



**Deloitte Restructuration Inc.**

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C A N A D A  
PROVINCE DE QUÉBEC  
DISTRICT DE QC  
DIVISION No : 01 - Laval  
COURT No : 540-11-010898-205  
File No : 41-2619311

S U P E R I O R C O U R T  
Commercial Division

**DANS L'AFFAIRE DE LA  
FAILLITE DE :**

**FORTUNA FIX INC.**, a legal person, duly  
incorporated according to law, having its head office  
at 275 boulevard Armand-Frappier, Laval, Quebec  
H7V 4A7

Bankrupt

- et -

**DELOITTE RESTRUCTURING INC.**

(Jean-François Nadon, CPA, CA, CIRP, LIT, person in  
charge) having its place of business at 1190,  
Canadiens-de-Montréal avenue, suite 500, Montreal,  
Quebec H3B 0M7

Trustee

**TRUSTEE'S PRELIMINARY REPORT TO CREDITORS**

The Bankruptcy and Insolvency Act, a federal act in Canada (the "BIA"), provides for a first meeting of creditors to discuss the creditors' collective interest in the administration of the Bankrupt's estate.

**A. Background**

Fortuna Fix Inc. ("FFI") was a company in the pharmaceutical research industry, more specifically in research on neuronal repair and regeneration.

FFI's head office was located at 275 boulevard Armand-Frappier, Laval, Quebec H7V 4A7.

On February 7, 2019, in the absence of directors or employees, Fortuna Fix Limited ("FFL"), the parent company of FFI, signed a sole shareholder declaration in which FFL declared that the powers of directors of FFI, to manage and supervise the management of the business and the affairs of FFI, were restricted in whole and given to FFL.

On February 18, 2020, FFL, acting by one of its administrators as its agent, Deloitte LLP, filed a Notice of Intention to make a proposal to its creditors (the "NOI") pursuant to section 50.4 of the BIA. Deloitte Restructuring Inc. ("Deloitte") was then appointed Trustee to the NOI.

On March 20, 2020, FFI was deemed to have made an assignment in bankruptcy and Deloitte was appointed as Trustee of the estate of the bankrupt by the official receiver, subject to affirmation by the creditors of the Trustee's appointment or substitution of another trustee by the creditors.

Financial Statements

Below is a summary of the internal income statements of FFI for the period ended December 31, 2019 and 2018. You will also find below the internal balance sheet as of December 31, 2019 and 2018:

<b>Income Statements</b>		
<b>For the 12 months period ended</b>	<b>Unaudited</b>	<b>Unaudited</b>
<b>(CAD)</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
<b>Revenues</b>	352,670	434,031
<b>Expenses</b>	(2,823,124)	(1,625,629)
<b>Net income</b>	<b>(2,470,454)</b>	<b>(1,191,598)</b>

<b>Balance Sheet</b>		
<b>As of December</b>	<b>Unaudited</b>	<b>Unaudited</b>
<b>(CAD)</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
<b>Assets</b>		
Short term assets	2,117,977	15,315,013
Long term assets	3,325,058	2,350,278
	<b>5,443,035</b>	<b>17,665,291</b>
<b>Liabilities</b>		
Short term liabilities	1,608,042	2,288,342
Long term liabilities	8,351,260	17,422,763
	<b>9,959,302</b>	<b>19,711,105</b>
<b>Share Capital</b>		
Shares	100	100
Retained earnings	(4,516,367)	(2,045,914)
	<b>(4,516,267)</b>	<b>(2,045,814)</b>
<b>Total Liabilities and Share Capital</b>	<b>5,443,035</b>	<b>17,665,291</b>

Assets

As of December 31, 2018, short term assets of FFI were mainly composed of cash and cash equivalents of \$14,924K. Long term assets were, for their part, entirely composed of leasehold improvements of \$2,350K. As of year-end 2019, short term assets were composed of cash and cash equivalent of \$1,100K and prepaid rent of \$831K\$. Leasehold improvements increased to \$3,310K on the same period.

Liabilities

As of December 31, 2018, FFI's liabilities were consisting of accounts payable in the amount of \$2,288K and an advance from FFL of \$17,423K. The advance from FFL decreased to \$8,351K as of December 31, 2019. The short term liabilities were entirely composed of accounts payable and accrued liabilities and also decreased to \$1,608K at the end of 2019.

### Causes of the bankruptcy

Since FFI was still in development stage, the company did not generate revenues other than interest revenues, which caused operating deficits year after year.

The research and development was funded by FFL located in London, UK. FFL was funded by several investors, including Amgen Ventures, Salamander Invest and Inflection Capital. When the funding from FFL stopped, FFI was in a position of insolvency with greater liabilities than assets. FFI also found itself without employees or directors when the last employees and directors resigned in December 2019.

## **B. Trustee's preliminary evaluation of assets and details of security interest**

Below is a summary of the Statement of Affairs as of March 20, 2020, which includes the estimated net realization value of the assets of FFI as well as the estimated deficit following the distribution:

<b>Statement of affairs As of March 20, 2020 Unaudited (CAD)</b>	<b>Book value</b>	<b>Estimated Realization<sup>1</sup></b>
<b>Assets</b>		
Cash and cash equivalents	202,699	202,699
Leasehold improvements	3,300,116	-
	<u>3,502,815</u>	<u>202,699</u>
<b>Liabilities</b>		
Unsecured creditors - Intercompany <sup>2</sup>	8,368,332	8,368,332
Unsecured creditors - Others <sup>2</sup>	1,611,743	1,611,743
	<u>9,980,075</u>	<u>9,980,075</u>
<b>Deficit</b>	<b><u>(6,477,259)</u></b>	<b><u>(9,777,375)</u></b>

*Note 1: Estimated realization before professional fees.*

*Note 2: Creditors are responsible for proving their claim and only creditors with proven claim as part of the bankruptcy will have valid claims and may be entitled to a dividend.*

## **C. Conservatory and protective measures**

The Trustee has implemented the following conservatory and protective measures:

- Took possession of all financial and accounting information that was on FFI's premises at the date of the NOI;
- Opened a trust account at the National Bank of Canada;
- Published a notice to creditors in the newspaper Le Devoir; and,
- Since no valuable assets were found on FFI's premises, the premises did not have to be secured.

## **D. Information relating to provable claims**

As of the time of this report, and considering the low number of proofs of claim received to date, the Trustee is not able to conclude if there will be a significant difference between the amount of claims declared by the Bankrupt and the amount of claims proven by the various creditors.

## **E. Legal proceedings, transfer at undervalue, and preference payments**

At the date of this report, the Trustee did not initiate the review of potential transfers at undervalue

and preferential payments. The Trustee awaits instructions from the inspectors on the procedures to be implemented to review certain transactions with other entities.

**F. Projected distribution and Trustee's comments on anticipated asset realization**

Due to the fact that FFI's assets seem to be free of any liens, the Trustee is of the opinion that a distribution to unsecured creditors is possible. However, as of the time of this report, and considering the low number of proofs of claim received to date, the Trustee is not able to determine the anticipated distribution.

DATED AT Montreal, Quebec, this 14<sup>th</sup> day of April 2020.

**Deloitte Restructuring Inc.**

In its capacity as Trustee of the Estate of  
Fortuna Fix Inc. and not in its personal capacity

Per:

A handwritten signature in black ink that reads "Jean-François Nadon". The signature is written in a cursive, flowing style.

Jean-François Nadon, CPA, CA, CIRP, LIT  
President