal, valid and binding obligation of the Borrower enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium and other similar laws of general rights generally and to general equitable principles; (c) the Approved Cash Flows represent the Borrower's best estimate as at each applicable date of the likely results of the operations of the Borrower during the period applicable thereto and, to the Borrower's knowledge, such results are achievable as provided therein; (d) there are no arrears for any statutory remittances, withholding taxes or other amounts that, if unpaid, would have the benefit of an encumbrance or deemed trust in priority to the DIP Security and the DIP Charge (as defined herein), such as without limitation taxes under the <i>Excise Tax Act</i> (Canada) and any source deduction remittances to the Canada Revenue Agency, except those accruing in the normal course and not yet due; and (e) except in respect of periods preceding September 3, 2025, all employee wages and other amounts owing to employees are up-to-date and there are no amounts owing in respect of wages, termination pay, severance pay, vacation pay, pension benefit contributions or other benefits except those accruing in the normal course and in accordance with the established practices and arrangements of the Borrower.
Covenants:	The Borrower covenants and agrees that: (a) the Borrower shall pay all amounts and satisfy all obligations in respect of the DIP Loan, including the Commitment Fee; (b) the Borrower shall not make or permit to be made any payment on account obligations owing as at September 3, 2025 without the prior consent of the Proposal Trustee and the DIP Lender or pursuant to an order of the Court; (c) the Borrower shall not undertake any actions with respect to their respective assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, have a material adverse effect on the Borrower or the Collateral (as defined below); (d) the Borrower shall not incur any indebtedness, including the giving of guarantees, other than indebtedness specifically contemplated herein or permitted in writing by the DIP Lender; (e) the Borrower shall not incur, create, assume or suffer to exist any lien, charge, security interest or other encumbrance on any of the Collateral now owned or hereafter acquired other than: (i) those encumbrances existing as of September 3, 2025, (ii) those permitted by the DIP Lender in its sole discretion, (iii) the DIP Charge, and (iv) the administration charge to be granted by the Court (the "Administration Charge");

	(f) the Borrower shall not enter into any other credit facility or loan arrangements that would be secured in priority to or <i>pari passu</i> with the DIP Loan; (g) the Borrower shall not enter into any Transaction without the prior written consent of the DIP Lender; (h) without the prior written consent of the DIP Lender, the Borrower shall not: (i) declare or pay any dividends on, or make any other payments or distributions (whether by reduction of capital or otherwise) with respect to any of their respective issued and outstanding shares or other equity interests, or (ii) grant any loans; (i) the Borrower shall not sell any of their assets outside of the ordinary course of business without the prior written consent of the DIP Lender; (j) the Borrower shall ensure that their senior management team and advisors are available to meet and respond to inquiries and information requests from the Proposal Trustee and the DIP Lender and their advisors as may be reasonably required, and in any event no less frequently than once per week, and to provide them with updates as may be required by the DIP Lender or the Proposal Trustee; (k) the Borrower shall promptly pay all DIP Expenses (as defined below), including all legal and advisory fees and expenses, of the DIP Lender as such DIP Expenses are incurred and invoiced to the Borrower; (l) the Borrower shall pay the fees, if any, owing to the DIP Lender in connection with the DIP Loan (as set out herein or otherwise) promptly when such fees are due; (m) the Borrower shall update the Approved Cash Flows and provide a copy thereof to the DIP Lender and the Proposal Trustee together with a comparison to the prior version, it being understood that such updated Approved Cash Flows, if approved, become the Approved Cash Flows for purposes hereof; and (n) the Borrower shall provide such other information that the DIP Lender may reasonably request in relation to the BIA Proceedings, the Collateral, or the DIP Loan generally
Security:	As continuing security (the “DIP Security”) for the prompt payment of all amounts payable by the Borrower to the DIP Lender under the DIP Term Sheet, including all fees and expenses incurred by the DIP Lender in connection with DIP Loan and the enforcement thereof, and as continuing security for the due and punctual performance by the Borrower of their existing and future obligations pursuant to the DIP Term Sheet (the “DIP Obligations”), the Borrower hereby grants, conveys, assigns, transfers, mortgages and charges as and by way of a fixed and specific security interest, mortgage and charge, to and in favour of the DIP Lender, all of their property, assets, rights and undertakings, real and personal, moveable

	or immovable, tangible and intangible, legal or equitable, of whatsoever nature and kind, wherever located, both present and future, and now or hereinafter owned or acquired (collectively, the “Collateral”). The DIP Security shall be elevated by way of a Court-ordered super-priority charge (the “DIP Charge”) which the DIP Charge shall rank in priority on the Collateral in priority to any security interests, claims, or deemed trusts (statutory or otherwise) but subordinated to the Administration Charge (and any other court order charges to which the DIP Lender hereafter may elect to consent) without any other formality or requirement, such as without limitation under the <i>Personal Property Security Act</i> (Ontario) or registrations in land registration office(s) or otherwise.
Events of Default:	Each of the following shall constitute an “Event of Default”: (a) the Borrower defaults in the payment of any amount due and payable to the DIP Lender (whether of principal, interest or otherwise) pursuant to this DIP Term Sheet; (b) any representations and warranties made by the Borrower in the DIP Term Sheet proves to be incorrect at any time while the DIP Loan is outstanding; (c) the Borrower fails or neglects to observe or perform any term, covenant, condition or obligation contained or referred to in the DIP Term Sheet or any other document between the Borrower and the DIP Lender; (d) the stay of proceedings expires without being extended or the BIA Proceedings being dismissed or terminated or the Borrower becoming subject to a proceeding in bankruptcy or receivership or similar insolvency proceeding; (e) the entry of an order staying, amending, reversing, vacating or otherwise modifying or having a material adverse effect with respect to, in each case without the prior written consent of the DIP Lender, the DIP Loan or the DIP Charge; (f) the Borrower undertakes any actions with respect to its assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, has a material adverse effect on the Borrower or the Collateral; (g) if the Borrower makes any payments of any kind not permitted by this DIP Term Sheet, or contemplated by the Approved Cash Flows; (h) the occurrence of any other event or circumstance that has, or could reasonably be expected to have, a material adverse effect on either of the Borrower or on the Collateral, including without limitation a material adverse change from the Approved Cash Flow budget as determined by the DIP Lender in its sole discretion; and

	(i) if there is a change in the ownership, control, existing senior operating management arrangements or governance of the Borrower that is not acceptable to the DIP Lender. Upon the occurrence of an Event of Default, without any notice, protest, demand or other act on the part of the DIP Lender, all indebtedness of the Borrower to the DIP Lender shall become immediately due and payable and the DIP Lender shall be able to take all steps necessary to enforce its security. The DIP Lender shall also have the right to exercise all other customary remedies, including, without limitation, the right to enforce and realize on any or all of the Collateral, in each case, upon providing two (2) days prior written notice to the Borrower and the Proposal Trustee, without the necessity of obtaining further relief or an order from the Court.
Conditions Precedent, to first advance:	The conditions precedent to any advance being made under this DIP Term Sheet are: (a) the representations and warranties made by the Borrower in this DIP Loan Term Sheet being true and correct as of the date of such advance; (b) the issuance of a Court order approving the DIP Loan and the DIP Term Sheet, creating the DIP Charge with the priority specified herein, and authorizing the payment by the Borrower of all of the fees and expenses in respect of the DIP Loan (“DIP Order”); (c) If the DIP Lender so requires for any advance, the approval of the Proposal Trustee; and (d) the DIP Lender being satisfied with the Cash Flow Statement as amended from time to time.
Purchase of Assets pursuant to the SISP	The parties confirm and agree that the DIP Lender or any one of its affiliates may, but shall not be obligated to, make one or more bids to purchase the assets of the Borrower as part of the BIA Proceeding. Should the DIP Lender or its affiliate’s bid be successfully accepted by the Trustee an approved by the Court, the purchase price payable by the DIP Lender or its affiliate pursuant to such bid shall be set off against and deducted from the DIP Loan and such other amounts owing to the DIP Lender pursuant hereto, and the DIP Lender shall only be obligated to advance such portion of the purchase price which is in excess of the total of all amounts owing to the DIP Lender pursuant hereto (including on account of the DIP Loan, interest accruing thereon, the Commitment Fee and any Administration Costs owing to the DIP Lender).
Illegality:	In the event that it becomes illegal for the DIP Lender to lend or continue to lend, the DIP Lender will be repaid in full all amounts owing under the DIP Loan, including the Dip Expenses and the DIP Lenders commitment will be cancelled, without prejudice to the DIP Lender’s rights thereunder.

Taxation:	All payments of principal, interest and fees will be made free and clear of all present and future taxes, levies, duties or other deductions of any nature whatsoever, levied either now or at any future time.
Fees and Expenses:	The Borrower shall pay all of the DIP Lender's due diligence and other out-of-pocket expenses (including the reasonable fees and expenses of its counsel and advisors), whether or not any of the transactions contemplated hereby are consummated and whether incurred prior to or after the date of the DIP Order, as well as all reasonable expenses of the DIP Lender in connection with the ongoing monitoring, interpretation, administration, protection and enforcement of the DIP Loan, and the enforcement of any and all of its remedies at law (collectively the " DIP Expenses ")
Governing law, Jurisdiction	Laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario, without reference to any conflicts of laws provisions. The Borrower agrees to submit to the exclusive jurisdiction of the courts of the Province of Ontario in respect of all matters pertaining to this Agreement and the loans to be made hereunder, including without limitation all matters pertaining to the DIP Loan, the DIP Expenses, the Commitment Fee, the Collateral, the DIP Security and the DIP Charge and any and all rights of the DIP Lenders.

IN WITNESS HEREOF, the parties hereby execute this DIP Term Sheet as of the 29th day of September, 2025.

3MOTIONAI INC.

Per: 
 Reed Hanoun
 Director

I have authority to bind the Corporation

WEST TECH FITNESS GROUP INC.

Per: 
 Reed Hanoun
 C.E.O.

I have authority to bind the Corporation

APPENDIX D

Sale and Investment Solicitation Process for 3MotionAI Inc.

SISP Procedures

Introduction

On September 3, 2025, 3MotionAI Inc. (the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI Proceedings**”) under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (as amended, the “**BIA**”). TDB Restructuring Limited. was appointed as proposal trustee (in such capacity, variously referred to below as the “**Proposal Trustee**” and the “**Trustee**”).

On October 1, 2025 the Ontario Superior Court (Commercial List) (the “**Court**”) granted an order (the “**SISP Order**”) that, among other things, authorizes the Company, with the assistance of the Proposal Trustee, to conduct a sale and investment solicitation process (“**SISP**”) for the sale of the Company’s property, assets and undertakings (collectively, the “**Property**”). The SISP shall be conducted by the Proposal Trustee in the manner set forth herein..

All interested parties are encouraged to submit offers pursuant to this SISP.

Overview of the Company

1. The Company is a technology company which develops, markets and licenses software for the 3D analysis of human motion for use in application such as injury rehabilitation and the training of athletes (the “**Business**”).
2. The purpose of the SISP is to market and solicit offers for the sale and/or investment in the Business. The following describes the procedures (the “**Bidding Procedures**”) by which the Proposal Trustee will solicit offers and by which interested parties may participate and submit offers within the SISP.

Opportunity

3. The SISP is intended to solicit interest in, and opportunities for: (i) one or more sales or partial sales of all, substantially all, or certain portions of the Business; and/or (ii) for an investment in, restructuring, recapitalization, refinancing or other form of reorganization of the Company or its Business; and/or (iii) one or more sales or partial sales of all, substantially all, or certain portions of the Property. Bids considered pursuant to the SISP may include one or more of an investment, restructuring, recapitalization, refinancing or other form of reorganization of the Business and affairs of the Company as a going concern or a sale (or partial sales) of all, substantially all, or certain aspects of the Property (the “**Opportunity**”).
4. All interested parties are encouraged to submit bids based on any form of Opportunity that they may elect to advance pursuant to the SISP.

5. The Bidding Procedures describe the manner in which prospective bidders may gain access to due diligence materials, the manner in which bidders may participate in the SISP, the requirements for, receipt, and negotiation of bids received, the process for the ultimate selection of a Successful Bidder(s) (defined below) and the requisite approvals to be sought from the Court in connection therewith. The Proposal Trustee shall conduct the SISP in the manner set forth herein.
6. The Proposal Trustee may at any time and from time to time, modify, amend, vary or supplement, whether material or immaterial the SISP or the Bidding Procedures, if necessary or useful in order to give effect to the substance of the SISP, the Bidding Procedures and the SISP Order.
7. The Proposal Trustee shall post on the Proposal Trustee's case management website, <https://tdbadvisory.ca/insolvency-case/3motionai-inc/> (the "**Proposal Trustee Website**") as soon as practicable, any such modification, amendment, variation or supplement to the Bidding Procedures and the Company and/or Proposal Trustee shall inform interested parties impacted by such modifications.
8. In the event of a dispute as to the interpretation or application of the SISP or Bidding Procedures, the Court will have exclusive jurisdiction to hear and resolve such dispute.
9. No bidder may request or receive any form of bid protection or break fee as part of any bid made pursuant to the SISP.

Marketing and Solicitation of Interest – Notice of SISP

10. The Proposal Trustee shall be entitled, but not obligated, to arrange for a notice of the SISP to be published in any newspaper or industry journal as the Proposal Trustee considers appropriate.
11. The Proposal Trustee shall prepare:
 - (a) a list of potential buyers (collectively, "**Interested Parties**" and individually an "**Interested Party**");
 - (b) a short confidential information memorandum or other similar document describing what is for sale ("**CIM**");
 - (c) an initial offering summary ("**Solicitation Letters**");
 - (d) a form of non-disclosure agreement ("**NDA**"); and
 - (e) an electronic data room ("**VDR**").

12. The Trustee shall have the right but not the obligation to require bidders to use a form of asset purchase agreement it approves.
13. The Proposal Trustee will send the Solicitation Letters and the form of the NDA to all applicable Interested Parties in accordance with the milestones set out below and to any other Interested Party who requests a copy of the Solicitation Letters and NDA, or who is identified as an Interested Party, as soon as reasonably practicable after such request or identification, as applicable.
14. The Proposal Trustee will also post copies of the Solicitation Letters and NDA on the Proposal Trustee Website.
15. The Proposal Trustee will have sole responsibility for managing all communication with Interested Parties prior to and after receipt of Bids. This shall include facilitating the delivery of all communications, contacting prospective bidders and providing them with the Solicitation Letters, coordinating the execution of NDAs, managing the process of answering inquiries from prospective bidders, soliciting and tracking all Bids, facilitating communication between the Company and its advisors, and reviewing and negotiating transaction documentation.
16. All requests for information in respect of the SISP must be made through the Proposal Trustee.

Timeline

17. The following table sets out the key milestones and deadlines in the SISP, which milestones and deadlines may be extended by up to fourteen (14) days by the Proposal Trustee, or for a longer period by Court order:

Event	Milestone
<u>1. Prepare for Process Launch</u> Includes creation of Solicitation Letters, target list, marketing material, CIM, NDA and VDR.	As soon as practicable after the granting of the SISP Order.
<u>2. Launch SISP</u> Distribute the Solicitation Letters to potential Interested Parties and publish notice of the SISP on the Proposal Trustee Website.	No later than October 7, 2025
<u>3. Bid Deadline</u> Deadline for submissions of binding Bids.	5:00 p.m. on October 21, 2025
<u>5. Selection of Successful Bidder</u> The Proposal Trustee will choose the Successful Bid.	No later than October 24, 2025
<u>6. Approval Order – Successful Bid(s)</u> Deadline for receiving the Approval Order in respect of the Successful Bid.	As soon as practicable after the selection of Successful Bidder, and no later than November 5, 2025, unless the Proposal Trustee Otherwise permits, and subject to Court availability.
<u>7. Closing – Successful Bid(s)</u> Anticipated closing date of the Successful Bid.	As soon as practicable after the Approval Order and, in any event, no later than November 21] 2025 unless the Proposal Trustee otherwise permits (“ Outside Date ”)

Participation in SISP

18. Any Interested Party who wishes to participate in the SISP must provide to the Proposal Trustee:
 - (a) an executed NDA and a letter setting forth the identity of the Interested Party, the contact information for such Interested Party, and full disclosure of the direct and indirect principals of the Interested Party. The NDA shall include an acknowledgement of the terms of the SISP and the Bidding Procedures; and
 - (b) if the Proposal Trustee considers it necessary, such form of financial disclosure that allows the Proposal Trustee to make a reasonable determination as to the Interested Party's financial and other capabilities to consummate a transaction.
19. If an Interested Party (i) has delivered an executed NDA; and (ii) if necessary, has provided the Proposal Trustee with satisfactory evidence of its capability to consummate a transaction based on its financing, experience, and other relevant considerations, then such Interested Party will be determined by the Proposal Trustee, to be a **"Potential Bidder"**.
20. Each Potential Bidder will be prohibited from communicating with any other Potential Bidder with respect to matters relating to the SISP during the term of the SISP, without the consent of the Proposal Trustee.
21. The Proposal Trustee will also provide each Potential Bidder with a copy of the CIM, Solicitation Letter and access to the VDR. Potential Bidders must rely solely on their own independent review, investigation, and/or inspection of all information on the assets in connection with their participation in the SISP and any transaction resulting therefrom. The Company, the Proposal Trustee, and each of its respective directors, officers, agents, counsel, and advisors make no representation or warranty, express or implied, whatsoever as to the information (including, without limitation, with respect to its accuracy or completeness): (i) contained in the Solicitation Letters or the VDR; (ii) provided through the due diligence process or otherwise made available pursuant to the SISP; or (iii) otherwise made available to a Potential Bidder except to the extent contemplated in any definitive documentation duly executed and delivered by the Successful Bidder(s) (as defined below) and approved by the Court.

22. At any time during the SISP, the Proposal Trustee may eliminate a Potential Bidder from the SISP, in which case such party will no longer be a Potential Bidder for the purposes of the SISP.
23. The Company and Proposal Trustee shall afford each Potential Bidder such access to applicable due diligence materials and information pertaining to the Business of the Company as the Proposal Trustee deems appropriate in its reasonable business judgment. Due diligence access may include access to the VDR, on-site inspections, and other matters which a Potential Bidder may reasonably request and which the Proposal Trustee deems appropriate. The Proposal Trustee will designate one or more representatives to coordinate all reasonable requests for additional information and due diligence access from each Potential Bidder and the manner in which such requests must be communicated.
24. The Proposal Trustee shall not be obligated to furnish any information relating to the Company's Business and Property to any person other than to Potential Bidders.

Submission of Qualified Bids

25. The Bid Deadline for submission of binding offers by a Potential Bidder (a "**Bid**") is October 21, 2025 (the "**Bid Deadline**"). Bids must be submitted by e-mail with the title "**3MotionAI Inc. – Binding Bid**" prior to the Bid Deadline to Bryan Tannenbaum at btannenbaum@tdbadvisory.ca
26. A Bid submitted by a Potential Bidder will only be considered a "**Qualified Bid**" (and the bidder making such bid, the "**Qualified Bidder**") if it complies at a minimum with the following:
 - (a) it is received by the Bid Deadline;
 - (b) it includes an executed binding transaction document(s), including all exhibits and schedules contemplated thereby, all in a form satisfactory to the Trustee, describing the terms and conditions of the proposed transaction, including any liabilities proposed to be assumed, the purchase price, the structure and financing of the proposed transaction, and any regulatory or other third-party approvals required;
 - (c) It assigns a separate price for each of the six different product software offering of the Company to which the bid pertains, in order to assist in the comparison of bids. The six software product offerings of the Company are summarized in Appendix 1 hereof;
 - (d) it includes full details of the bidder's intended treatment of the Company's stakeholders under or in connection with the proposed bid, including the Company's secured creditors, unsecured creditors, employees, customers, suppliers, contractual counterparties and equity holders;
 - (e) it is accompanied by a cover letter providing the Proposal Trustee with the following information:
 - (i) identity of the Potential Bidder and representatives thereof who are authorized to appear and act on behalf of the Potential Bidder for all purposes regarding the contemplated transaction; and the identity of each entity or person that will be sponsoring, participating in or benefiting from the transaction contemplated by the Bid;
 - (ii) written evidence, satisfactory to the Proposal Trustee of the ability to consummate the transaction within the timeframe contemplated by the SISP and to satisfy any obligations or liabilities to be assumed on closing of the

transaction, including, without limitation, a specific indication of the sources of capital;

- (iii) all material conditions to closing including, without limitation, any internal, regulatory or other approvals and any form of agreement or other document required from a government body, stakeholder or other third party, and an estimate of the anticipated timeframe and any anticipated impediments for obtaining such approvals; and
 - (iv) acknowledgments and representations of the Qualified Bidder that it: (i) has had an opportunity to conduct any and all due diligence regarding the Company and its Property prior to making a Bid; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Business in making its Bid; (iii) did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Company or the completeness of any information provided in connection therewith, other than as expressly set forth in the Bid or other transaction document submitted with the Bid; (iv) promptly will commence any governmental or regulatory review of the proposed transaction by the applicable competition, antitrust or other applicable governmental authorities; and (v) will bear its own costs and expenses (including all legal and advisor fees) in connection with the proposed transaction;
- (f) it is accompanied by a deposit in the amount of not less than 10% of the cash purchase price payable on closing or total new investment contemplated, as the case may be (the “**Deposit**”), along with acknowledgement that if the Qualified Bidder is selected as the Successful Bidder (as defined below), that the Deposit will be non-refundable subject to approval of the Successful Bid (as defined below) by the Court and the terms described below;

- (g) it is binding and irrevocable until the earlier of (i) the approval of the Successful Bid by the Court, and (ii) thirty (30) calendar days following the Bid Deadline, provided that if such bid is selected as a Successful Bid, it shall remain irrevocable until the closing of the transaction contemplated by the Successful Bid;
- (h) it is not conditional upon any condition or contingency relating to due diligence, financing or any other material conditions precedent to the bidder's obligation to complete the transaction;
- (i) it contemplates closing of the transaction by not later than the Outside Date;
- (j) it does not provide for any break fee or expense reimbursement, it being understood and agreed that no bidder will be entitled to any such bid protections; and
- (k) it contains such other information as may be reasonably requested by the Proposal Trustee.

Assessment of the Bids and Selection of the Successful Bid

- 27. Notwithstanding the foregoing, the Proposal may waive compliance with any one or more of the requirements above and deem any such non-compliant bid to be a Qualified Bid, provided that doing so shall not constitute a waiver by the Proposal Trustee of the requirements of the paragraphs above or an obligation on the part of the Proposal Trustee to designate any other Bid as a Qualified Bid. The Proposal Trustee will be under no obligation to negotiate identical terms with, or extend identical terms to, each Potential Bidder.
- 28. Any Qualified Bids accepted pursuant to the SISP will be strictly Trustee subject to Court approval.
- 29. The Proposal Trustee may following the receipt of any Qualified Bid, seek clarification with respect to any of the terms or conditions of such Qualified Bid and/or request and negotiate one or more amendments to such Qualified Bid.
- 30. The Proposal Trustee shall evaluate Qualified Bids with a view to selecting the best or otherwise highest bid. The Qualified Bid selected by the Proposal Trustee as the best or highest bid shall constitute the "**Successful Bid**".
- 31. In selecting a Successful Bid, the Proposal Trustee shall have the discretion to conduct an auction on such terms and conditions as the Proposal Trustee deems appropriate and beneficial to the process. The terms of the auction will be communicated to all interested parties in a timely manner to ensure fair and transparent participation.

32. In the event that the Proposal Trustee, determines that there are no Qualified Bids, The Trustee may but shall not be required to return to Court for directions.
33. Any Successful Bid will be subject to approval by the Court.

Finalizing and Approving the Successful Bid(s)

34. Following selection of the Successful Bid, if any, the Proposal Trustee, with the assistance of its advisors, shall seek to finalize any remaining necessary definitive agreement(s) with respect to the Successful Bid in accordance with the milestones set out in the chart above. Once the necessary definitive agreement(s) with respect to a Successful Bid have been finalized, as determined by the Proposal Trustee, the Company shall apply to the Court, on notice to the service list, for an order or orders approving such Successful Bid and/or the mechanics to authorize the Company to complete the transaction contemplated thereby, as applicable, and authorizing the Company to: (a) enter into any and all necessary agreements and related documentation with respect to the Successful Bid; (b) undertake such other actions as may be necessary to give effect to such Successful Bid; and (c) implement the transaction contemplated in such Successful Bid (each, an **"Approval Order"**).
35. All Qualified Bids (other than the Successful Bid) shall be deemed rejected on and as of the date of the closing of the Successful Bid, with no further or continuing obligation of the Proposal Trustee to any unsuccessful Qualified Bidders.

Deposits

36. The Deposit(s):
 - (a) shall be paid by a Qualified Bidder to the Proposal Trustee and shall upon receipt be retained by the Proposal Trustee and deposited in a non-interest-bearing trust account.
 - (b) received from the Successful Bidder, shall:
 - (i) be applied to the purchase price to be paid by the applicable Successful Bidder whose Successful Bid is the subject of the Approval Order, upon closing of the approved transaction; and
 - (ii) shall otherwise be held and refundable in accordance with the terms of the definitive documentation in respect of any Successful Bid, provided that all such documentation shall provide that the Deposit shall be retained by the Proposal Trustee and forfeited by the Successful Bidder if the Successful Bid fails to close by the Outside Date, and such failure is attributable directly to any failure or omission of the Successful Bidder to fulfil its obligations under the terms of the Successful Bid;
37. Deposits received from Qualified Bidders that are not the Successful Bidder shall be refunded in full to the Qualified Bidders that paid the Deposit as soon as reasonably practicable following the selection of the Successful Bidder.

Amendment

38. The Proposal Trustee shall have the right at any time to: (i) make material amendments to the SISP (including by extending the Bid Deadline); and (ii) make non-material amendments to the SISP, in each case if, in the Proposal Trustee's reasonable judgment, such material or non-material amendment is likely to enhance the procedure for conducting the SISP or maximize the value of a transaction pursuant to the SISP. The Proposal Trustee shall advise the Service List in the NOI Proceedings of any material amendment to the SISP.

"As is, Where is"

39. Any transaction will be on an "as is, where is" basis without surviving material representations or warranties, nature, or description by the Proposal Trustee, the Company, or any of their respective directors, officers, agents, advisors, or other representatives unless otherwise agreed in a definitive agreement.

Confidentiality

40. For greater certainty other than as shall be required in connection with seeking Approval Order, neither the Company nor the Proposal Trustee will share: (i) the identity of any Potential Bidder or (ii) the terms of any Bid, or Qualified Bid with any other bidder without the consent of such party (including by way of email).

Further Orders

41. At any time during the SISP, the Proposal Trustee may apply to the Court for advice and directions with respect to any aspect of this SISP and the Bidding Procedures including, but not limited to, the continuation of the SISP or with respect to the discharge of its powers and duties hereunder.

Additional Terms

42. In addition to any other requirement of these Bidding Procedures:
 - (a) The Proposal Trustee, as applicable, shall at all times prior to the selection of a Successful Bid use commercially reasonable efforts to facilitate a competitive bidding process in the SISP including, without limitation, by actively soliciting participation by all persons who would be customarily identified as high potential bidders in a process of this kind or who may be reasonably proposed by the Proposal Trustee or the Company's stakeholders as a potential bidder.
 - (b) Any consent, approval or confirmation the Proposal Trustee is ineffective unless provided in writing and any approval required pursuant to the terms hereof is in addition to, and not in substitution for, any other approvals required by the BIA or as otherwise required at law in order to implement a Successful Bid. For the avoidance of doubt, a consent, approval or confirmation provided by email shall be deemed to have been provided in writing for the purposes of this paragraph.

- (c) All Potential Bidders shall at all times be granted information, access and facilitation that is no less complete and timely than is granted by the Proposal Trustee, or their representatives, to other Potential Bidders to the SISP. This shall include, without limitation, reasonable access to the Company's books, records, financial information, management, advisors and business partners. The Proposal Trustee shall review all information and materials provided by the Company or its representatives, and the secured creditors or their representatives and, to the extent that the Proposal Trustee is of the view that any such information or materials are materially relevant to a Potential Bidder, then such information or materials shall be promptly posted to the VDR or otherwise made available to all Potential Bidders. Nothing in this paragraph creates binding obligations of third parties.

Contact

43. All questions and enquiries regarding the SISP should be directed to the Proposal Trustee by emailing Nisan Thurairatnam at nthurairatnam@tdbadvisory.ca.

APPENDIX 1

The following are the Company's six distinct software product offerings, each consisting of individual App and platform access:

RiskAI

RiskAI automates ergonomic risk assessments for workplace tasks using a single camera. It applies recognized methods like REBA and NIOSH to identify high-risk postures and task demands, producing objective scores, visual overlays, and reports. The system helps safety teams scale evaluations across job sites while reducing the time and subjectivity of manual assessments. By digitizing the ergonomics process, RiskAI makes it possible to evaluate entire workforces consistently, highlight recurring risk factors, and document improvements over time with reliable, repeatable data.



PerformAI

PerformAI measures athletic performance through tests such as vertical jump, pushups, squats, single-leg stance, and forward bound. Using video input, it delivers objective data on power, stability, endurance, and mobility. The platform enables athletes and coaches to track progress, identify weaknesses, and target training with consistent, repeatable results. PerformAI is designed for use across training environments, from weight rooms to practice fields, giving performance staff a common framework to benchmark athletes, compare results across teams, and build individualized development plans.



HealthAI

HealthAI focuses telehealth and remote MSK care to assess mobility and range-of-motion testing for general health and rehabilitation. It evaluates neck, shoulder, trunk, hip, and wrist movements along with functional tasks like lunges and deadlifts. Clinicians and wellness professionals receive clear mobility scores and movement data to guide treatment, monitor recovery, and promote long-term health. The system supports preventive care as well as clinical interventions, offering a scalable way to screen populations, track rehabilitation progress, and measure the outcomes of therapy or wellness programs.



SportsAI

SportsAI delivers multi-sport biomechanics analysis using unique activity specific analysis for each sport. The framework now supports baseball pitching, hitting, quarterback throwing, and golf swing assessments, each with task-specific performance metrics. Results include detailed movement analysis, visual overlays, and scoring that can be integrated into athlete development programs and performance platforms. By consolidating multiple sports into a single system, SportsAI provides consistent measures of mechanics and efficiency, allowing coaches, trainers, and organizations to evaluate athletes across disciplines with the same trusted methodology.



ROSA

The Rapid Office Strain Assessment (ROSA) improves office ergonomics through a quick, guided process that helps employees adjust their workstations and receive real-time feedback to reduce discomfort and injury risk. Proven effective in published studies, ROSA lowers downtime and boosts well-being at a fraction of consultant costs. Enhanced with computer vision technology, ROSA combines self-assessment with automated video analysis to deliver greater accuracy and scalability in office ergonomics. This hybrid approach allows organizations to address everyday workstation risks quickly, collect consistent data across large office populations, and take proactive steps to reduce long-term strain and injury.



ProPlayAI

ProPlayAI provides detailed pitching mechanics analysis through a dedicated web and mobile app. Athletes record a single video to receive a full kinematic breakdown, including stride length, hip-shoulder separation, trunk rotation, and arm speed. The system offers validated, lab-grade accuracy in an accessible format, helping pitchers and coaches refine mechanics and reduce injury risk. Built specifically for baseball, ProPlayAI delivers insights trusted by professional and amateur baseball organizations alike, making advanced biomechanics accessible to every level of the game.



APPENDIX E



September 25, 2025

Confidential and Without Prejudice

Mr. Reed Hanoun
2084 Gatestone Ave
Oakville ON
L6J 2G3

Delivered: Via Email reed.hanoun@3motionai.com

Re: Termination of employment pursuant to the Employment Agreement between Reed Hanoun and MyAbilities Technologies Inc. made effective as of November 28, 2019 (the “**Agreement**”)

Dear Reed:

MyAbilities Technologies Inc. amalgamated with another company to become 3MotionAI Inc. (the “**Corporation**”) on or about February 1, 2021, and by virtue of such amalgamation, the Agreement continued with the Corporation assuming the rights and responsibilities of the employer under the Agreement.

Pursuant to Section 8.4 of your Agreement, the Corporation is entitled to terminate your employment at any time without just cause by providing you with notice of such termination. This letter is to serve as notice that your employment with the Corporation will end effective as of today, September 25, 2025. Your employment is being terminated on a without-cause basis due to the Corporation filing a Notice of Intention to make a proposal to creditors (“**NOI Proceeding**”) under the Canadian Bankruptcy and Insolvency Act (“**BIA**”) on September 3, 2025.

Pursuant to Section 8.4 of the Employment Agreement, you are entitled:

1. an amount equal to the your Base Salary (as defined in the Agreement) for a period of twenty-four (24) months in one lump sum payment;
2. all accrued and outstanding amounts due and owing to you as at the date hereof on account of unpaid Base Salary to date, unpaid vacation pay to date, the Perquisite Package (as defined in the Agreement) and expenses incurred by you in the course of performing your employment duties to date. All such amounts to be payable in one lump sum within 30 days after the date hereof;
3. Aggregate Bonuses (as defined in the Agreement) for the year 2025, pro-rated to today’s date and calculated based on the annual average of the Aggregate Bonuses (excluding any Aggregate Bonuses provided to you by way of an award of stock options, RSUs or PSUs) paid to you for the last 2 fiscal years, and payable in one lump sum within 30 days after the date hereof;

4. benefits continuance in accordance with the ESA minimums plus a lump sum payment equal to the Corporation's premium costs of such benefits for a two (2) year period (at \$960/month, less all applicable taxes), less the benefits continuation as prescribed by the ESA;
5. reimbursement in respect of career transition/outplacement services and/or related financial and tax planning services to a maximum amount of CAD \$5,000 per year for a 2 year period; and
6. the equity entitlements set out in Sections 8.4(e) and (f) of the Agreement.

Given the continuance of the NOI Proceeding, the Corporation is currently unable to make any of the foregoing payments and directs you to file a proof of claim with the Corporation's trustee, TDB Restructuring Limited ("**TDB**"), as an unsecured creditor of the Corporation. In that regard, you understand that any payment on account of the amounts owing to you in respect of your termination will only be paid to the extent to which funds are available after a sale of the Corporation's assets as part of the NOI Process, and to the extent any such funds are available, you will share in such funds as an unsecured creditor of the Corporation with all other unsecured creditors of the Corporation.

A Record of Employment (ROE) will be issued to you, which indicates Code A (Shortage of Work) as the reason for issuance. You may use the ROE to apply for Employment Insurance benefits.

Given that the Corporation is unable to make payment of the amounts due to you on termination of your employment in accordance with the Agreement, and in consideration of

1. the assistance you have provided to date with respect to the NOI Process being pursued by the Corporation,
2. your agreement to provide assistance with the NOI Process to TDB on request;
3. the fact that the company may realize higher values for its assets if you are able to be able to be engaged by bidders for the Corporation's assets with respect to either their bid, the closing or the operation of the business post-acquisition,

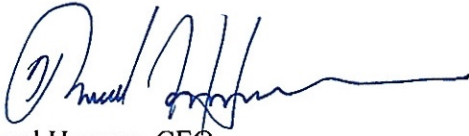
the Corporation hereby releases and forever discharges you from all non-solicitation and non-competition obligations as set out in Section 9 of the Agreement. In that regard, the Corporation on its own behalf and on behalf of its subsidiaries and affiliates and their respective successors and assigns hereby irrevocably and unconditionally remise, release and forever discharge you and your heirs, executors, administrators and representatives (collectively the "**Releasees**") of and from all actions, causes of action, suits, proceedings, debts, duties, monies, accounts, covenants, contracts, obligations, claims, liabilities, damages, grievances, executions, judgements and other demands, in each case of any kind whatsoever, both in law and in equity, under any statute, whether known or unknown and whether contingent or otherwise, which it now has, ever had or hereafter can, shall or may have or assert (including, for greater certainty and without limiting the generality of the foregoing, such as may hereafter become known or arise in respect of matters existing at the present time) against any of the Releasees for or by reason of or in any way related to, in connection with or arising out of your employment, termination thereof or the restrictive covenants set out in Section 9 of the Agreement.

You may retain free and clear Company property in your current position, such as laptops, office equipment, cell phone, etc. so as to enable you to assist with the NOI Process.

The termination of your employment on the terms and conditions set out herein shall be subject to TDB and court approval if the company deems it necessary or otherwise appropriate.

Thank you for your contribution to the 3motionAI.

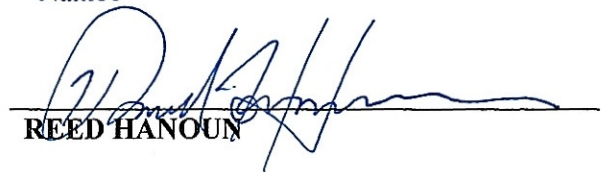
Regards,



Reed Hanoun, CEO
3MotionAI Inc.

THE TERMINATION OF EMPLOYMENT and the terms and conditions relating to such termination as set out in the foregoing letter are hereby accepted by Reed Hanoun this 25th day of SEPTEMBER, 2025 as evidenced by his signature hereto.

REED HANOUN
Name:


REED HANOUN

APPENDIX F

INDEPENDENT CONTRACTOR AGREEMENT

THIS INDEPENDENT CONTRACTOR AGREEMENT (the “Agreement”) is to take effect as of the 3rd day of September, 2025 (the “Effective Date”).

BETWEEN:

3MOTIONAI INC

(the “Company”)

- and -

REED HANOUN

(the “Contractor”)

(collectively referred to as the “Parties”)

WHEREAS the Contractor possesses special knowledge, abilities and experience in connection with the business of the Company (the “Business”). The Company desires to engage the services of Contractor to perform services as an independent contractor for the Company with respect to its Business, and Contractor desires to provide such services to the Company on the terms and conditions set forth in this Agreement

AND WHEREAS the Corporation filed a Notice of Intention to make a proposal to creditors (“NOI Proceeding”) under the Canadian Bankruptcy and Insolvency Act (“BIA”) on September 3, 2025 and as a result thereof the Corporation’s actions are to be approved by its trustee in bankruptcy, TDB Restructuring Limited (the “Trustee”).

THEREFORE, the Parties agree as follows:

1.0 TERM AND TERMINATION

- 1.1 The term of this Agreement shall commence on the Effective Date and continue for a period of ninety days from and after the Effective Date, extended in accordance with the provisions contained herein (herein referred to as the “Term”).
- 1.2 Notwithstanding anything else to the contrary contained in this Agreement, the Company may terminate this Agreement at any time without prior notice, (i) for fraud conviction, gross negligence, wilful misconduct, or breach of any material term hereof by the Contractor.
- 1.3 This Agreement may be terminated at any time by Contractor for non-payment of Fees (as hereinafter defined) when due.
- 1.4 Upon termination of this Agreement by the Company pursuant to Section 1.2 or upon the termination of the Contractor for non payment;
 - (a) the Company shall only be responsible for the payment of (i) Fees due and owing to the Contractor as at the time of termination and (ii) any reasonable expenditures properly

incurred by the Contractor and approved by the Company under this Agreement up to the effective date of termination, and

- (b) the Contractor shall have no further claims against the Company for damages of any nature whatsoever.

2.0 SERVICES TO BE PROVIDED

- 2.1 The Company hereby retains the Contractor to perform the such services as necessary to manage and oversee the operations of the Corporation for the duration of the NOI Process working in conjunction with the Trustee in connection therewith, and such other services as may be requested by the Company, its Board of Directors or Trustee from time to time during the NOI Process (collectively, the “Services”).
- 2.2 The Company grants the Contractor the authority and discretion to do such things as may be reasonably necessary for the purposes of performing the Services. However, the Contractor shall not have the authority or discretion to enter into any agreement, contract or understanding that legally binds the Company or otherwise assume, create or incur any obligations or liabilities on behalf of the Company, except as expressly provided for in this Agreement, without first obtaining the prior written consent of the Company.

3.0 FEES AND EXPENSES

- 3.1 In consideration of the Services provided, the Company shall pay to the Contractor a Fee of \$15,000 per month plus benefits of \$2,500 per month plus HST (the “Fee”).
- 3.2 The Contractor will invoice the Company for Services to be rendered on a monthly basis on the first day of each month. On each such invoice, the Contractor agrees to clearly outline the extent of Services provided in respect of such invoice, listing a description of tasks completed. The fee set out in each invoice will be paid by the Company on the 1st day of each month of Services in advance.
- 3.3 The Contractor will be reimbursed only for those out of pocket expenses which are preapproved in writing by the Company prior to such expenses being incurred.

4.0 NON-EXCLUSIVITY

- 4.1 The Contractor may carry on and perform services for others during the term, provided that such services do not interfere with the efficient and timely performance of the Services.

5.0 INDEPENDENT CONTRACTOR

- 5.1 The Contractor is and shall remain at all times an independent contractor and is not, and shall not represent itself to be an agent, joint venturer, partner, officer, or employee of the Company. Nothing contained in this Agreement is intended to create nor shall be construed as creating an employment relationship between the Contractor and the Company. The Contractor has sole responsibility, as an independent contractor, to comply with all laws, rules and regulations relating to the provision of Services, including without limitation, all requirements under any applicable tax, employment and pension related legislation and regulations. As an independent contractor, the Contractor shall not be entitled to any employment related benefits, including without limitation, any payments under the *Employment Standards Act, 2000* (Ontario). Upon termination of this Agreement, the Contractor shall not be entitled to any severance or termination pay otherwise payable to employees of the Company.

- 5.2 Should the relationship between the Contractor and the Company be found in law to constitute an employment relationship, which conclusion is expressly and mutually denied, the Contractor hereby agrees to indemnify the Company against any amounts which are found to be owing by way of employer contributions, withholdings, or termination or severance pay under any applicable legislation relating to employment status including without limitation all applicable income tax, employment standards or workplace health and safety legislation and any other legislation respecting any pension or employment insurance.

6.0 HEALTH AND SAFETY, DAMAGE TO PROPERTY

- 6.1 The Contractor shall comply with applicable health and safety laws, and hereby agrees to indemnify and hold harmless the Company, its directors, officers, agents and employees from and against any and all claims, demands, suits, losses, fines, surcharges, damages, costs and expenses arising out of the Contractor's failure to comply with such laws. The Contractor further agrees to indemnify and hold the Company, its directors, officers, agents and employees harmless from and against any and all liabilities, claims, demands, suits, losses, fines, surcharges, damages, costs and expenses relating to the injury or death of any person, damage to or destruction of any property, which is directly or indirectly caused by any act or omission on the part of the Contractor or any employees of the Contractor engaged in providing Services to the Company.

NOTICES

- 6.2 **Notice to Contractor:** Any notice required or permitted to be given to the Contractor shall be deemed to have been received if delivered personally to the Contractor, sent to reed@hanoun.com if mailed by registered mail to the Contractor's business address at. 19-511 Maple Grove Rd., Suite 61029 L6J 2G3 ON, Canada
- 6.3 **Notice to Company:** Any notice required or permitted to be given to the Company shall be deemed to have been received if delivered personally to Bryan A. Tannenbaum; btannenbaum@tdbadvisory.ca, mailed by registered mail, or sent to 11 King St. West, Suite 700 Toronto, ON M5H 4C7 to the attention of Bryan A. Tannenbaum

7.0 GENERAL PROVISIONS

- 7.1 **Severability:** In the event that any covenant, provision or restriction contained in this Agreement is found to be void or unenforceable (in whole or in part) by a court of competent jurisdiction, it shall not affect or impair the validity of any other covenant, provisions or restrictions contained herein, nor shall it affect the validity or enforceability of such covenants, provisions or restrictions in any other jurisdiction or in regard to other circumstances. Any covenants, provisions or restrictions found to be void or unenforceable are declared to be separate and distinct, and the remaining covenants, provisions and restrictions shall remain in full force and effect.
- 7.2 **Failsafe:** Notwithstanding anything to the contrary in this Agreement, in the event that Applicable Legislation provides the Contractor with superior entitlements upon termination of this Agreement than expressly provided for in this Agreement, the Company shall provide the Contractor with the applicable statutory entitlements in substitution for the Contractor's rights under this Agreement.
- 7.3 **Changes to Agreement:** Any modifications or amendments to this Agreement must be in writing and signed by both Parties or else they shall have no force and effect. The Parties specifically acknowledge that the Company's continued retention of the Contractor shall be sufficient and ample consideration supporting any future modifications or amendments to this Agreement.

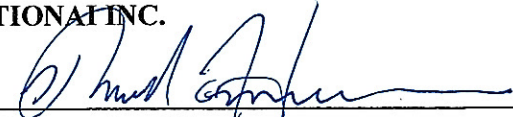
- 7.4 Enurement: This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and assigns, including without limitation, the Contractor's heirs, executors, administrators and personal representatives.
- 7.5 Assignment: The Contractor may not assign any of the Contractor's rights or delegate any of the Contractor's duties or responsibilities under this Agreement, without the Company's prior written consent. The Company may, without the consent of the Contractor, assign its rights, duties and obligations under this Agreement to an affiliate or to a purchaser of all, or substantially all of the assets of the Company.
- 7.6 Entire Agreement: This Agreement including the schedules thereto constitutes the entire agreement between the Parties and supersedes and replaces any and all other representations, understandings, negotiations and previous agreements, written or oral, express or implied.
- 7.7 Independent Legal Advice: The Contractor acknowledges that the Contractor has read and understands the terms and conditions contained in this Agreement, and that the Company has provided a reasonable opportunity for the Contractor to seek independent legal advice prior to executing this Agreement and the Contractor has either sought such independent legal advice or voluntarily declined to do so.
- 7.8 Currency: All dollar amounts set forth or referred to in this Agreement refer to the currency of Canada.
- 7.9 Governing Law: This Agreement shall be interpreted and construed in accordance with the local laws of the Province of Ontario and the laws of Canada applicable therein without reference to any conflicts of laws provisions, and the parties will attorn to the exclusive jurisdiction of the Courts of Toronto in respect of any dispute arising out of or in relation to this Agreement.

[signatures on following page]

IN WITNESS OF WHICH the Parties have duly executed this Agreement:

3MOTIONAL INC.

By:



Name: Reed Hanoun

Title Director



REED HANOUN