

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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|--|---|----------------------------------|
| In re: |) | |
| |) | Chapter 11 |
| VILLAGE ROADSHOW ENTERTAINMENT GROUP USA INC., <i>et al.</i> , ¹ |) | Case No. 25-10475 |
| |) | (Joint Administration Requested) |
| Debtors. |) | |
| |) | |

DECLARATION OF KEITH MAIB IN SUPPORT OF FIRST DAY RELIEF

I, Keith Maib, hereby declare under penalty of perjury:

1. I am a Senior Managing Director in the Turnaround & Restructuring practice at Accordion Partners, LLC (“Accordion”), which has served as a restructuring advisor for Village Roadshow Entertainment Group USA Inc. and each of its affiliated debtors and debtors in possession (each, a “Debtor” and collectively, the “Debtors” or the “Company”) since February 20, 2024. Effective January 3, 2025, the Company appointed me as the Chief Restructuring Officer. I have led Accordion’s engagement for the Debtors. By separate motion, the Debtors will seek to retain Accordion as its restructuring adviser and me as the Chief Restructuring Officer in these chapter 11 cases.

2. I have more than 40 years of diversified business experience including serving as a partner in two international accounting firms. I have extensive experience in guiding companies through periods of change and turmoil and am nationally recognized as a leading turnaround

¹ The last four digits of Village Roadshow Entertainment Group USA Inc.’s federal tax identification number are 0343. The mailing address for Village Roadshow Entertainment Group USA Inc. is 750 N. San Vicente Blvd., Suite 800 West, West Hollywood, CA 90069. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors and the last four digits of their federal tax identification is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://www.veritaglobal.net/vreg>.

executive. I have previously served as the Chief Restructuring Officer of OSG Holdings, Inc., Interim Chief Financial Officer of Drybar Holdings LLC (national chain of hair salons); Chief Executive Officer of D&W Fine Pack LLC (plastics packaging); Chief Operating Officer of ARCA Technologies, LLC (electromechanical manufacturing); Chief Financial Officer of UniTek Global Services, Inc. (telecom infrastructure construction); Chief Restructuring Officer of Colt Defense, Inc. (commercial and military firearms manufacturing); Chief Restructuring Officer of AgFeed USA, LLC (international pork products); Chief Executive Officer of Playpower, Inc. (commercial playground manufacturing); Interim Chief Operating and Marketing Officer for Sunterra Corporation (hospitality, vacation ownership development, and marketing); Interim Chief Financial Officer of Norwood Promotional Products (consumer and promotional products); Chief Executive Officer of Worldnet Communications, Inc. (telecommunications); Chief Executive Officer of PennCorp Financial Group, Inc. (financial services and insurance); Chief Financial Officer of Acordia, Inc. (financial services and insurance brokerage); and Chief Operating Officer of Borland International, Inc. (technology and software development). I was a partner in the restructuring practices at Coopers & Lybrand LLC from 1995 to 1996 and Price Waterhouse LLC where I was employed from 1981 to 1994. I was previously a CPA licensed to practice in Missouri and Texas, and I hold a Bachelor of Business Administration degree from the University of Kansas.

3. The Debtors' principal executive office is located in West Hollywood, California. In connection with my duties for the Debtors, I am familiar with the Debtors' day-to-day operations, business affairs, and books and records.

4. The Debtors commenced these cases on March 17, 2025 (the "Petition Date") by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware. The

Debtors are pursuing chapter 11 to facilitate, among other things, one or more orderly sales of the Debtors' assets pursuant to Section 363 of the Bankruptcy Code (collectively, the "Sale") in order to maximize the value of the estate for the benefit of all creditors and other stakeholders. Filed concurrently herewith is the Debtors' "Bid Procedures and Sale Motion"² with that certain *Purchase Agreement* between the Debtors and CP Ventura LLC (the "Stalking Horse Bidder") for the Library Assets (as defined below) attached thereto as Exhibit 2 (the "Stalking Horse APA"). The Stalking Horse APA is the result of extensive, good faith, and arms' length negotiations with the Stalking Horse Bidder. The Debtors believe that the Stalking Horse APA and the designation of the Stalking Horse Bidder provides the best path to maximize the value of the Library Assets in these chapter 11 cases.

5. I submit this declaration (the "Declaration") to apprise the Court and parties in interest of the history of the Debtors' business, capital structure, efforts undertaken to curb the liquidity crisis it has faced in the past several years, and ultimately the circumstances leading to the commencement of these chapter 11 cases and the Debtors' proposed Sale of all of their assets, including the Library Assets to the Stalking Horse Bidder. I also submit this declaration in support of (a) the Debtors' petitions for relief under the Bankruptcy Code; and (b) the relief requested by the Debtors pursuant to the first day pleadings detailed herein (the "First Day Motions"), each filed contemporaneously herewith. Any capitalized terms not expressly defined herein have the meanings set forth in the applicable motion or application.

² Debtors' Motion for Entry of Orders (I)(A) Approving Bid Procedures For the Sale of the Debtors' Assets, (B) Authorizing the Debtors' Entry into the Stalking Horse APA and Approving Bid Protections Thereunder, (C) Scheduling an Auction For, and Hearing to Approve, Sale of the Debtors' Assets, (D) Approving Form and Manner of Notices of Sale, Auction, and Sale Hearing, and (E) Approving Assumption and Assignment Procedures; (II)(A) Approving the Sale of the Debtors' Assets Free and Clear of all Liens, Claims, Interests, and Encumbrances, and (B) Approving Assumption and Assignment of Executory Contracts and Unexpired Leases; and (III) Granting Related Relief, filed at Docket No. [].

6. Unless otherwise indicated, all statements in this Declaration are based upon my personal knowledge, my review of relevant documents, my opinion based upon my experience and knowledge of the Debtors' operations and financial condition, or information provided to me by the Debtors' employees. If I were called upon to testify, I could and would testify to each of the facts set forth herein.

INTRODUCTION

7. The Company is a leading independent producer and financier of major Hollywood motion pictures, having produced and released over 100 films since its inception in 1997, many of which had renowned success with an international audience. While the film industry is often volatile, as was demonstrated during the Covid pandemic and the recent writers and actors strikes, the Company benefited from continued positive financial performance for well over two decades. Prior to the WB Arbitration (as defined below) that commenced in 2022, the Company enjoyed a lucrative and well-known co-production and co-financing relationship with Warner Bros. Entertainment Inc. and its affiliates ("WB") that culminated in numerous and continual successful endeavors. The Company's most valuable assets are a direct result of this success: the Film Library and the Derivative Rights (each as defined below).

8. Two primary issues led to the decline in the Company's financial position: (1) the WB Arbitration, which has thwarted the Company's most profitable business line; and (2) the failed and costly endeavor into the creation and production of independent films and scripted and unscripted television series (the "Studio Business"), which was never profitable.

9. The Company proactively sought to address these factors prior to the Petition Date. Accordion was introduced to the Company in February 2024 when the key stakeholders began to foresee a run rate on liquidity that could become insurmountable. With Accordion's advisory

services in place, the Company introduced extensive cost-saving measures in order to preserve the value of the Debtors' assets while potential sale transactions were negotiated. Prior to Accordion's appointment, the Company engaged Goldman Sachs Group, Inc. ("Goldman") to market all of the Company's assets, including the Library Assets, in an out-of-court transaction. Ultimately, key stakeholders recognized that the Company's liquidity position was insurmountable in the face of the ongoing legal dispute with WB and no reasonable expectation of a productive go-forward line of business. When it became clear that the Company would be unable to consummate a sale transaction on an out-of-court basis, in light of certain anti-assignment provisions set forth in the agreements that are incident to a sale of the Library Assets, the Company engaged experienced advisors, including Sheppard Mullin Richter & Hampton LLP ("Sheppard Mullin") as legal counsel and Solic Capital Advisors to replace Goldman as investment banker ("Solic," together with Accordion and Sheppard Mullin, the "Advisors"). Following diligent and aggressive pre-petition efforts, the Debtors are commencing these chapter 11 cases with a stalking horse bidder in place for the Library Assets and seeking relief from this Court to sell their assets pursuant to the Bankruptcy Code.

10. The remainder of this Declaration is set forth as follows: Part I provides a general overview of the Debtors' background and business; Part II describes the Debtors' debt structure; Part III describes the circumstances that lead to the filing of these chapter 11 cases; Part IV summarizes the Debtors' pre-petition restructuring efforts and go forward objectives in these chapter 11 cases; and Part V lists the Debtors' First Day Motions.

I. THE DEBTORS' BACKGROUND AND BUSINESS

11. At the forefront of Hollywood production since its establishment in 1997, the Company has had worldwide blockbusters such as "Joker," "The Great Gatsby," the "Ocean's"

series, “Sully,” “The LEGO Movie,” and the “Matrix” trilogy, to name a few. The Company’s numerous critically acclaimed and commercially successful films have garnered significant income and recognition, including over \$19 billion worldwide box office receipts, 34 #1 U.S. box office openings, 19 Academy Awards, and 6 Golden Globes. As a market-leading entertainment organization, the Company’s affairs are complex. The Debtors operate several different entities that are attached to two separate debt structures. In addition, the Company’s primary assets are not “hard assets,” as with a retail chain, but consist primarily of contractual rights and intellectual property.

12. The Library Assets. Prior to a change in ownership structure in 2017, the Company was almost exclusively engaged in the co-financing and co-production of studio motion pictures. This business was incredibly profitable and allowed the Company to achieve commercial success on a consistent basis. These motion pictures were co-financed and co-produced with various other studios, including Sony and Paramount, but the majority of motion pictures – 91 – were developed through co-financing and co-production agreements between the Company and WB. The Debtors’ interest in these motion pictures are the Debtors’ primary assets, which include the Debtors’ undivided interest in their relevant percentage of the intellectual property; their undivided interest in their relevant percentage in domestic distribution rights, foreign distribution rights, and global distribution rights (together, the “Distribution Rights”); and cash flows, and other property related to the Debtors’ library of 108 feature films (such films, the “Pictures,” and together with the intellectual property, the Distribution Rights, and the cash flows, the “Library Assets”). The Library Assets generate a revenue of approximately \$50 million per year.

13. The Derivative Rights. In addition to the agreements that encompass the rights in the Library Assets, the Company is party to several “co-ownership” agreements with WB, which

govern the agreement between the Company and WB with regard to the exploitation of the derivative rights attached to the relevant films in the Library Assets and the intellectual property therein (the “Derivative Rights”). While the value of the Derivative Rights are more difficult to concretely ascertain, these have historically brought monumental value to the Company, creating a framework for a lucrative business relationship between the Company and WB to make, for example, prequels and sequels of successful films.

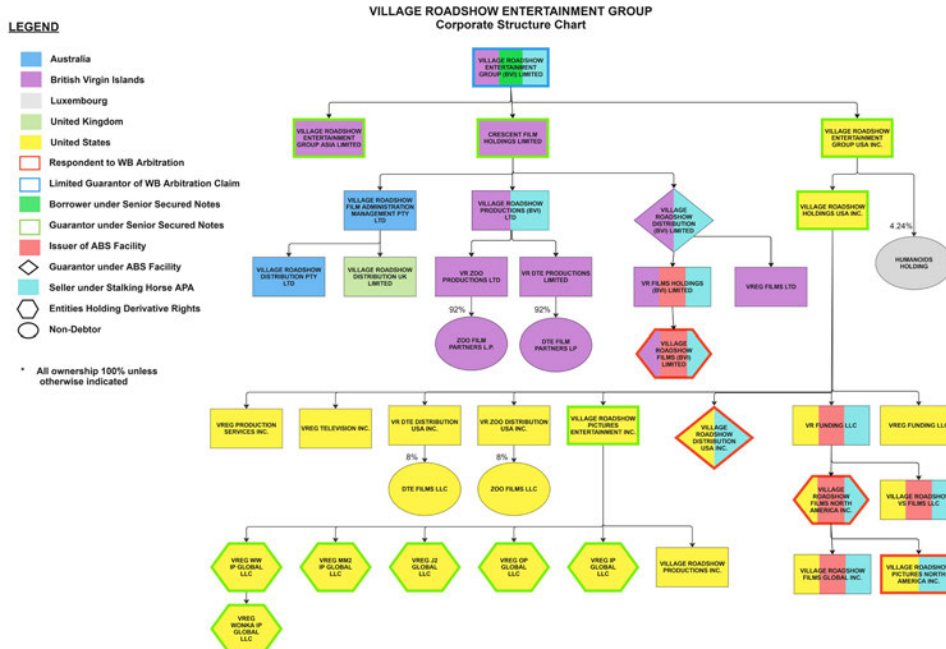
14. The Studio Business. From 2018 to 2020, following a shift in the Company’s equityholders and change in management, the Company expanded its business model and dedicated a meaningful portion of its resources to creating the Studio Business. The goal of the Studio Business was to create independent content absent studio partners – including films, scripted television series, and unscripted television programs (including documentaries and game shows). The Company sought a place in the market as a full service shop: offering idea creation through development partnership with certain labels, writers, and talent, and a support staff that included various professionals – from business administration to marketing and distribution. Development of the Studio Business involved investing significant capital into development deals and writing contracts; hiring additional employees; and self-funding development and production of new projects.

15. Specifically, from 2018 to present day, the Company had 99 feature films in development, 67 unscripted television series, and 166 scripted television series. Of those, six feature films went to production, five unscripted television series went to production, and two scripted television series went to production. No film or television series that was produced was able to create a profit that could sustain the Studio Business in its current structure. However, the

Studio Business still houses certain rights of ownership and consulting and development contracts that hold value.

16. Employees and Capital Structure. In early 2024, the Company had approximately 45 employees in the United States and Melbourne, Australia. Due to significant cost-cutting measures undertaken over the past year, the Company currently employs only two executives and three at-will administrative professionals in the United States and six financial professionals in Australia. As of March 2025, the Company's total overhead by month, including payroll, rent, professional fees, and other corporate costs was approximately \$300,000.

17. Debtor Village Roadshow Entertainment Group (BVI) Limited ("VREG") is the parent holding company and the direct or indirect controlling member and/or shareholder of its subsidiaries, as reflected on the corporate organizational chart below and attached hereto as Exhibit A. Village Roadshow Limited is the holding company for Village Roadshow Pictures International PTY LTD, which owns 2.5% of the equity interest in VREG. Falcon Strategic Partners IV LP, Vine Media Opportunities Fund III LP, Vine Media Opportunities Fund III-A LP, Vine Media Opportunities Fund III-B LP, Vine Westcon SPV, LP, and 1397225 Ontario Limited otherwise hold the equity in VREG.



18. The Magnum Transaction. In 2013, Debtors Village Roadshow Films (BVI) Limited (“VRF”) and Village Roadshow Distribution (BVI) Limited (“VRD”), as sellers, and Magnum Films SPC (“Magnum”), as purchaser, entered into that certain *Sale Agreement*, dated December 20, 2013, and most recently amended on November 10, 2020 (the “Magnum Sale Agreement”), which resulted in Magnum, after exercising various options, purchasing a percentage of the Debtors’ Distribution Rights to certain Pictures to the Magnum Transaction). The Magnum Transaction did not divest the Debtors of any of their right, title, or interest in the intellectual property ownership related to, or rights to control the exploitation of, the Pictures. Rather, the Magnum Transaction operated such that Magnum now owns a percentage of the right to proceeds in certain Pictures (such proceeds, the “Magnum Distributable Amount”). Pursuant to the Magnum Sale Agreement, VRD pays the Magnum Distributable Amount to Magnum on a quarterly basis, and Magnum’s right to payment is secured by that certain *VRF Account Control Agreement*, dated as of November 10, 2020, by and among VRF, Magnum, the Permanent

Financing Trustee (as defined in the Magnum Sale Agreement), and U.S. Bank National Association.

II. THE DEBTORS' DEBT STRUCTURE

19. The Debtors' principal secured indebtedness is identified and briefly described below.³

20. The ABS Facility. Certain of the Debtors have outstanding secured debt obligations in the aggregate amount of approximately \$223,820,605.53 arising under asset-backed secured notes (the "ABS Facility") pursuant to that certain *Base Indenture*, dated as of November 10, 2020, by and among Debtor VR Funding LLC, as co-issuer ("U.S. Co-Issuer"), Debtor VR Films Holdings (BVI) Limited, as co-issuer (together with the U.S. Co-Issuer, the "Parent Co-Issuers") and U.S. Bank National Association, as trustee (the "ABS Trustee"), as supplemented by the *Group A Supplement*, dated as of November 10, 2020 (the "Group A Supplement"), among the Parent Co-Issuers, Debtor Village Roadshow Films (BVI) Limited, Debtor Village Roadshow Films North America Inc., Debtor Village Roadshow Films Global Inc., Debtor Village Roadshow VS Films LLC and each other Group A Subsidiary Co-Issuer from time to time party thereto (together with the Parent Co-Issuers, the "Co-Issuers") and the ABS Trustee, as further supplemented by the *Series 2020-1 Supplement*, dated as of November 10, 2020, among the Co-Issuers and the ABS Trustee. The Debtors party to the ABS Facility may also have various outstanding indemnification, fee, cost, and expense obligations owed to the parties thereunder.

³ The Debtors' debt structure is more fully described in the Debtors' *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* (the "DIP Motion"), filed contemporaneously herewith.

The collateral securing the ABS Facility consists primarily of substantially all of the Co-Issuers' assets, which includes the Library Assets (the "ABS Collateral").

21. On several occasions prior to the Petition Date, counsel for the Debtors and counsel to the ABS Trustee met and conferred in good faith to discuss the terms by which the ABS Trustee may be able to provide support for the Sale contemplated in these chapter 11 cases. The ABS Trustee and the Debtors agreed upon a form of a "Transaction Support Agreement" in connection with the proposed DIP Facility (as defined below) and the Sale, a copy of which is attached to the DIP Motion. The ABS Trustee has made clear that it will not enter in the Transaction Support Agreement without first seeking requisite direction from the holders of notes under the ABS Facility (the "ABS Noteholders"). Based on the foregoing, the Debtors are seeking the authority but not the direction to enter into the Transaction Support through entry of the DIP Order so that, *e.g.*, they may be in a position to enter into the Transaction Support Agreement if and when the ABS Trustee receives sufficient direction from the ABS Noteholders to do so.

22. Senior Secured Notes. Certain of the Debtors have outstanding secured debt obligations in the aggregate amount of approximately \$163,075,096.60 arising under senior secured notes (the "Senior Secured Notes") issued pursuant to that certain *Fifth Amended and Restated Note Purchase Agreement* dated as of January 21, 2025 (the "Prepetition Senior Secured Notes Agreement"), by and among VREG, as borrower, the subsidiary guarantors referred to therein⁴ (together with VREG, the "Notes Debtors"), the noteholders referred to therein (the "Prepetition Senior Secured Noteholders"), and Wilmington Savings Fund Society, FSB, as collateral agent. The collateral securing the Senior Secured Notes consists primarily of a first

⁴ The subsidiary guarantors under the Senior Secured Notes are Village Roadshow Entertainment Group Asia Limited, Crescent Film Holdings Limited, Village Roadshow Entertainment Group USA Inc., Village Roadshow Holdings USA Inc., Village Roadshow Pictures Entertainment Inc., VREG MM2 IP Global LLC, VREG J2 Global LLC, VREG OP Global LLC, and VREG IP Global LLC.

priority lien on substantially all of the Notes Debtors' assets, excluding the ABS Collateral, and a senior pledge of the Note Debtors' equity interests in certain of their directly owned subsidiaries, which collateral includes the Derivative Rights and the Studio Business.

23. The Bridge Financing. The January 21, 2025 Prepetition Senior Secured Notes Agreement operated to extend certain maturity dates under that certain *Fourth Amended and Restated Note Purchase Agreement* and allowed the Notes Debtors to issue additional Senior Secured Notes in the aggregate principal amount of \$5,786,104.96 to, among other things, meet immediate liquidity needs and provide for the fees and expenses in connection with a sale process (the "Bridge Facility").⁵

24. The Proposed DIP Facility. To enable the Debtors to fund the administration of these chapter 11 cases and facilitate the Sale, the Debtors negotiated a multiple-draw secured term loan facility (the "DIP Facility") with certain of the Prepetition Senior Secured Noteholders under the Senior Secured Notes, as identified in the DIP Facility term sheet appended to the DIP Motion (the "DIP Lenders") in the maximum principal amount of up to \$12,786,104.96, including a roll-up of the Bridge Facility and \$7,000,000 in new money. The Debtors are seeking to have the DIP Facility secured by liens junior to the ABS Facility on the ABS Collateral, and first priority liens on all of the Debtors' assets that do not comprise the ABS Collateral.

III. EVENTS LEADING TO THE CHAPTER 11 FILING

25. Over the past few years, a confluence of macro-economic factors have weighed heavily on the Company's balance sheet, including: the COVID pandemic disrupting the entertainment industry at large; the 2023 writers' and actors' strikes delaying production and

⁵ For the avoidance of doubt, the aggregate principal amount outstanding on account of the Senior Secured Notes—*i.e.*, \$163,075,096.60—is inclusive of the \$5,700,000 amount on account of the Bridge Notes.

increasing cost; and “streaming wars” and alternate viewing methods challenging business models across the board. The bulk of the Company’s liquidity crisis, however, has stemmed from two significant circumstances that can befall any company: the souring of a significant business relationship, and the flatlining of a new venture before it had the time and necessary resources to become profitable.

26. The WB Arbitration. The Company historically enjoyed a prolific co-production, co-financing, and co-ownership relationship with WB, which included the production, ownership, and derivative rights flowing from 89 titles – including the Matrix franchise – and comprised the vast majority of the Debtors’ business. On February 7, 2022, the Company filed a complaint⁶ with respect to WB’s release of *The Matrix Resurrections* day-and-date on HBO Max and WB’s dispute regarding the Company’s right to co-finance derivative works based on the Film Library assets co-owned with WB predominantly with regard to the Derivative Rights Agreements (the “Complaint”). Through the Complaint, the Company accused WB of shutting it out of its legal and contractual rights to co-own and co-finance the sequels, prequels, spinoffs, and other derivative works of the 89 films that the Company funded and co-owns and with respect to which derivative rights are applicable.

27. Since the Complaint was filed, the Company and WB have remained in protracted arbitration proceedings with regard to the Derivative Rights, other allegations stemming from the Complaint, and WB’s various counterclaims, which to date remain unresolved (the “WB Arbitration”). The WB Arbitration has caused the Company to incur more than \$18,000,000

⁶ The nature of the complaint was twofold: (a) a claim against WB for day-and-date release of *Matrix 4* on HBO Max and (b) freezing the Company out of its right to co-finance derivative works.

[REDACTED]

[REDACTED]

30. Even if the WB Arbitration is resolved, the Company believes that it has irreparably decimated the working relationship between WB and the Company, which has been the most lucrative nexus for the Company's historic success in the entertainment industry. While the WB Arbitration does not impact the Debtors' entitlements (including rights to receive payments in connection with) or ownership stake in its most valuable assets, the Library Assets, it has eradicated the Company's potential income stream from the exploitation of the Derivative Rights and any new projects that could be co-financed by the Company and WB, both of which, prior to the WB Arbitration, were vital to the Company's ongoing success.

31. The Studio Business. Between 2018 and 2020, the Company's management focused the majority of its working capital on the development of the Studio Business, with the goals of creating independently developed and owned films, scripted television series and unscripted television programs (including documentaries and game shows). The Company spent approximately \$47.5 million on development expenses for projects that either were developed and never producer or if produced, never became profitable.

32. While the Company did achieve certain creative success and independently produced some media content, including six full-length movies, five unscripted television programs (including two seasons of a game show), and two scripted television series, no production from the Studio Business was able to realize monetary gain in the requisite time needed to make the venture sustainable. Though the investment that the Company has made in the development of the Studio Business could be a valuable asset, significant liability has attached due to unpaid contracts, such as those with writers and consultants, and without net positive results,

the Company was unable to raise additional capital to continue to fund the Studio Business. The inability to satisfy its obligations to the Studio Business has caused a detrimental impact on its reputation in the industry, which is evidenced by the Company recently being placed on the Writers' Guild strike list.

33. The compounding of industry events, the WB Arbitration, and the Studio Business' lack of success over the past few years has lead the Company to an insurmountable liquidity position. While the Library Assets continue to be profitable, it is insufficient to sustain the Company's operating costs with the Studio Business depleting capital and without the ability to access previously anticipated revenue from the exploitation of the Derivative Rights.

IV. RESTRUCTURING EFFORTS AND CHAPTER 11 CASE

34. In early 2024, the Company's board of directors (the "Board") acknowledged that the Company's financial condition was untenable and engaged Accordion to advise on cost-reduction efforts while simultaneously running a sale process with Goldman. Immediately following its engagement, Accordion advised the Company to take several proactive steps to mitigate the stress on its balance sheet, including pausing all of the Studio Business' development efforts and only paying what was contractually required; discontinuing discretionary spending; and streamlining the Debtors' workforce to reduce the overhead cost on a go-forward basis.

35. More recently, the Company engaged in significantly stricter cost cutting measures as its cash flow continued to be depleted. In order to fund the necessary fees and costs to complete a sale process and preserve the value of the Company's assets for the benefit of all stakeholders, the Company narrowed its workforce and tailored it to fit only the employees required to implement the Sale. Further, the Company moved out of the office in Los Angeles that it has operated out of for over a decade, and moved into a much smaller and less expensive space.

Accordingly, the Company became unable to pay its other debts as they came due and lease payments, as well as certain contractual obligations, have remained outstanding and unpaid.

36. During the first half of 2024, Goldman marketed a sale of the equity in the Company, seeking to sell the business as a going concern. While the Company received meaningful interest and entered exclusivity with a potential purchaser, the unknown outcome of the WB Arbitration ultimately stifled the ability to close the transaction. Thereafter, Goldman continued to market the Company and its assets – in whole or in part – to a broad array of potential purchasers. It became evident following negotiations with potential purchasers that the Company may receive the highest value for its assets by bifurcating them: the Library Assets as a distinct and high value asset, and the Derivative Rights and the Studio Business (together with the Library Assets, the “Business Segments”), which attach to greater liability.

37. Given the Company was unable to close a sale transaction before the financial distress it faced became dire, the Board engaged Sheppard Mullin to advise the Company in a potential restructuring on December 10, 2024 and Solic on February 3, 2025, to replace Goldman as investment banker in a potential chapter 11 case. The Board also appointed a special committee on January 20, 2025 to determine additional cost-cutting measures, hire professionals, negotiate any future financing proposals, and approve any sale transactions. The Company negotiated with certain of its existing Noteholders and obtained the Bridge Facility on January 21, 2025, which provided a runway for the Company to further pursue a potential sale transaction.

38. In February 2025, it became clear that two purchasers were at the forefront of a potential deal for the sale of the Library Assets, and the Company exchanged draft asset purchase agreements with both. During this period, the Company introduced a dual track approach to both transactions: out-of-court, or through a chapter 11 process, which the Company could pursue at its

sole discretion after evaluating the best path forward. Ultimately, the Company decided that a sale (or sales) pursuant to Section 363 of the Bankruptcy Code would maximize the value of the Debtors' Assets. Following extensive good-faith negotiations with the potential purchasers, the Debtors determined, in the exercise of their business judgment, to execute that certain *Purchase Agreement* with the Stalking Horse Bidder on March 14, 2025, which provides for a base purchase price in the amount of \$365 million for the Library Assets, all as more fully described in the Bid Procedures and Sale Motion.

39. Subject to Court approval, the Debtors are entering these chapter 11 cases with a DIP Facility in place to fund operations through the Sale of the Debtors' assets and an expeditious sale process underway to monetize all of their assets, including the Sale of the Library Assets to the Stalking Horse Bidder, subject to higher or better bids, and concurrently pursuing all potential alternative sale transactions, including an all-Asset sale, or sales of separate Business Segments.

V. FIRST DAY PLEADINGS

40. In an effort to minimize disruption to the Debtors' remaining business and promote an orderly and efficient Sale in these chapter 11 cases, the Company has requested various relief in the First Day Motions, which it deems critical to ensure that the value of the Debtors' assets, and resulting distributions to creditors, are maximized. The First Day Motions, filed contemporaneously herewith, include:

- *Debtors' Motion for Entry of an Order (I) Directing Joint Administration of Chapter 11 Cases, and (II) Granting Related Relief;*
- *Debtors' Application for Entry of an Order (I) Approving the Retention and Appointment of Kurtzman Carson Consultants LLC, DBA Verita Global, as the Claims and Noticing Agent to the Debtors, Effective as of Effective as of Petition Date, and (II) Granting Related Relief;*

- *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Redaction of Certain Personally Identifiable Information of Individuals from the Consolidated List of Creditors and Certain other Filings and (II) Granting Related Relief;*
- *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Payment of Certain Prepetition Taxes and Fees and Related Obligations, (II) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto, and (III) Granting Related Relief;*
- *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Continue to Operate its Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Continue to Perform Intercompany Transactions, (II) Granting Administrative Expense Status to Postpetition Intercompany Balances, and (III) Granting Related Relief; and*
- *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs; and (II) Granting Related Relief;*
- *The DIP Motion.*

41. The First Day Motions seek authority to, among other things, maintain the Debtors' existing bank accounts and business operations; pay employees and keep a necessary workforce to assist in facilitating the administration of the Debtors' affairs in these chapter 11 cases; pay the Debtors' taxes; and access the financing necessary to fund operations.⁷ I believe that such relief is essential for the Company to maximize the value of its assets, operate expeditiously in these chapter 11 cases, and avoid immediate and irreparable harm. I have reviewed each of the First Day Motions, and the facts set forth therein are true and correct to the best of my information and

⁷ The Debtors are also filing the Bid Procedures and Sale Motion to establish bid procedures for the expedited sale of the Debtors' Assets, including the Library Assets, and consummate the Sale, which relief is not sought on an emergency basis.

belief. I believe the relief sought is necessary to enable the Company to operate in chapter 11 and constitutes critical elements to successfully consummate the Sale.

VI. CONCLUSION

42. The Company's ultimate goal in these chapter 11 cases is to maximize the value of its estates for the benefit of its creditors and other stakeholders. To minimize any loss of value of the Debtors' business during the Company's transition to operating in chapter 11, the Debtors' immediate objective is to engage in business as usual with as little interruption to operations as possible. I believe that if the Court grants the First Day Relief, the Debtors' prospects for achieving their overarching goal of maximizing value for their creditors and stakeholders through the Sale will be substantially enhanced.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on: March 17, 2025

By: /s/ Keith Maib
Keith Maib
Chief Restructuring Officer

EXHIBIT A

Corporate Structure Chart

LEGEND

- Australia
- British Virgin Islands
- Luxembourg
- United Kingdom
- United States
- Respondent to WB Arbitration
- Limited Guarantor of WB Arbitration Claim
- Borrower under Senior Secured Notes
- Guarantor under Senior Secured Notes
- Issuer of ABS Facility
- Guarantor under ABS Facility
- Seller under Stalking Horse APA
- Entities Holding Derivative Rights
- Non-Debtor

* All ownership 100% unless otherwise indicated

