



Estate File No.: 32-3183217

**IN THE MATTER OF THE BANKRUPTCY OF
1000834899 ONTARIO INC.
OF THE CITY OF MISSISSAUGA, IN THE PROVINCE OF ONTARIO**

**TRUSTEE'S REPORT TO CREDITORS ON
PRELIMINARY ADMINISTRATION**

FEBRUARY 26, 2025

1.0 Introduction

1. On December 15, 2023, KSV Restructuring Inc. ("KSV") was appointed as the monitor (the "Monitor") of Contract Pharmaceuticals Limited ("CPL") and its wholly owned subsidiaries, CPL Canada Holdco Limited ("CPL HoldCo"), Contract Pharmaceuticals Limited Canada ("CPL Canada"), Glasshouse Pharmaceuticals Limited Canada ("Glasshouse Canada"), and Glasshouse Pharmaceuticals LLC (collectively, the "Companies" and the "CPL Group") in their proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA Proceedings").
2. The principal purpose of the CCAA Proceedings was to carry out a Court-approved Sale and Investment Solicitation Process (the "SISP"). The SISP was conducted in accordance with its terms and culminated in a transaction structured as a "reverse vesting" transaction.
3. Pursuant to an order issued on April 17, 2024, the Court approved the transaction (the "Transaction") between CPL and AIP Elixir Buyer Inc. (the "Purchaser") for the sale of all of the issued and outstanding shares in the capital of CPL HoldCo owned by CPL pursuant to a Share Purchase Agreement dated March 30, 2024 (as amended, the "Share Purchase Agreement"). In accordance with the Share Purchase Agreement, certain assets, contracts and liabilities of CPL were transferred and vested out to 1000834899 Ontario Inc. ("1000 Ontario").
4. Following the closing of the Transaction, on September 17, 2024, the Court issued an order (the "Ancillary Relief Order") granting, among other things, the Monitor enhanced powers over CPL, Glasshouse Pharmaceuticals LLC and 1000 Ontario (the "Remaining Applicants") and authorizing the Monitor to file a voluntary assignment in bankruptcy on behalf of each of the Remaining Applicants pursuant to section 49 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA").

5. On February 5, 2025 (the “Bankruptcy Date”), the Monitor assigned 1000 Ontario into bankruptcy. KSV was appointed as the Licensed Insolvency Trustee (the “Trustee”) of 1000 Ontario, subject to affirmation at the First Meeting of Creditors on February 26, 2025. The primary purpose of assigning 1000 Ontario into bankruptcy was to facilitate access to the Wage Earner Protection Program for former employees of the CPL Group. The Monitor does not currently intend to assign the balance of the Remaining Applicants into bankruptcy.

1.1 Restrictions

1. In preparing this Report, the Trustee has relied upon unaudited financial information prepared by representatives and advisors of the CPL Group and the books and records of the CPL Group.
2. The Trustee has neither audited nor independently verified the accuracy or completeness of the financial information relied upon to prepare this Report in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook. Accordingly, the Trustee expresses no opinion or other form of assurance contemplated by the CAS. Any party wishing to rely on the financial information should perform its own diligence.

2.0 Background

1. The CPL Group specialized in the development, manufacturing, packaging, filing, and testing of non-sterile liquids, semi-solid pharmaceuticals, and regulated over-the-counter-products. Non-sterile liquids include products such as prescription and non-prescription grade suspensions, solutions, and nasal sprays. Semi-solid pharmaceuticals include prescription and non-prescription grade lotions, creams, ointments, and gels. In total, the CPL Group manufactured over 100 different products for many top global pharmaceutical companies and specialty dermatology companies.
2. The Transaction was completed on June 5, 2024. The Remaining Applicants ceased operations effective immediately on closing, and substantially all of the CPL Group’s employees became employees of the Purchaser.
3. Further information with respect to the CPL Group’s business and operations, including details of the events leading up to the commencement of the CCAA proceedings, can be found in the Court materials previously filed by the CPL Group and the Monitor in the CCAA proceedings, which are available at www.ksvadvisory.com/experience/case/cpl.

3.0 Trustee’s Preliminary Evaluation of Assets

3.1 Assets

1. As a result of the Transaction, substantially all of the Companies’ assets were conveyed to the Purchaser at the conclusion of the SISP. Accordingly, 1000 Ontario has no business operations or remaining assets.

3.2 Property of the Bankrupt Not Divisible Amongst Creditors

1. The Trustee is not aware of any property that would not be divisible among the Bankrupt Companies' creditors by virtue of subsection 67(1) of the BIA or otherwise.

4.0 Creditors

4.1 Secured Creditors

4.1.1 Royal Bank of Canada

1. CPL Canada was primarily funded through a secured demand loan and credit facility with the Royal Bank of Canada pursuant to a loan agreement.
2. Following the Transaction's closing, CPL Canada fully repaid its outstanding obligations to Royal Bank of Canada, totalling approximately \$7.5 million.

4.1.2 Deerfield Term Loan

1. Glasshouse Canada was a borrower under a Credit Agreement with Deerfield Private Design Fund IV, LP and Deerfield Private Design Fund III, LP (together, "Deerfield"), which consisted of a non-revolving term loan (the "Deerfield Term Loan").
2. At the commencement of the CCAA Proceedings, Glasshouse Canada owed Deerfield approximately US\$24.3 million. Following the Transaction, Glasshouse Canada made a repayment of approximately US\$17.5 million toward the Deerfield Term Loan.

4.1.3 Export Development Canada

1. CPL Canada was indebted under a Credit Agreement with Export Development Bank (the "EDC"). Under this agreement, EDC extended a term loan facility to CPL Canada.
2. Following the closing of the Transaction, CPL Canada fully repaid its outstanding obligations to EDC, totaling approximately US\$5.3 million.

4.2 Unsecured Creditors

1. According to the CPL Group's books and records, as at the date of the bankruptcy, unsecured creditor obligations for 1000 Ontario totalled approximately \$15.0 million.
2. Pursuant to the terms of the Share Purchase Agreement, certain vendors with pre-filing unsecured obligations were paid from a reserve to settle their respective claims.

5.0 Books and Records

1. The Trustee has taken possession of the books and records required to complete its duties and obligations under the BIA.

6.0 Legal Proceedings

1. The Trustee has not initiated any legal action and all actions initiated against 1000 Ontario prior to the bankruptcy date, if applicable, are stayed pursuant to Section 69.3 (1) of the BIA.

7.0 Preferences and Transfers at Undervalue

1. As part of its statutory duties, the Trustee is required to conduct a preliminary review of potential preferences and transfers at undervalue by examining the CPL Group's bank statements and accounting records for the year preceding the date of bankruptcy. KSV was appointed as Monitor on December 15, 2023, and has reviewed all transactions from that date onward.

8.0 Employee Matters

1. The Transaction resulted in the termination of 26 employees (the "Terminated Employees"). Pursuant to Section 4 of the Ancillary Relief Order, 1000 Ontario was deemed the former employer of these employees solely for the purposes of termination and severance pay under the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1 ("WEPP"). Accordingly, the principal purposes of these bankruptcy proceedings is to facilitate the WEPP claims process for the Terminated Employees.

9.0 Anticipated Realization and Projected Distribution

1. As described above, there are no remaining assets in 1000 Ontario. As a result, no funds available will be available for distribution to the 1000 Ontario's creditors in these bankruptcy proceedings.

10.0 Trustee's Fees

1. The Trustee's fees and expenses for administering 1000 Ontario's bankrupt estate are to be funded through a reserve, which was funded by the Purchaser to the Monitor pursuant to terms of the Share Purchase Agreement.

11.0 Other Matters

1. At this time, the Trustee is not aware of any other matters affecting the administration of the bankrupt estate.

* * *

DATED at Toronto, Ontario, this 26th day of February, 2025.

KSV Restructuring Inc.

KSV RESTRUCTURING INC.

**IN ITS CAPACITY AS LICENSED INSOLVENCY TRUSTEE OF
1000834899 ONTARIO INC.**

AND NOT IN ITS PERSONAL OR CORPORATE CAPACITIES