

**Court File No.:**  
**CV-24-00719237-00CL**

**OSB Estate No.:**  
**31-459880**

# **Antibe Therapeutics Inc.**

**FIRST INTERIM REPORT OF THE RECEIVER**  
(Subsection 246(2) of the *Bankruptcy and Insolvency Act*)

**November 18, 2024**

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**FIRST INTERIM REPORT OF THE RECEIVER**  
**(Subsection 246(2) of the *Bankruptcy and Insolvency Act*)**

**In the Matter of the Receivership of**  
**ANTIBE THERAPEUTICS INC.**

**INTRODUCTION**

1. Pursuant to the Order of the Honourable Mr. Justice Osborne (the “**Receivership Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued on April 30, 2024, FTI Consulting Canada Inc. was appointed, effective retroactively from April 22, 2024 (the “**Date of Receivership**”), as receiver and manager (the “**Receiver**”) without security of all the assets, undertakings and properties (the “**Property**”) of Antibe Therapeutics Inc. (“**Antibe**”, or the “**Company**”) acquired for or used in relation to a business carried on by the Company. The application was brought pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and shall be referred to herein as the “**Receivership**”.
2. This report has been prepared pursuant to section 246(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), and is the first interim report of the Receiver (the “**First Interim Report**”). The purpose of this First Interim Report is to provide information in respect of the following:
  - (a) activities of the Receiver undertaken since the Date of Receivership;
  - (b) the Receiver’s interim statement of receipts and disbursements for the period from April 22, 2024 to October 31, 2024;

- (c) details of the Property of which the Receiver took possession or control that has not yet been sold or realized;
- (d) expected recoveries for unsecured creditors; and
- (e) information about the anticipated completion of the Receivership.

## TERMS OF REFERENCE

3. In preparing this First Interim Report, the Receiver has relied upon unaudited financial information of the Company, the Company's books and records, and discussions with various parties (collectively, the "**Information**").
4. Except as described in this First Interim Report:
  - (a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
  - (b) The Receiver has not examined or reviewed any financial forecasts and projections referred to in this First Interim Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
5. The Receiver has prepared this First Interim Report pursuant to section 246 of the BIA and this First Interim Report should not be relied on for any other purposes.
6. Future oriented financial information reported or relied on in preparing this First Interim Report is based on assumptions regarding future events; actual results may vary from forecast and such variations may be material.
7. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms not otherwise defined are as defined in the Receivership Order.

## **ACTIVITIES UNDERTAKEN SINCE THE DATE OF RECEIVERSHIP**

### **CONTROL OF THE PROPERTY**

8. Following the Court's issuance of the Receivership Order on April 30, 2024, the Receiver took possession or control of the Property described in the Receiver's statement prepared pursuant to sections 245(1) and 246(1) of the BIA (the "**Notice and Statement of Receiver**"). These steps included, but were not limited to, the following:
- (a) securing the Company's corporate office premises in Toronto, Ontario;
  - (b) reviewing existing insurance policies to ensure appropriate and adequate coverage;
  - (c) freezing the Company's bank accounts; and
  - (d) securing the Company's books and records.

### **EMPLOYEE MATTERS**

9. As at the Date of Receivership, the Company employed thirteen individuals which included three independent contractors. The employment of nine of these individuals were terminated during the Receivership. The remaining three employees and one independent contractor were retained to assist with the Sale Process (as defined below), Claims Process (as defined below), regulatory matters and administration of the Receivership.
10. All required filings under the *Wage Earner Protection Program Act* ("**WEPPA**") were made by the Receiver and former employees were notified of their eligibility or ineligibility for payments under WEPPA.

### **NOTICE AND STATEMENT OF RECEIVER**

11. On or before May 1, 2024, the Receiver caused to be sent to the Superintendent of Bankruptcy and all known creditors of Antibe:

- (a) A notice of the Receiver's appointment in the prescribed form in accordance with section 245(1)(b); and
- (b) A copy of the Notice and Statement of Receiver.

#### **ESTABLISHMENT OF CASE WEBSITE AND RECEIVER CONTACTS**

- 12. A copy of the Notice and Statement of Receiver as well as other documentation pertaining to the Receivership, including motion materials, Court Orders and the Receiver's reports to the Court can be found on the website established by the Receiver <http://cfcanada.fticonsulting.com/antibe> (the "Case Website").
- 13. In addition to the Case Website, the Receiver created a dedicated email address ([Antibe@fticonsulting.com](mailto:Antibe@fticonsulting.com)), and a dedicated telephone number (+1 (416) 649-8082 or +1 (833) 511-7227), at which the Receiver can be contacted.

#### **REALIZATION OF THE PROPERTY**

- 14. The assets of the Company consist primarily of cash on hand, intellectual property (the "IP") and sales tax receivables.
- 15. Paragraph 4(a) of the Receivership Order empowers the Receiver to take possession of and exercise control over the Property. Since the Date of Receivership, the Receiver has transferred approximately CAD\$19.4 million<sup>1</sup> from Antibes' bank and investment accounts to the Receiver's estate accounts.
- 16. Paragraph 4(f) of the Receivership Order empowers and authorizes the Receiver to receive and collect all monies and accounts owing to the Company. Since the Date of Receivership, the Receiver has collected refunds, returned deposits and other miscellaneous receipts totalling approximately CAD\$118,000.

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<sup>1</sup> Amount is comprised of both CAD and USD denominated funds held by the Receiver. A CAD/USD foreign exchange rate of 1.38 as utilized for illustrative purposes.

17. Paragraph 4(k) of the Receivership Order empowers and authorizes the Receiver to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
  - (a) without the approval of this Court in respect of any transaction not exceeding \$2,500,000, provided that the aggregate consideration for all such transactions does not exceed \$10,000,000; and
  - (b) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause.
18. Since the Date of the Receivership, the Receiver has negotiated and completed the sale of the Company's miscellaneous office furniture and equipment.

#### **SALE PROCESS**

19. Pursuant to the Order of the Honourable Mr. Justice Osborne (the "**Sale Process Order**") of the Court granted on June 24, 2024, a sale process for the Property was approved (the "**Sale Process**"). A copy of the Sale Process Order can be downloaded from the Case Website
20. Since the date of the Sale Process Order, the Receiver with the assistance of Bloom Burton Securities Inc., as financial advisor engaged to conduct the Sale Process under the direct oversight of the Receiver, have been conducting the Sale Process.
21. Binding offers were due on November 15, 2024. The Receiver is currently in the process of evaluating submissions received, and will provide a comprehensive update to the Court at a future date as developments occur.

## CLAIMS PROCESS

22. Pursuant to the Order of the Honourable Mr. Justice Osborne of the Court granted on June 24, 2024 (the “**Claims Procedure Order**”), a claims procedure process administered by the Receiver to identify, quantify, and determine claims against the Company and against its directors and officers was approved (the “**Claims Procedure**”).
23. The Claims Bar Date (as defined in the Claims Procedure Order) was August 30, 2024. The Receiver is in the process of adjudicating the filed claims, and will provide a comprehensive update to the Court at a future date.

## INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS TO OCTOBER 31, 2024

24. The Receiver’s interim statement of receipts and disbursements for the period from April 22, 2024 to October 31, 2024 were as follows:

(CAD, \$)	Total
<b>Receipts</b>	
Cash on hand	19,455,197
Interest income	318,623
Refunds, returned deposits and other misc. receipts	118,069
<b>Total Receipts</b>	<b>\$ 19,891,889</b>
<b>Operating Disbursements</b>	
Payroll-related	(1,116,296)
Other professional and consulting fees	(263,710)
GST/HST paid	(201,331)
Operating expenses	(198,507)
Other misc. disbursements	(10,084)
<b>Total Operating Disbursements</b>	<b>(1,789,928)</b>
<b>Receivership Disbursements</b>	
Receiver's fees	(778,143)
Legal fees and disbursements	(352,547)
<b>Total Receivership Disbursements</b>	<b>(1,130,689)</b>
<b>Total Disbursements</b>	<b>\$ (2,920,617)</b>
<b>Excess of Cash Receipts over Disbursements</b>	<b>\$ 16,971,272</b>

## **PROPERTY THAT HAS NOT YET BEEN SOLD OR REALIZED**

25. As of the date of this First Interim Report, the only known Property that may be realized by the Receiver is:
- (a) certain sales tax refunds and other historical tax losses/credits outstanding (the “**Tax Assets**”); and
  - (b) the IP.
26. In addition, Antibe has a receivable due from the purchaser of a former subsidiary of the Antibe. Antibe also has pre-Receivership obligations owing to this purchaser which are at risk of being set off against the receivable due to Antibe. Realization of this receivable is subject to further negotiation and remains uncertain.

## **EXPECTED RECOVERIES FOR UNSECURED CREDITORS**

27. As outlined in paragraphs 33 to 37 of the First Report of the Receiver dated June 18, 2024, the Receiver is of the view that approximately US\$519,000 is subject to a constructive trust payable to Nuance Pharma Ltd. (the “**Priority Amount**”). Subject to Court approval, the Priority Amount would be paid in full in priority to the claims of unsecured creditors from the realizations of the Receiver.
28. As the Receiver is not aware of any other secured or priority claims ranking ahead of unsecured creditors, the remaining cash on hand plus any incremental recoveries from the Sale Process, net of actual and estimated costs to complete administration of the Receivership, would be available for distribution to unsecured creditors.
29. Before recoveries to unsecured creditors can be reasonably estimated, administration of both the Sale Process and the Claims Procedure will need to be completed.

## **INFORMATION REGARDING THE COMPLETION OF THE RECEIVERSHIP**

30. The intended plan for the completion of the Receivership includes the following:



- (a) complete the Sale Process and execute any viable transaction(s) for the sale of the IP and Tax Assets;
  - (b) complete the administration of the Claims Procedure;
  - (c) complete all required statutory tax returns and filings;
  - (d) collect outstanding sales tax refunds;
  - (e) obtain Court approval for any distribution(s) to the Company's unsecured creditors; and
  - (f) seek Court approval of the fees and expenses of the Receiver and obtain a discharge order from the Court discharging the Receiver.
31. Given the uncertain timing to complete the Sale Process, Claims Procedure, and administration of the Receivership generally, the time to complete the administration of the Receivership cannot be reasonably estimated.
32. Creditors who wish to receive a copy of this First Interim Report may request a copy from the Receiver at the following address:

FTI Consulting Canada Inc.  
79 Wellington Street West  
Suite #2010, P.O. Box 104  
Toronto, Ontario M5K 1G8

Attention: Jonathan Joffe

Email: [antibe@fticonsulting.com](mailto:antibe@fticonsulting.com)

Dated this 18<sup>th</sup> day of November, 2024.

**FTI CONSULTING CANADA INC.**

solely in its capacity as Court-appointed receiver and manager of  
Antibe Therapeutics Inc.,  
and not in its personal or corporate capacity

Per:

  
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Jim Robinson, HBA, CPA•CA, CIRP, LIT  
Senior Managing Director