

General Q&A

On January 19, 2024, SimEx Inc., Iwerks Entertainment Inc., and Simex-Iwerks Myrtle Beach LLC (collectively, “**SimEx-Iwerks**”) commenced proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) pursuant to an order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). Deloitte Restructuring Inc. was appointed as Monitor of SimEx-Iwerks for the CCAA Proceedings (the “**Monitor**”).

Suppliers

Q. What is the CCAA?

A. The CCAA is a Canadian federal statute that enables companies to restructure their financial affairs under the protection and supervision of the Court. As part of the CCAA proceedings, the Court grants a “stay of proceedings” in favour of the debtor companies which prevents creditors, such as lenders and suppliers, from taking action against the companies, giving them the time and stability to restructure while continuing day-to-day operations.

The CCAA Proceedings in Canada are similar in many ways to Chapter 11 proceedings in the U.S. and are considered a restructuring proceeding rather than a liquidation of bankruptcy proceeding.

Q. What is the Monitor’s Role in the CCAA Proceedings?

A. The Monitor is an officer of the Court and is tasked with overseeing SimEx-Iwerks’ activities, providing advice to SimEx-Iwerks and providing assistance to stakeholders with respect to the CCAA Proceedings. The Monitor’s responsibilities will include monitoring and publishing relevant cash flow information on its website to provide transparency to all stakeholders. SimEx-Iwerks will cooperate with the Monitor in all respects. Ultimately the Monitor reports to the Court as an independent officer and does not “work” for any party. You can contact the Monitor at 416-354-1487 or via email at SimexInc@deloitte.ca. The Monitor provide updates to stakeholders via a case website as described below.

Q. Is SimEx-Iwerks bankrupt?

A. No, SimEx-Iwerks is not bankrupt. Under Canadian insolvency and restructuring laws, “bankruptcy” is a specific type of proceeding under which an insolvent company’s operations are often terminated and its assets sold or liquidated. Under the CCAA, SimEx-Iwerks continues to manage its own business under Court protection and supervision by the Monitor. The CCAA prevents creditors from forcing SimEx-Iwerks into bankruptcy or otherwise initiating legal action without prior approval of the Court.

Q. How long will this process last?

A. It is premature to speculate on an exact timeline. The initial stay of proceedings granted by the Court is 10 days, which is the maximum allowed by law on an initial application under the CCAA. SimEx-Iwerks is entitled to, and intends to, request extensions of the stay of proceedings. SimEx-Iwerks will work to complete its restructuring in a timely fashion.

Q. Who is in charge of SimEx-Iwerks during the CCAA Proceedings?

A. The Board of Directors and the management team remain in control of SimEx-Iwerks and its operations, subject to the specific requirements of the Initial Order. For questions regarding ordinary course business operations, stakeholders should continue to deal with their regular contact person at SimEx-Iwerks.

Q. What will happen in the CCAA Proceedings? Is SimEx-Iwerks going out of business?

A. SimEx-Iwerks plans to continue operating in the ordinary course of business throughout the CCAA Proceedings. The protection provided by the CCAA Proceedings will allow SimEx-Iwerks to work with the Monitor to conduct a sale and investor solicitation process (a “SISP”) within the CCAA Proceedings with the goal of soliciting interest in the purchase of some or all of the assets or equity of SimEx-Iwerks.

Q. Does SimEx-Iwerks have sufficient financing to continue operations?

A. Yes, SimEx-Iwerks projects to have sufficient liquidity to continue operations. SimEx-Iwerks has obtained a commitment from Royal Bank of Canada (“RBC”), its senior secured creditor, for “debtor-in-possession” financing that will provide adequate liquidity to support operations throughout the CCAA Proceedings.

Q. Where can I get more information about the proceedings?

A. The Monitor has established a website at SimexInc@deloitte.ca where further information on the restructuring proceedings will be posted. Court materials, including reports prepared by the Monitor, will be posted to the Monitor’s website from time to time. For questions regarding the CCAA Proceedings, stakeholders can contact the Monitor at 416-354-1487.

Q. SimEx-Iwerks owes me money. Will I be paid?

A. The Initial Order commencing the CCAA Proceedings prohibits the payment of amounts due prior to the filing. Post filing goods and services should be paid for on the terms outlined in your existing contract or arrangement with SimEx-Iwerks.

Q. Can I just raise my prices for SimEx-Iwerks in order to recover unpaid amounts?

A. No. This type of action is contrary to the Initial Order and is not permitted.

Q. I am a customer of SimEx-Iwerks. How am I affected?

A. SimEx-Iwerks intends to continue operating in the normal course during the CCAA Proceedings, including continuing to serve its customers. Please contact your account representative to discuss any concerns.

Q. Do I need to file anything to make sure that I am a creditor?

A. Not at this time. A list of creditors, as they appear in SimEx-Iwerks’ records, will be available on the Monitor’s website at SimexInc@deloitte.ca. We caution that this is just a point in time and may not reflect all transactions that recently occurred.

Q. Why did SimEx-Iwerks have to file for CCAA?

A. For details related to SimEx-Iwerks’ affairs, please see the affidavit of Michael Needham, which is posted on the Monitor’s website. It can be found at page 55 of the *Application Record Dated January 17, 2024 returnable January 19, 2024*!

Employees

Q. I am a current employee. How does the CCAA affect my compensation and job?

A. As part of the CCAA, employees of the entities that are subject to the CCAA that remain with those entities will continue to be paid their wages and benefits entitlements as before. You will also continue to receive reimbursement for expenses and continue to accrue and make use of your regular vacation entitlement (consistent with prior vacation approval rules).

Q. My employment was recently terminated. What happens to my termination and severance entitlement?

A. Claims for these entitlements are unsecured and SimEx-Iwerks will not be able to make these payments at this time due to the provisions of the Initial Order. It is too early to determine if there will be a claims process in which you need to file a claim. Please monitor the Monitor's website at SimexInc@deloitte.ca for any updates in this regard.