Court No. 31-3148000
Estate No. 31-3148000

IN THE MATTER OF THE BANKRUPTCY OF INTELLIPHARMACEUTICS INTERNATIONAL INC.

TRUSTEE'S REPORT TO THE FIRST MEETING OF CREDITORS ON PRELIMINARY ADMINISTRATION

BACKGROUND

Intellipharmaceutics International Inc. ("**IP Int Inc**.") is a pharmaceutical company incorporated under the laws of Canada and has a controlling interest in an operating subsidiary, Intellipharmaceutics Corp ("**IPC**"), a company formed under the laws of Nova Scotia. IP Int Inc. and IPC (collectively, the "**Company**") operated from a lease premises at its registered head office located at 30 Worcester Road, Toronto, Ontario. The Company specialized in the research, development and manufacturing of novel and generic controlled-release oral solid dosage drugs.

IP Int Inc. was listed on the TSX Venture Exchange under the trading symbol "IPCI.H" and had no assets except for its ownership interest in IPC. IPC, the operating entity, primarily generated revenue through two licensing agreements with a Canadian and US pharmaceutical company respectively.

IPC Int Inc. did not have any employees as at the Bankruptcy Date (as defined herein).

BANKRUPTCY PROCEEDINGS

On October 31, 2024 (the "**Bankruptcy Date**"), IPC Int Inc. and IPC filed an assignment in bankruptcy (the "**Bankruptcy Proceedings**") and KPMG Inc. ("**KPMG**") was appointed as trustee of the estate of the bankruptcy (the "**Trustee**") by the Official Receiver, subject to affirmation by the creditors of the Trustee's appointment or substitution of another trustee by the creditors.

On November 7, 2024, a notice of the first meeting of creditors, a list of creditors, proof of claim form and proxy were sent to all known creditors of IP Int Inc., and on November 8, 2024 a notice of the bankruptcy and the first meeting of creditors was published in the Financial Post. The first meeting of creditors will be convened on November 18, 2024 at 2:30 p.m. EST.

The activities of the Trustee since its appointment have primarily consisted of statutory work in accordance with the provisions of the *Bankruptcy and Insolvency Act* ("**BIA**").

CAUSES OF INSOLVENCY

IP Int Inc., as the parent company, did not generate revenue or hold any assets except for its ownership interest in IPC. The business activities of IPC were principally funded through the issuance of securities in IP Int Inc.

IP Int Inc. faced regulatory challenges as the Ontario Securities Commission issued a general "failure to file" cease trade order dated March 5, 2024 in respect of the securities of IP Int Inc. as a result of IP Int Inc.'s inability to file its audited financial statements and other required filings for the fiscal year ended November 30, 2023 by the filing deadline.

IP Int Inc.'s financial viability was linked to IPC which faced liquidity issues as revenue generated through a license and supply agreement with Taro Pharmaceuticals Inc. and a license and commercialization agreement with Par Pharmaceutical, Inc. were insufficient to cover IPC's operating costs.

FINANCIAL POSITION/ASSETS

Assets

For the reasons noted above, IP Int Inc. has no realizable assets and as a result, it is anticipated that there will be no funds available for distribution to the creditors in IP Int Inc.

BOOKS AND RECORDS OF THE BANKRUPT

The Trustee has made arrangements to safeguard the books and records of the Company, including historical financial information, bank statements, general ledgers, and material agreements.

CREDITORS

Secured Creditors

IP Int Inc.'s Statement of Affairs indicates that there were no known secured creditors as at the Bankruptcy Date.

Preferred Creditors

Security for Unpaid Wages – S.81.3 Claims

The Trustee understands that IP Int Inc. had no employees within the six (6) months preceding the Bankruptcy Date.

Unsecured Creditors

IP Int Inc.'s Statement of Affairs indicates that there are 40 unsecured creditors with claims totaling approximately $7.4 million in aggregate.

PROVABLE CLAIMS

As at 10:00 a.m. on the date of this report, the Trustee has recorded Proof of Claims filed, as follows:

	Notes	Claims Filed #	Amount ($CAD)	Proxies in Favour of Trustee #	Amount ($CAD)
Secured		Nil	Nil	Nil	Nil
Preferred		Nil	Nil	Nil	Nil
Unsecured	1	2	4,042,883.22	Nil	Nil
Total		**2**	**4,042,883.22**		

Note 1: The Trustee received a total of two (2) proofs of claim against IP Int Inc. The Trustee received two (2) proofs of claim containing unsecured amounts.

PREFERENCE PAYMENTS AND TRANSFERS AT UNDER VALUE

The Trustee has not performed a review of IP Int Inc.'s books and records, with respect to potential fraudulent preferences, settlements or transfers at undervalue, as defined in the BIA. It is the intention of the Trustee to discuss the scope of its review with the Inspectors, if so appointed at the first meeting of creditors.

TRUSTEE'S FEES

The Trustee is in possession of a retainer to fund the professional fees and disbursements of the Trustee, including legal counsel if the Trustee deems it necessary to retain legal counsel and it is approved by the Inspectors, if so appointed.

PROJECTED DISTRIBUTION AND ANITICPATED ASSET REALIZATION

IP Int Inc.'s only asset is its ownership interest in IPC. As IPC is also in Bankruptcy Proceedings, there will be no funds available for distribution to any creditors of IP Int Inc.

OTHER

Further information related to IPC's bankruptcy proceedings may be obtained from the Trustee's website at www.kpmg.com/ca/Intellipharmaceutics.

Dated at Toronto, Ontario this 18th day of November, 2024

KPMG Inc.,
in its capacity as Trustee of the estate of
Intellipharmaceutics International Inc.
and not in its personal capacity

Per: T Montgomery

Tim Montgomery, LIT
Vice-President