UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

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Counsel for Debtor-in-Possession
Nostrum Laboratories, Inc.

In re:

NOSTRUM LABORATORIES, INC.,

Debtor.

Case No.: 24-19611

Chapter 11

Honorable John K. Sherwood, U.S.B.J.

NOTICE OF DEBTOR'S MOTION PURSUANT TO SECTIONS 105(a), 363 AND 365 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 2002, 6004 AND 6006 FOR AN ORDER APPROVING THE SALE OF DEBTOR'S ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES AND THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS

PLEASE TAKE NOTICE that soon as counsel may be heard, the undersigned will move before the Honorable John K. Sherwood, U.S.B.J., at the United States Bankruptcy Court, 50 Walnut Street, 3rd Floor, Newark, New Jersey 07102, Courtroom 3D for the entry of an order granting this Motion for an order approving the sale of Debtor's assets free and clear of liens, claims and encumbrances and the assumption and assignment of executory contracts pursuant to Sections 105(a), 363 and 365 of the Bankruptcy Code and Fed. R. Bankr. 2002, 6004 and 6006 (the "Motion").

PLEASE TAKE FURTHER NOTICE that the Debtor shall rely upon the Application filed in support of the Motion. The Debtor submits herewith no brief or memorandum of law in connection with this motion, there being no disputed questions of law involved, and the controlling

principles of law being set forth in the Application. If a disputed question of law should arise on the return date of the motion, the movant further reserves the right to file a brief or memorandum of law in accordance with any schedule set by the Court.

A proposed form of Order also accompanies this Motion.

PLEASE TAKE FURTHER NOTICE that in the event that no party in interest objects to the Motion, the requested relief may be granted by the Court without further notice.

PLEASE TAKE FURTHER NOTICE that higher and better offers for any or all of the assets may be made and will be considered at the hearing and that, if you are a bidder, you should attend or risk being outbid.

Broege, Neumann, Fischer & Shaver, LLC
Counsel for Debtor-in-Possession Nostrum Laboratories, Inc.

By: */s/ Timothy P. Neumann, Esq.*
Timothy P. Neumann, Esq.

Date: April 4, 2025

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APPLICATION IN SUPPORT OF DEBTOR'S MOTION PURSUANT TO SECTIONS 105(a), 363 AND 365 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 2002, 6004 AND 6006 FOR AN ORDER APPROVING THE SALE OF DEBTOR'S ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES AND THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS

Nostrum Laboratories, Inc., ("Debtor") by and through its attorneys, Broege, Neumann, Fischer & Shaver, LLC, by the instant motion (the "Motion"), hereby requests that the Court enter an Order pursuant to Sections 105(a), 363 and 365 of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure 2002, 6004 and 6006 for an order approving the sale of certain of the Debtor's assets and assignment of contracts, free and clear of liens, claims and encumbrances, and the assumption and assignment of executory contracts and in support thereof, states:

JURISDICTION

1. This Court has jurisdiction over this Motion under 28 U.S.C. §§ 157 and 1334 and the *Standing Order of Reference to the Bankruptcy Court Under Title 11*, entered July 23, 1984, and amended on September 18, 2012 (Simandle, C.J.).

2. Venue of these cases and this Motion are proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

3. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), including without limitation, subsections (A),(M), (N)and (O).

4. The statutory basis for the relief requested herein are sections 363 and 365 of the Bankruptcy Code, Rule 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and D.N.J. LBR 6004-2 and 6004-3.

BACKGROUND

5. The Debtor is engaged in the formulation and commercialization of specialty pharmaceutical products and controlled release, orally administered, branded and generic drugs.

6. The Debtor manufactures several life-saving drugs that only it manufactures, such as theophylline SR in 100mg and 200mg dosages, which is used to treat a host of lung diseases.

7. The Debtor has two plants -- one in Kansas City, Missouri which manufactures pills and another plant in Bryan, Ohio which manufactures liquids.

8. On September 30, 2024 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code ("Petition").

9. Pursuant to Sections 1107 and 1108 of the Bankruptcy Code, the Debtor is continuing in the management of its businesses and possession of its property as a debtor in possession. No trustee, examiner or creditors' committee has been appointed in the Chapter 11 Case.

10. On February 14, 2025, the Court entered a certain *Order Granting in Part and Denying in Part Motion of Official Committee of Unsecured Creditors for an Order Authorizing the Committee to Market the Debtors' Assets for Sale in a Joint Capacity with the Debtor and Approving Bidding Procedures* [Dkt. No. 268] (the "Bid Procedures Order"), pursuant to which the Court, *inter alia*, approved the Debtor's proposed bid procedures (the "Bid Procedures").

11. Pursuant to the Bid Procedures Order, Raymond James & Associates, Inc. ("Raymond James") on behalf of the Debtor, and in concert with Citizens Bank and the Official Committee of Unsecured Creditors (the "Committee," and together with Citizens Bank, the "Consultation Parties"), conducted an auction of the Debtor's assets which commenced on April 1, 2025 at 10:00 AM and concluded at approximately Midnight at the offices of Raymond James & Associates, Inc., 320 Park Avenue, New York, NY 10022 (the "Auction").

12. The Debtor, the Consultation Parties, and their advisors, including, without limitation, Raymond James, engaged in a robust and extensive marketing and sale process, in accordance with the Bid Procedures Order. The Debtor and the Consultation Parties conducted a fair and open sale process.

13. The sale process, the Bid Procedures, and the Auction were non-collusive, duly noticed, and provided a full, fair, reasonable, and adequate opportunity for any entity that either expressed an interest in acquiring the Sale Assets, or who the Debtor and the Consultation Parties believed may have had an interest in acquiring the Sale Assets, to make an offer to purchase the Sale Assets.

14. The Debtor, the Consultation Parties and the Purchasers have negotiated and undertaken their respective roles leading to the applicable Sales and entry into the applicable asset purchase agreements ("APAs") in a diligent, non-collusive, fair, reasonable, and good faith manner.

15. The sale process conducted by the Debtor and the Consultation Parties pursuant to the Bid Procedures Order and the Bid Procedures resulted in the highest or otherwise best value for the Sale Assets, was in the best interests of the Debtor, their creditors, and all parties in interest, and any other transaction would not have yielded as favorable a result.

16. No consents or approvals, other than those expressly set forth herein, are required for the Debtor to consummate the Sales.

17. Approval of the Motion at this time is in the best interests of the Chapter 11 estate, creditors, and other parties-in-interest.

18. The Debtor has demonstrated both (i) good, sufficient, and sound business purpose and justification; and (ii) compelling circumstances for the Sales pursuant to 11 U.S.C. § 363(b).

19. A reasonable opportunity to object or be heard with respect to the Sale Motion and the relief requested therein has been afforded to all interested persons and entities in accordance with the Sale Motion.

20. The Purchase Prices (as defined herein) were negotiated, proposed and entered into by the Debtor and Purchasers without collusion, in good faith, and from arm's-length bargaining positions. Neither the Debtor nor Purchasers, have engaged in any conduct that would cause or permit the Sale to be avoided under 11 U.S.C. § 363(n).

21. Each of the Purchasers is a good faith buyer as set forth in 11 U.S.C. § 363(m) and, as such, is entitled to all of the protections afforded thereby. Each Purchaser has and will continue to act in good faith within the meaning of 11 U.S.C. § 363(m) in closing the transaction at all times after the entry of this Order.

22. The Purchase Prices to be paid by the Purchasers under the APAs were negotiated at arm's-length and constitute fair and reasonable consideration for the relevant Sale Assets. The terms and conditions set forth in each APA are fair and reasonable under these circumstances and were not entered into for the purpose of, nor do they have the effect of, hindering, delaying, or defrauding the Debtor or their creditors under any applicable laws.

23. Purchasers would not have offered the Purchase Prices nor agreed to purchase the relevant Sale Assets and would not consummate the transactions contemplated herein, if the Sales were not free and clear of all liens, claims, encumbrances, and interests of any kind or nature whatsoever, or if Purchasers would, or in the future could, be liable for any liens, claims, encumbrances or interests.

24. The Debtor requests that the assets which are being sold, and that contracts being assigned (collectively, the "Sale Assets"), will be sold and assigned free and clear of all liens, claims, encumbrances and interests of any kind or nature whatsoever because, in each case, one or more of the standards set forth in 11 U.S.C. § 363(f)(l) (5) have been satisfied. Any non-debtor parties with interests in the Sale Assets who did not object, or who withdrew their objections, to the Sale Motion have consented, or are deemed to have consented, pursuant to 11 U.S.C. § 363(f)(2). Any non-debtor party with interests in the Sale Assets who does object falls within one or more of the other subsections of 11 U.S.C. § 363(f) and will be adequately protected by having their interests, if any, attach to the cash proceeds of the sale ultimately attributable to the property against or in which they claim an interest.

25. The Debtor has (or prior to the hearing on the Motion will have) entered into APAs with the following successful bidders for the following assets and at the following prices:

a. ANI Pharmaceuticals, Inc. ("**ANI**"): $1,700,000, with respect to the following ANDAs:
    - 076756 Metformin (Glucophage)
    - 012546 TENUATE® DOSPAN
    - 088629 Acetaminophen and Codeine Phosphate
    - 076697 Carbamazepine
b. Aviv Pharma Inc. ("**Aviv**"): $600,000, with respect to the following ANDAs:
    - 074127 Atenolol
    - 075929 BACC
    - 204705 Dutasteride
    - 203087 Eszopiclone
    - 065468 Neomycin Sulfate
    - 078472 Pioglitazone

- 091450 Pramipexole Dihydrochloride
- 073685 Lactulose (ACILAC)
- 073686 Lactulose (LAXILOSE)
- 209560 Doxycycline Tablets

c. Big Shoulders Capital XII, LLC and Federal Equipment Company (collectively, "**Big Shoulders**"): $250,000, with respect to the equipment at the Bryan, OH facility

d. Bionpharma, Inc. ("**Bion**"): $50,000, with respect to the following ANDA:

- 209393 Doxycycline Capsules

e. Chartwell Pharmaceuticals, LLC ("**Chartwell**"): $4,625,000, with respect to the following ANDAs:

- 074415 Sucralfate
- 090180 Promethazine Hydrochloride and Codeine Phosphate
- 088764 Promethazine, Phenylephrine Hydrochloride and Codeine Phosphate

f. Everest Life Sciences, LLC ("**Everest**"): $1,900,000, with respect to the Kansas City, MO facility and the following assets:

- 074404 Atenolol and Chlorthalidone
- 078149 BAC
- 076138 Ciprofloxacin
- 076486 Enalapril Maleate and Hydrochlorothiazide
- 076723 Hydromorphone Hydrochloride
- 090511 Levetiracetam
- 207587 Methylphenidate Tablets
- 090427 Nabumetone
- 203600 Phendimetrazine Tartarate
- 074474 Pindolol (discontinued)

- 203694 Ranitidine
- 203394 Sevelamer Carbonate
- 011722 TENUATE®
- 078778 Tramadol Hydrochloride/Acetaminophen
- 200430 Venlafaxine (discontinued)
- 204691 Acetazolamide
- 207237 Carisoprodol
- 203243 Clarithromycin
- 090359 Mefenamic Acid
- 203832 Metformin (Fortamet)
- 207726 Niacin
- 205415 Pindolol
- 087400 Theophylline – 100 mg, 200 mg, 300 mg and 450 mg
- 040560 Theophylline – 400 mg and 600 mg
- 205468 Venlafaxine

g. Everest Life Sciences, LLC ("**Everest**"): $275,000, with respect to the following ANDA:

- 203179 Calcium Acetate

h. PAI Holdings, LLC d/b/a PAI Pharma ("**PAI**"): $350,000, with respect to the following ANDA:

- 077105 Valproic Acid

h. Solis Pharmaceutical, Inc. ("**Solis**"): $1,225,000, with respect to the following ANDAs:

- 203179 Calcium Acetate
- 074118 Piroxicam
- 077708 Cilostazol

- 203887 Dapsone
- 085186 Elixophyllin
- 210663 Hydrocodone Bitartrate /Homatropine Methylbromide
- 075292 Fluoxetine Hydrochloride
- 201011 Morphine Sulfate
- 201448 Oxycodone Hydrochloride and Acetaminophen
- 202060 PEG-3350

i. Strides Pharma, Inc. ("**Strides**"): $2,075,000, with respect to the following ANDAs:

- 077723 Hydrocodone Bitartrate and Ibuprofen
- 204954 Methylphenidate Chewable Tablets
- 040891 Promethazine Hydrochloride
- 201355 Nitrofurantoin

j. Waterford Bank ("**Waterford**"): credit bid for $1,345,085, for the real property in Bryon, Ohio on which Waterford holds a mortgage.

2. The following are the Back-Up Bids. The Debtor seeks approval of the Back-Up Bids in the event that the sales of the assets set forth in Paragraph 5 hereof do not close:

a. Kesin, $150,000, with respect to the following ANDA:

- 040891 Promethazine Hydrochloride

b. PAI: $225,000, with respect to the following ANDAs:

- 085186 Elixophyllin
- 210663 Hydrocodone Bitartrate /Homatropine Methylbromide
- 201011 Morphine Sulfate
- 201448 Oxycodone Hydrochloride and Acetaminophen
- 202060 PEG-3350

c. Solis, with respect to the following ANDAs:

- 076697 Carbamazepine, $750,000

- 077105 Valporic Acid, $325,000

d. Strides, with respect to the following ANDAs:

- 88629 Acetaminophen and Codeine Phosphate, $400,000
- 203887 Dapsone, $250,000
- 203179 Calcium Acetate, $250,000
- 075292 Fluoxetine Hydrochloride, $250,000
- 090180 Promethazine Hydrochloride and Codeine Phosphate, $250,000

26. Section 363 of the Bankruptcy Code provides that a trustee "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(l). Moreover, Section 105(a) of the Bankruptcy Code, in pertinent part, states that "the Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. §105(a).

27. A sale of a debtor's assets is authorized if predicated upon a sound business purpose. See In re Martin, 91 F.3d 389 (3d Cir. 1996); In re Titusville Country Club, 128 B.R. 396 (W.D. Pa. 1991).

28. In addition to a sound business purpose, the Third Circuit requires that there be adequate and reasonable notice of the sale and a fair and reasonable price or good faith negotiations with the purchaser. See In re Abbotts Dairies, 788 F.2d 143, 147 (3d Cir. 1986). The Court is required to find that the purchaser has acted in good faith and that the proposed sale has been arrived at arm's length and free of fraud, collusion or improper conduct. Abbots Dairies, 788 F.2d at 147 *(citations omitted)*. The bona fides of the purchaser is like that of a buyer at a judicial sale:

> The requirement that a purchaser act in good faith . . . speaks to the integrity of his conduct in the course of the sale proceedings. Typically, the misconduct that would destroy a purchaser's good faith status at a judicial sale involves fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.

Abbotts Dairies, 788 F.2d at 147 (*quoting* Rock Industries, 572 F.2d at 1198). "[T]raditionally,

courts have held that 'fair and valuable consideration is given in a bankruptcy sale when the purchaser pays 75% of the appraised value of the assets.'" Abbotts Dairies, 788 F.2d at 149 (*quoting* Rock Industries, 572 F.2d at 1198); In re Karpe, 84 B.R. 926, 933 (Bankr. M.D. Pa. 1988).

29. The sale of the Sale Assets satisfies the "good faith" prong of the Abbotts Dairies test. The Debtor has fully disclosed and requested the Court's approval of the sale and has provided comprehensive notice of the sale as discussed below. *See* In re Colony Hill Assoc., 111 F.3d 269 (2d Cir. 1997) (determination of "good faith" is based on traditional equitable principles, including whether there has been full disclosure to the Bankruptcy Court). To ensure that the Debtor receives the maximum value for the Sale Assets and that the purchase price the estate realizes is fair and reasonable, the Sale Assets have been marketed and the sale of the Sale Assets to the Purchaser is expressly subject to higher and better offers.

The Proposed Sale Satisfies the Abbots Dairy Factors

30. Consideration of the above factors in this case establishes that the proposed sale should be approved. The Debtor has provided accurate and reasonable notice of the sale to all persons and entities that have expressed an interest in purchasing the Sale Assets. The Debtor is hopeful that, as a result of this notice, interested purchasers will be encouraged to attend the Sale Hearing and engage in competitive bidding.

31. The consideration being tendered for the estate's interest in the Assets is fair and reasonable compared to the fair market value of the property when evaluated under the totality of the circumstances.

32. Moreover, the Debtor does not believe that there are any viable alternative options other than immediately pursuing a sale of the Sale Assets. The Debtor was hoping for a higher bid total at the auction, but the auction involved multiple bids for most of the assets. The bids are still

subject to higher and better offers.

33. The Debtor further reasonably believes that the total consideration to be paid for the Sale Assets by the Purchaser is fair and reasonable and will provide the best opportunity to maximize the value of the Sale Assets for the benefit of the Debtor's estate. To ensure the highest and best offer, however, the sale is expressly subject to higher and better offers as part of the § 363 sale process. The Debtor believes there is no better evidence of value than what the market will bear. The sale process that has occurred and proposed herein promotes the likelihood that the Debtor will receive the maximum value for the Sale Assets and that the purchase price the estate realizes will be fair and reasonable.

34. The form and manner of notice of the Motion and the procedures used for soliciting higher and better offers for the Sale Assets have been submitted to the Court for approval and, if approved, will ensure that any and all interested parties will receive adequate notice of the Sale to allow for a competitive sale process.

35. Based upon the foregoing, the Debtor respectfully submits that the sale of the estate's interest in the Sale Assets to the Purchaser on the terms set forth in this Application are fair, reasonable, equitable and in the best interest of creditors of the estate. The Debtor further respectfully submits that the proposed sale comports with the standard set forth in 11 U.S.C. §363(b) and the Abbots Dairies Decision.

The Sales Should be Free and Clear of Liens, Claims, Encumbrances and Interests

36. The Debtor requests authorization to sell the Sale Assets free and clear of liens, claims, encumbrances and interests. Section 363(f) of the Bankruptcy Code authorizes a Debtor to sell property under section 363(b) "free and clear of any interest in such property of an entity other than the estate" if one of the following conditions is satisfied:

(i) applicable nonbankruptcy law permits the sale of such property free and clear of such interest;

(ii) such entity consents;

(iii) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;

(iv) such interest is in bona fide dispute; or

(v) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

37. To facilitate the sale of the Sale Assets, the Debtor requests authorization to sell free and clear of any and all liens or interests that may be asserted, with such liens to attach to the sale proceeds. Applicable case law provides that a sale of a debtor's assets free and clear of all liens, claims, encumbrances and interests is permissible under section 363(f) if the liens, claims, encumbrances and interests attach to the net proceeds of the sale. See: Foyer Adam Sec., Inc. v. DeMatteis/MacGregor, JV, 209 F.3d 252, 259 (3d Cir. 2000) ("The holdings of the courts suggest that any interest in property that can be reduced to a money satisfaction constitutes a claim for purposes of section 363(f) and, therefore, attaches to the proceeds of the sale."); In re Elliot, 94 B.R. 343, 345 (E.D. Pa. 1988).

38. Here, all parties asserting an interest in the Sale Assets will have notice of the sale and an opportunity to object. The absence of objection is tantamount to consent. See: Hargrave v. Township of Pemberton (In re Tabone, Inc.), 175 B.R. 855, 858 (Bankr. D.N.J. 1994) (by not objecting to sale motion, secured creditor deemed to consent under section 363(f)(2)); Pelican Homestead v. Wooten (In Re Babel), 61 B.R. 661, 667 (Bankr. W.D. La. 1985) (same); In re AmeriKing, Inc., et al., Case No. 02-13515 (LHK) (D. Del. Dec. 4, 2002) (order entered deeming non-objecting secured creditors to have consented to sale under section 363(f); In re Mobile Tool International Inc., et al., Case No. 02-12826 (MFW) (Bankr. D. Del. Oct. 23, 2002) (same); In re GST Telecom, Inc., Case No. 00-1982 (GMS) (D. Del. Sept. 21, 2000) (same). Furthermore, the provisions of 363(f) are satisfied because all such liens and

encumbrances shall attach to the proceeds in the same order and priority they held against the Sale Assets.

Good Faith Purchaser

39. To further facilitate the Sale, the Debtor requests that the Court rule that Purchasers are good faith purchasers. As such, the Debtor will request that the Court make a finding at the Sale Hearing that the Purchasers have acted in good faith within the meaning of section 363(m) of the Bankruptcy Code.

40. While the Bankruptcy Code does not define "good faith," the Third Circuit, in Abbotts Dairies, 788 F.2d at 147, has held that:

> [t]he requirement that a purchaser act in good faith ... speaks to the integrity of his conduct in the course of the sale proceedings. Typically, the misconduct that would destroy a purchaser's good faith status at a judicial sale involves fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders. (citations omitted).

41. The bidders are not shareholders and have no economic stake in the Debtor, are not insiders and are each a good faith purchaser.

Assignment of contracts

42. On February 21, 2025, the Debtor filed a Notice of Proposed Cure Payment (the "Cure Notice," Dkt. 280) advising that March 14, 2025 was the deadline for such parties to object to the Cure Notice.

43. As part of the sale, the Debtor is assigning certain its contracts to the Everest in connection with its bid for Kansas City, MO facility and 25 ANDAs. These consist of the following:

Real property lease dated March 30, 1990 for the Debtor's Kansas City facility (the "TAK Lease") between TAK Properties LLC ("TAK") as lessor and the Debtor
December 12, 2024 Royalty Agreement (the "Royalty Agreement") between the Debtor and Nostrum Pharmaceuticals, LLC ("NPL") with a license to utilize NPLLC's technology for commercialization of technology pursuant to patent application number 18/173, "Stabilization of Acetaminophen in Aqueous Solution" approved by Order of the Court entered March 12, 2025 (Dkt. 301)

December 9, 2024 license agreement between the Debtor and NPL for the non-exclusive right to manufacture, distribute, and sell Theophylline (the "License Agreement") approved by Order of the Court entered March 12, 2025 (Dkt. 301)
Equipment Lease between the City of Kansas City, MO as lessor and the Debtor as lessee dated as of June 1, 2021 (the "KC Equipment Lease")

44. The TAK Lease, the Royalty Agreement, the License Agreement, and the KC Equipment Lease are hereinafter referred to collectively as the "Assigned Contracts."

45. The Cure Notice stated that the amount required to cure the default in the TAK Lease was $173,957.00. TAK in lieu of a forma objection to the proposed cure payment indicated that its prepetition cure amount was $173,957.00 as stated but that it was owed postpetition rent which brought the total cure amount for both pre and post petition rent to $323,378.67 as of March 28, 2025. The Debtor anticipates that this amount will be adjusted as of the date of closing and also anticipates a consensual resolution of the final cure amount.

46. The Cure Notice stated that the amounts required to cure defaults in the Royalty Agreement and the License Agreement was $0.00.

47. NPL has not objected to the cure amounts stated in the Cure Notice.

48. The KC Lease is part of a financing arrangement in which the City of Kansas City, MO (the "City") financed an equipment acquisition by buying equipment, leasing it to the Debtor, and issuing an industrial revenue bond. The interest on the bond is paid to the City and covers the rent payments for the equipment. The Debtor is not required to pay lease payments.

49. There are no delinquencies or other defaults under the KC Equipment Lease.

50. The Bankruptcy Code permits assumption and assignment of executory contracts. Section 365(f)(1) states:

> Except as provided in subsection (c) of this section, notwithstanding a provision in an executory contract or unexpired lease of the debtor, or in applicable law, that prohibits, restricts, or conditions the assignment of such contract or lease, the trustee may assign such contract or lease under paragraph (2) of this subsection; except that the trustee may not assign an unexpired lease

> of nonresidential real property under which the debtor is an affected air carrier that is the lessee of an aircraft terminal or aircraft gate if there has occurred a termination event.
>
> **(2)** The trustee may assign an executory contract or unexpired lease of the debtor only if—
>
> **(A)** the trustee assumes such contract or lease in accordance with the provisions of this section; and
>
> **(B)** adequate assurance of future performance by the assignee of such contract or lease is provided, whether or not there has been a default in such contract or lease.

51. The only limitation on the Debtor's right to assume and assign a contract is the requirement that the Debtor demonstrate adequate assurance of the ability to perform. Such assurance is provided by demonstrating the availability of funding to complete the purchase. See, *In re Health Science Products, Inc*., Bkrtcy.N.D.Ala.1995, 191 B.R. 895; *Matter of Bronx-Westchester Mack Corp*., Bkrtcy.S.D.N.Y.1982, 20 B.R. 139.

52. The Debtor submits that Everest, in the process of becoming a qualified bidder, established that it is financially sound and through that process has provided adequate assurance of its ability to perform the obligations it will assume under the Assigned Contracts. The Debtor reserves the right to supplement its proffer of adequate assurance in the event any party objects to the assumptio0n and assignment of any Assigned Contract.

HEARING DATE

53. The Debtor requests that the hearing to approve the sale of the Sale Assets and the auction should an auction occur all be scheduled for April 18, 2025.

54. The Debtor is simultaneously filing a motion to shorten time requesting such date.

NOTICE PROCEDURES

55. Notice of this Motion and supporting documents will be given to the following (the "**Notice Parties**"):

Office of the United States Trustee for the District of New Jersey

Eugene D. Roth, Esq., counsel for Nostrum Pharmaceuticals, LLC and Nirmal Mulye
All parties who have formally appeared and requested service in this proceeding pursuant
The United States Attorney's Office for the State of New Jersey
The Internal Revenue Service
The Attorney General's Office for the State of New Jersey
The U.S. Small Business Administration
Robert M. Schechter, Esq., Attorney for the Official Committee of Unsecured Creditors
Julie M. Murphy, Esq., Attorney for Citizens Bank, National Association
Jeffrey K. Garfinkle, Esq., and Anthony Sodono, III, Esq., Attorneys for McKesson Corporation
Jerome F Gallagher, Jr., Attorney for creditor IPFS Corporation
Kirk T. Manhardt, Esq., Attorney for the United States of America
Carol Ann Slocum, Esq., Attorney for AmerisourceBergen Drug Corporation
Bruce W. Bieber, Esq., Attorney for Altro Pharmaceuticals, Inc
Scott A. Zuber, Esq., Attorney for Cardinal Health and affiliated companies
Christopher R. Donoho III, Esq., Attorney for Mylan Pharmaceuticals Inc. and Mylan Ireland Ltd
Thomas W. Heintschel, Esq., Attorney for Waterford Bank
Eric R. von Helms, Esq., Attorney for Bank of America, N.A.
Kevin R. Bradford, Esq., Attorney for Commonwealth of Pennsylvania, Dpt. of Human Services
Kyle F. Eingorn, Esq., Attorney for Lamborghini Financial Services
Joseph C. Barsalona II, Esq., Attorney for PSL Consulting, LLC
Brian F. Moore, Esq., Attorney for Vintage Pharmaceuticals, LLC
Nicola G. Suglia, Esq., Attorneys for Canon Financial Services, Inc.
Leah V. Lerman, Esq., Senior Trial Counsel, U.S. Department of Justice, counsel for FDA
Counsel for all successful bidders and back-up bidders
all parties that have liens of record on any of the assets to be sold
all parties to executory contract to be assumed and assigned
City of Kansas City, MO
Katherine Chandler, Esq., attorney for the City of Kansas City, MO
UMB Bank, N.A. as Trustee
Bank of America, N.A., 2059 Northlake Parkway, 3rd Floor North, Tucker, GA 30084
GE HFS, LLC, 12854 Kenan Drive, Suite # 201, Jacksonville, FL 32258
TAK Properties LLC

Mylan Pharmaceuticals Inc., 781 Chestnut Ridge Road, Morgantown, WV 26505
Investors Bank, 101 JFK Parkway, Short Hills, NJ 07078
CSC, 801 Adlai Stevenson Drive, Springfield, IL 62703
Susan Jacoby, 2727 Allen Parkway, Suite 1000, Houston, TX 77019
CT Corporation, 208 South LaSalle Street, Suite 814, Chicago, IL 60604
Chris Bryant, 390 Madison Avenue, New York, NY 10017
Peter S. Herman, 90 Woodbridge Center Drive, Suite 900, Woodbridge, NJ 07095

56. The Debtor proposes that notice of the sale, the assets being sold, the identity of the bidders and back-up bidders, the amount of the bids and back-up bids, the date, time and place of the sale hearing will be given to all creditors in the form annexed hereto as Exhibit A.

57. In light of the nature of the relief requested herein, the Debtor submits that no other or further notice is necessary.

58. Notice to the Notice Parties will be given in accordance within the time and in the manner as directed by the Order entered in response to the Debtor's application to shorten time that is being filed simultaneously with the Motion.

NO PRIOR REQUEST

59. No prior request for the relief sought in this Motion has been made to this or any other court.

Dated: April 4, 2025

BROEGE, NEUMANN, FISCHER & SHAVER, LLC
Attorneys for Debtor-in-Possession
Nostrum Laboratories, Inc.

By: /s/ *Timothy P. Neumann*
TIMOTHY P. NEUMANN

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

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Proposed Substituted Counsel for Debtor-in-Possession Nostrum Laboratories, Inc.

In re:

NOSTRUM LABORATORIES, INC.,

Debtor.

Case No.: 24-19611

Chapter 11

Honorable John K. Sherwood, U.S.B.J.

ORDER PURSUANT TO SECTIONS 105(a), 363 AND 365 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 2002, 6004 AND 6006 APPROVING THE SALE OF DEBTOR'S ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES AND THE ASSUMPTION AND ASSIGNMENT OF CERTAIN CONTRACTS

The relief set forth on the following page numbered two (2) through nineteen (19) is hereby ORDERED.

In Re: Nostrum Laboratories, Inc
Case No.: 24-19611
Caption of Order: Order Pursuant to Sections 105(A), 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 6006 Approving the Sale of Debtor's Assets Free and Clear of Liens, Claims and Encumbrances and the Assumption and Assignment of Certain Contracts

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WHEREAS, this matter being opened to the Court by motion (the "**Sale Motion**") of Nostrum Laboratories, Inc. (the" Debtor") seeking entry of an order of this court authorizing the Debtor to sell certain assets (including certain Abbreviated New Drug Applications ["**ANDAs**"]or licenses therefor, the "**Sale Assets**") as described in the asset purchase agreements ("**APAs**") between the Debtor and each of the purchasers annexed as Exhibit A to the Application filed in support of the Sale Motion to the persons making the highest and best offer ("**Purchasers**"); and

WHEREAS, the Court held a hearing on April 8, 2025, at 2:00 p.m. (the "**Sale Hearing**") at which any higher and better offers were considered pursuant to the Bidding Procedures previously approved by this Court[1]; and

WHEREAS, by this order the Court approves the sales ("**Sales**") of the Sale Assets pursuant to the terms set forth herein; and for good cause shown,

IT IS HEREBY FOUND AND DETERMINED THAT:

A. The Court has jurisdiction over the Sale Motion pursuant to 28 U.S.C. §§ 157(a)-(b) and 1334(b) and the *Standing Order of Reference to the Bankruptcy Court Under Title 11* of the United States District Court for the District of New Jersey, dated September 18, 2012 (Simandle, C.J.). This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these cases in this District is proper under 28 U.S.C. §§ 1408 and 1409.

[1] Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Sale Motion.

B. The finding and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Rule 9014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"). To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

C. The statutory and other legal predicates for the relief granted herein are sections 105(a), 363 and 365 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, and 6006, and Local Rule 6004-1.

D. Proper, timely, adequate and sufficient notice of the Sale Motion has been provided in accordance with 11 U.S.C. §§ 102, 105(a), 363, 365 and Bankruptcy Rules 2002, 6004 and 9014, and the Motion, such notice was good and sufficient, and appropriate under the particular circumstances, and no other or further notice of the Sale Hearing or the Sales, shall be required.

E. A fair and reasonable opportunity to object to, and be heard with respect to, the Sale Motion has been given to all persons entitled to notice pursuant to the Bid Procedures Order including, without limitation, the following: (i) all non-Debtor counterparties to executory contracts or unexpired leases, (ii) all parties who have requested notice in this Chapter 11 case pursuant to Bankruptcy Rule 2002, (iii) any known bidders at the auction (the "**Auction**"), and (iv) the Office of the United States Trustee.

F. This Sale Order constitutes a final order within the meaning of 28 U.S.C. § 158(a) and Bankruptcy Rule 8001(a).

G. The Debtor has conducted the sale process in compliance with the Bankruptcy Code, and the Debtor, the Official Committee of Unsecured Creditors (the "**Committee**"), the Prepetition Lender (as defined herein) and the Purchasers have complied with the Bid Procedures Order and the Bid Procedures (as defined herein) in all respects. Each of the Purchasers was a Successful Bidder (as defined in the Bid Procedures Order) at the Auction for the Sale Assets in accordance with the Bid Procedures.

H. The Debtor and their advisors, including, without limitation, Raymond James & Associates, Inc. ("**Raymond James**"), engaged in a robust and extensive marketing and sale process, in accordance with the Bid Procedures Order. The Debtor and the Committee conducted a fair and open sale process. The sale process, the Bid Procedures, and the Auction were non-collusive, duly noticed, and provided a full, fair, reasonable, and adequate opportunity for any entity that either expressed an interest in acquiring the Sale Assets, or who the Debtor and the Committee believed may have had an interest in acquiring the Sale Assets, to make an offer to purchase the Sale Assets. The Debtor, the Committee and the Purchasers have negotiated and undertaken their respective roles leading to the applicable Sales and entry into the applicable APAs in a diligent, non-collusive, fair, reasonable, and good faith manner. The sale process conducted by the Debtor and the Committee pursuant to the Bid Procedures Order and the Bid Procedures resulted in the highest or otherwise best value for the Sale Assets, was in the best interests of the Debtor, their creditors, and all parties in interest, and any other transaction would not have yielded as favorable a result.

I. No consents or approvals, other than those expressly set forth herein, are required for the Debtor to consummate the Sales.

J. Approval of the Sale Motion at this time is in the best interests of the Chapter 11 estate, creditors, and other parties-in-interest.

I. The Debtor has demonstrated both (i) good, sufficient, and sound business purpose and justification; and (ii) compelling circumstances for the Sales pursuant to 11 U.S.C. § 363(b).

K. A reasonable opportunity to object or be heard with respect to the Sale Motion and the relief requested therein has been afforded to all interested persons and entities in accordance with the Sale Motion.

L. The Purchase Prices (as defined herein) were negotiated, proposed and entered into by the Debtor and Purchasers without collusion, in good faith, and from arm's-length bargaining positions. Neither the Debtor nor Purchasers, have engaged in any conduct that would cause or permit the Sale to be avoided under 11 U.S.C. § 363(n).

M. Each of the Purchasers is a good faith buyer as set forth in 11 U.S.C. § 363(m) and, as such, is entitled to all of the protections afforded thereby. Each Purchaser has and will continue to act in good faith within the meaning of 11 U.S.C. § 363(m) in closing the transaction at all times after the entry of this Order.

N. The Purchase Prices to be paid by the Purchasers under the Asset Purchase Agreements ("APAs") were negotiated at arm's-length and constitute fair and reasonable consideration for the relevant Sale Assets. The terms and conditions set forth in each APA are fair

and reasonable under these circumstances and were not entered into for the purpose of, nor do they have the effect of, hindering, delaying, or defrauding the Debtor or their creditors under any applicable laws.

O. Purchasers would not have offered the Purchase Prices nor agreed to purchase the relevant Sale Assets and would not consummate the transactions contemplated herein, if the Sales were not free and clear of all liens, claims, encumbrances, and interests of any kind or nature whatsoever, or if Purchasers would, or in the future could, be liable for any liens, claims, encumbrances or interests.

P. Certain of Purchasers also submitted Qualified Bids at the Auction constituting Back-Up Bids (as such term is defined in the APAs), which are set forth in the Sale Motion (the "Back Up Bids").

Q. The Debtor may sell the Sale Assets free and clear of all liens, claims, encumbrances and interests of any kind or nature whatsoever because, in each case, one or more of the standards set forth in 11 U.S.C. § 363(f)(l)-(5) have been satisfied. Any non-debtor parties with interests in the Sale Assets who did not object, or who withdrew their objections, to the Sale Motion have consented, or are deemed to have consented, pursuant to 11 U.S.C. § 363(f)(2). Those non-debtor parties with interests in the Sale Assets who did object fall within one or more of the other subsections of 11 U.S.C. § 363(f) and are adequately protected by having their interests, if any, attach to the cash proceeds of the sale ultimately attributable to the property against or in which they claim an interest.

R. On February 14, 2025, the Court entered a certain *Order Granting in Part and Denying in Part Motion of Official Committee of Unsecured Creditors for an Order Authorizing the Committee to Market the Debtors' Assets for Sale in a Joint Capacity with the Debtor and Approving Bidding Procedures* [Dkt. No. 268] (the "**Bid Procedures Order**"), pursuant to which the Court, *inter alia*, approved the Debtor's proposed bid procedures (the "**Bid Procedures**").

NOW THEREFORE, IT IS HEREBY ORDERED:

1. The Sales as set forth in the Sale Motion, and all of the terms and conditions thereof, except only as modified pursuant to this Order, are hereby approved.

2. Pursuant to section 363(b) of the Bankruptcy Code, the Debtor and the Purchasers are authorized and directed to consummate the Sales, pursuant to and in accordance with the terms and conditions of the Sale Motion.

3. The Debtor and the Purchasers are authorized and empowered to perform under, consummate and implement, the sale, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the transactions contemplated in the Sale Motion, and to take all further actions as may be requested by the Purchasers for the purpose of assigning, transferring, granting, conveying, conferring or reducing to possession the relevant Sale Assets to the Purchasers, or as may be necessary or appropriate to the performance of the obligations as contemplated by the Sale Motion. The Debtor and the Purchasers are hereby authorized to take any and all steps necessary to effectuate, consummate and/or implement the terms of this Sale Order. To the extent of any discrepancies between this Order and the Sale Motion, this Order shall control.

4. The Debtor, together with all parties in possession of property of the Debtor's estate or information necessary to consummate the Sales including, but not limited to, EnEm Nostrum Remedies, Pvt. Ltd., the Debtor and each of their respective representatives including, but not limited to, Nirmal Mulye, Bernard Berk, James Grainer, and Shraddha Dhamankar shall cooperate in all respects with the Debtor, the Committee and Raymond James in order to effectuate a timely closing of the Sales including, but not limited to, by providing all information necessary to consummate the Sales.

5. Pursuant to the terms set forth in the Sale Motion, the Purchasers shall pay (each a "**Purchase Price**" and collectively, the "**Purchase Prices**") with respect to the assets of the Debtor as follows:

a. ANI: $1,700,000, with respect to the following ANDAs:

- 076756 Metformin (Glucophage)
- 012546 TENUATE® DOSPAN
- 088629 Acetaminophen and Codeine Phosphate
- 076697 Carbamazepine

b. Aviv: $600,000, with respect to the following ANDAs:

- 074127 Atenolol
- 075929 BACC
- 204705 Dutasteride
- 203087 Eszopiclone
- 065468 Neomycin Sulfate

- 078472 Pioglitazone
- 091450 Pramipexole Dihydrochloride
- 073685 Lactulose (ACILAC)
- 073686 Lactulose (LAXILOSE)
- 209560 Doxycycline Tablets

c. Big Shoulders: $250,000, with respect to the equipment at the Bryan, OH facility

d. Bionpharma: $50,000, with respect to the following ANDA:

- 209393 Doxycycline Capsules

e. Chartwell: $4,625,000, with respect to the following ANDAs:

- 074415 Sucralfate
- 090180 Promethazine Hydrochloride and Codeine Phosphate
- 088764 Promethazine, Phenylephrine Hydrochloride and Codeine Phosphate

f. Everest: $1,900,000, with respect to the Kansas City, MO facility and the following assets:

- 074404 Atenolol and Chlorthalidone
- 078149 BAC
- 076138 Ciprofloxacin
- 076486 Enalapril Maleate and Hydrochlorothiazide
- 076723 Hydromorphone Hydrochloride

- 090511 Levetiracetam
- 207587 Methylphenidate Tablets
- 090427 Nabumetone
- 203600 Phendimetrazine Tartarate
- 074474 Pindolol (discontinued)
- 203694 Ranitidine
- 203394 Sevelamer Carbonate
- 011722 TENUATE®
- 078778 Tramadol Hydrochloride/Acetaminophen
- 200430 Venlafaxine (discontinued)
- 204691 Acetazolamide
- 207237 Carisoprodol
- 203243 Clarithromycin
- 090359 Mefenamic Acid
- 203832 Metformin (Fortamet)
- 207726 Niacin
- 205415 Pindolol
- 087400 Theophylline – 100 mg, 200 mg, 300 mg and 450 mg
- 040560 Theophylline – 400 mg and 600 mg
- 205468 Venlafaxine
- All equipment at the Kansas City, MO facility

- All vehicles associated with the Kansas City, MO facility

g. Everest, $275,000, with respect to the following ANDA:

- 203179 Calcium Acetate

h. PAI: $350,000, with respect to the following ANDA:

- 077105 Valproic Acid

h. Solis: $1,225,000, with respect to the following ANDAs:

- 203179 Calcium Acetate
- 074118 Piroxicam
- 077708 Cilostazol
- 203887 Dapsone
- 085186 Elixophyllin
- 210663 Hydrocodone Bitartrate /Homatropine Methylbromide
- 075292 Fluoxetine Hydrochloride
- 201011 Morphine Sulfate
- 201448 Oxycodone Hydrochloride and Acetaminophen
- 202060 PEG-3350

i. Strides: $2,075,000, with respect to the following ANDAs:

- 077723 Hydrocodone Bitartrate and Ibuprofen
- 204954 Methylphenidate Chewable Tablets
- 040891 Promethazine Hydrochloride
- 201355 Nitrofurantoin

j. Waterford: credit bid for $1,345,085, for the real property in Bryon, Ohio on which Waterford holds a mortgage.

6. The following are the Back-Up Bids, which are approved to the full extent of this Order, in the event that the sales of the assets set forth in Paragraph 5 hereof do not close:

a. Kesin, $150,000, with respect to the following ANDA:

- 040891 Promethazine Hydrochloride

b. PAI: $225,000, with respect to the following ANDAs:

- 085186 Elixophyllin
- 210663 Hydrocodone Bitartrate /Homatropine Methylbromide
- 201011 Morphine Sulfate
- 201448 Oxycodone Hydrochloride and Acetaminophen
- 202060 PEG-3350

c. Solis, with respect to the following ANDAs:

- 076697 Carbamazepine, $750,000
- 077105 Valporic Acid, $325,000

d. Strides, with respect to the following ANDAs:

- 88629 Acetaminophen and Codeine Phosphate, $400,000
- 203887 Dapsone, $250,000
- 203179 Calcium Acetate, $250,000
- 075292 Fluoxetine Hydrochloride, $250,000
- 090180 Promethazine Hydrochloride and Codeine Phosphate, $250,000

8. Pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, the Sale Assets shall be transferred to the respective Purchasers, and, except with respect to Assumed Liabilities and Determined Cure Costs, as applicable and as expressly provided in APAs and this Sale Order, upon consummation (the "**Closing**") shall be free and clear of all adverse interests and other liens, liabilities, claims and encumbrances of any kind or nature whatsoever, and such adverse interests and other liens, liabilities, claims and encumbrances have been and shall be terminated and declared to be unconditionally released, discharged and terminated, and such termination and release shall be binding upon and govern the acts of all entities, including all filing agents, filing officers, administrative agencies or units, governmental departments or units, secretaries of state, federal, state and local officials and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title in or to the Sale Assets conveyed to the Purchasers, provided that all liens and encumbrances shall attach to the sale proceeds with the same validity, and in the same priority, immediately prior to closing.

7. The closing of the Sales shall occur on or before the earlier of (such earliest date, the "**Closing Date**") April 18, 2025 and the date that is fifteen (15) days from the hearing at which the Court granted the Debtor's Sale Motion (the "**Closing Window**") which Closing shall take place at the offices of Debtor's counsel, or at some other place and manner as agreed by the parties. The Purchasers may take title or assignment of one or more of the Sale Assets through one or more designees. All disbursements pursuant to the terms of this Order shall be made within two (2) days of the Closing. To the extent the Debtor is ready willing and able to deliver good and marketable

title to the Sale Assets and Closing does not occur by the conclusion of the Closing Window and the Closing Window is not extended on the consent of the parties, the Debtor shall be authorized to-retain such Purchaser's Deposit and to pursue such other remedies available to the Debtor.

8. The transfers of the Sale Assets to the Purchasers pursuant to the Sale Motion constitute legal, valid, and effective transfers of the Sale Assets, and shall vest the Purchasers with all right, title, and interest of the Debtor and to the relevant Sale Assets, free and clear of all adverse interests and free and clear of any successor liability. The Debtor and the Purchasers are authorized to effect the sales and transfers of Property pursuant to the terms of this Order and the Sale Motion, and compliance with State or local bulk sales and similar laws and regulations, if any, is hereby waived.

9. The Debtor has the full corporate power and authority to execute, deliver, and perform its obligations under the APAs and all other documents contemplated thereby, and the Sales have been duly and validly authorized by the necessary corporate action of the Debtor.

Approval of the Assumptions and Assignments

10. The proposed assumptions of the Debtor's interest in the lease and other executory contracts set forth on Exhibit A and the amounts required to cure any defaults are hereby approved.

Miscellaneous Provisions

11. Each and every federal, state, and local governmental agency, department, or official is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Sale Motion.

12. All entities that are presently, or on the Closing Date may be, in possession of some or all of the Sale Assets are hereby directed to surrender possession of the relevant Property to the Purchasers on the Closing Date.

13. Following the Closing Date, no holder of a claim against, Lien upon or adverse interest in the Sale Assets or against the Debtor shall interfere with any of the Purchasers' title to or use and enjoyment of the Sale Assets based on or related to such claim, lien or adverse interests, or any actions that the Debtor may take in his Chapter 11 cases.

16. This Court shall retain jurisdiction to enforce and implement the terms and provisions of this Order, including, but not limited to, retaining jurisdiction to compel delivery of the Sale Assets to the Purchasers, interpret, implement, and enforce the provisions of this Order, and protect the Purchasers against any adverse interests against the Debtor, the Sale Assets and/or the proceeds of the Sale.

17. Nothing contained in any plan of reorganization or liquidation confirmed in the Debtor's Chapter 11 case or any order of this Court in this bankruptcy case shall conflict with or derogate from the terms of this Order. To the extent of any conflict, the terms of this Sale Order shall control.

18. As provided by Bankruptcy Rule 6004(h), this Order shall not be stayed for fourteen (14) days after the entry of the Order and shall be effective and enforceable immediately upon entry.

19. The Debtor, the Committee, the Prepetition Lender (hereinafter defined), the Purchasers and each of their respective management, boards of directors, members, officers, directors, employees, agents, and representatives, acted in good faith. The APAs, and each of the transactions contemplated therein, were negotiated, proposed, and entered into by the Debtor and the Purchasers in good faith, without collusion or fraud, and from arm's-length bargaining positions. Each of the Purchasers is a "good faith purchaser" within the meaning of sections 363(m) of the Bankruptcy Code, and, as such, is entitled to all the protections afforded thereby in the event that this Sale Order is modified, amended, vacated, or reversed by a subsequent order of this Court or any other court on appeal. No such appeal, modification, amendment, or vacatur shall affect the validity and enforcement of the sale or the liens or priority authorized or created under the APAs or this Sale Order. Neither the Debtor, the Committee, the Prepetition Secured Lender nor any of the Purchasers has engaged in any conduct that would cause or permit the APAs to be avoided and/or costs and damages to be imposed under section 363(n) of the Bankruptcy Code, or that would prevent the application of section 363(m) of the Bankruptcy Code. The Purchasers have not violated section 363(n) of the Bankruptcy Code by any action or inaction. The Debtor and the Committee were free to deal with any other party interested in buying or selling on behalf of the Debtor's estate some or all of the Sale Assets. The Purchasers have not acted in a collusive manner with any person and were not controlled by any agreement among bidders. The Purchasers' payments and assumptions of amounts owing under the APAs are in good faith and for valid business purposes and uses. The terms and provisions of the Sale Motion and this Order shall be binding in all respects upon, and shall inure to the benefit of, the Debtor, the Purchasers,

and their respective affiliates, successors and assigns, the Debtor's estate and creditors, and any affected third parties including, but not limited to, all persons asserting adverse interests upon or against the Sale Assets to be sold to the Purchasers pursuant hereto, notwithstanding any subsequent appointment of any trustee, responsible person, estate administrator, representative or similar person (a "**Responsible Person**") for or in connection with the Debtor's estate or affairs in this case or in any subsequent case under the Bankruptcy Code or State proceeding involving the Debtor, as to which Responsible Person(s) such terms and provisions likewise shall be binding in all respects.

20. Except with respect to the Assumed Liabilities and Determined Cure Costs, as defined in the APAs, all persons and entities, including, but not limited to, all debt security holders, equity security holders, governmental, tax and regulatory authorities, lenders, trade creditors, subcontractors, vendors, suppliers, materialmen, litigation claimants and other creditors holding any liens, claims, rights, interest, or encumbrances of any kind or nature whatsoever against or in all or any portion of the Sale Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, liquidated or unliquidated or subordinate), arising under or out of, in connection with, or in any way relating to the Debtor, the Sale Assets, the operation of the Debtor's business prior to the Closing Date or the transfer of the Sale Assets to the Purchasers, hereby are forever barred, estopped and permanently enjoined from asserting, against the any Purchaser, any of each Purchaser's affiliates, successors or assigns, their property, or the Sale Assets, such persons' or entities' liens, claims, rights, interest, or encumbrances, other than with respect to any Assumed Liabilities or Determined Cure Costs in and to the Sale Assets,

including, without limitation the following actions: (i) commencing or continuing in any manner any action or other proceeding against any Purchaser, any of their affiliates, successors, assets or properties; (ii) enforcing, attaching, collecting or recovery in any manner any judgment, award, decree or order against any of the Purchasers, any of their affiliates, successors, assets or properties; (iii) creating, perfecting or enforcing any lien or claim against the Purchasers, or any of their affiliates, successors, assets or; (iv) commencing or continuing any action in any manner or place, that does not comply or is inconsistent with the provisions of this Order other orders of the Court, or the agreements or actions contemplated or taken in respect thereof; or (vi) revoking, terminating or failing or refusing to transfer or renew any license, permit or authorization to operate any of the Sale Assets or conduct any of the business operated with the Sale Assets.

21. Nothing in this Sale Order shall be deemed to waive, release, extinguish, or estop the Debtor, its estate or its creditors from asserting, or impairing or diminishing such rights to assert, any right (including any right of recoupment), claim, cause of action, defense, offset or counterclaim in respect of any Excluded Asset or other assets of the Debtor remaining after the completion of the Closing. On the date of the Closing, all proceeds from the consummation of the Sale shall paid first to fund the Carve-Out, as such term is defined in the *Final Order (I) Authorizing the Debtor to Utilize Cash Collateral to (A) Pay Postpetition Associates' Wages, Salaries, Other Compensation and Reimbursable Expenses, (B) Continue the Associate Benefits Programs, and (C) Continue to Pay Key Vendors; and (II) Granting Related Relief* [Dkt. No. 186] (the "**Cash Collateral Order**"), whereupon such funding Citizens Bank N.A. (the "**Prepetition Lender**"), shall have no further obligation to fund the Carve-Out, and second for permanent

application against the Prepetition Obligations, accrued Replacement Liens (as defined in the Cash Collateral Order) and the Adequate Protection Superpriority Claims (as defined in the Cash Collateral Order), which payments shall be deemed final and indefeasible. All payments to Prepetition Lender in connection herewith shall not be subject to subordination, defense, counterclaim or offset of any kind and shall otherwise be unavoidable.

22. In respect of any Excluded Asset (as defined in the APAs) or other assets of the Debtor remaining after the consummation of the Sales, nothing in this Sale Order shall (i) be deemed a waiver of the rights and remedies of the Prepetition Lender under the Cash Collateral Order or the Prepetition Loan Documents (as such term is defined in the Cash Collateral Order); (ii) affect in any way the validity, perfection, priority or enforcement of the liens and claims granted to the Prepetition Lender under the Prepetition Loan Documents or in connection with the Cash Collateral Order; or (iii) affect or limit in any way the validity, perfection, priority or enforcement of the Prepetition Liens, the Adequate Protection Superpriority Liens, or Replacement Liens, (each as defined in the Cash Collateral Order), or any other rights and protections granted to the Prepetition Lender under the Cash Collateral Order or under the Prepetition Loan Documents (as defined in the Cash Collateral Order).

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

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Proposed Substituted Counsel for Debtor-in-Possession Nostrum Laboratories, Inc.

In re:

NOSTRUM LABORATORIES, INC.,

Debtor.

Case No.: 24-19611

Chapter 11

Honorable John K. Sherwood, U.S.B.J.

STATEMENT PURSUENT TO D.N.J. LBR 9013-1(A)(3) WHY A MEMORANDUM OF LAW IS UNNECESSARY

The legal issues to be resolved in adjudicating the Motion are not novel and the law governing their disposition is settled and set forth in the Application filed in support of the Motion.

/s/ *Timothy P. Neumann*
Timothy P. Neumann

Date: April 4, 2025