

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

In re:

SIMEX INC., *et al.*,<sup>1</sup>

Debtors in a Foreign Proceeding.

Chapter 15

Case No. 24-10083 (TMH)

(Jointly Administered)

**FINAL REPORT OF MONITOR AS REQUIRED UNDER FED. R. BANKR. P. 5009(c)**

Pursuant to 28 U.S.C. § 1746, I, Jordan Sleeth, in my capacity as a Senior Vice President of Deloitte Restructuring Inc. (as described below), the court-appointed monitor and duly authorized foreign representative for SimEx Inc. (“**SimEx**”), Iwerks Entertainment, Inc. (“**Iwerks**”), and SimEx-Iwerks Myrtle Beach, LLC (“**SIMB**” and, together with SimEx and Iwerks, the “**Debtors**”) in Canadian insolvency proceedings pending in Toronto, Ontario, Canada (the “**Canadian Proceeding**”), respectfully submit this Final Report of the Monitor, as Required Under Fed. R. Bankr. P. 5009©, and state as follows:

1. The Debtors operate a single, united business enterprise specializing in “4D” motion rides and cinematic attractions. They operate in the “theatre attraction” space and rely heavily, if not exclusively, on tourism.

2. The Debtors are headquartered and managed out of Toronto, Ontario and operate out of five leased facilities located in Canada and the US. The US operations are reliant on the

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<sup>1</sup> The chapter 15 debtor incorporated in Canada and/or in the province of Ontario (the “**Canadian Debtor**”), along with the last four digits of the Canadian Debtor’s Canadian business number, is: SimEx Inc. (“**SimEx**”) (5222). The chapter 15 debtors incorporated in the United States (the “**U.S. Debtors**”), along with the last four digits of each U.S. Debtor’s federal tax identification number, are: Iwerks Entertainment, Inc. (“**Iwerks**”), (9361) and SimEx-Iwerks Myrtle Beach, LLC (“**SIMB**”) (8417). The Canadian Debtor and the U.S. Debtors are referred to herein, collectively, as the “**Debtors**” or “**SimEx**”). The Debtors’ executive headquarters are located at: 210 King St East, Suite 600, Toronto, Ontario, Canada, M5A 1J7.

Canadian parent to continue in business. The Debtors have terminated all of their employees as of April 30, 2024.

3. Iwerks is a wholly-owned subsidiary of SimEx. Iwerks is incorporated under the laws of the State of Delaware and has operations in Los Angeles, California and Baltimore, Maryland.

4. SIMB is a wholly-owned subsidiary of Iwerks. SIMB is incorporated under the laws of the State of South Carolina and has operations in Myrtle Beach, South Carolina.

5. The Debtors suffered losses primarily due to the COVID-19 pandemic (“**COVID**”) and the associated lockdowns, and a slower-than-expected return to pre-COVID business levels. In addition, the Debtors invested significant time and resources into projects that have been delayed or terminated coming out of COVID.

6. The Debtors took on significant additional debt through the EDC BCAP Facility, the BDC BCAP Facility and the HASCAP Facility in order to mitigate the impact of revenue losses and cover operating expenses. The Debtors also benefited from significant government rent and wage subsidies in both Canada and the United States; however, net income received was insufficient to cover the increased cost to carry the additional debt.

7. Accordingly, on January 19, 2024 (the “**Filing Date**”) the Debtors sought and obtained an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 as amended (the “**CCAA**”) granting, *inter alia*, a stay of proceedings in favor of the Debtors until January 29, 2024 (the “**Stay Period**”) and appointing Deloitte Restructuring Inc. as monitor (in such capacity, the “**Monitor**”). The proceedings commenced by the Debtors under the CCAA will be referred to herein as the (“**CCAA Proceedings**”).

8. The Monitor filed a *Pre-filing Report* with the Court prior to the commencement of the CCAA Proceedings. The Monitor filed its *First Report* dated January 26, 2024, in connection with the Debtors' comeback and stay extension hearing on January 29, 2024.

9. On January 29, 2024, the Debtors sought and obtained an amended and restated initial order (the "**ARIO**"). The ARIO, among other things, extended the stay of proceedings to May 3, 2024, confirmed the maximum amounts to be secured by priority charges, and approved a sale and investor solicitation process (the "**SISP**"). Despite significant marketing efforts that included identification of approximately 50 potentially interested parties, provision of access to the data room and multiple meetings with interested parties, no qualified bids were received by the revised bid deadline. Thereafter, senior management of the Debtors worked to structure an alternative transaction which would have resulted in acquisition of substantially all of the assets by the management group; however, Warner Brothers Discovery Inc., a key licensor of intellectual property and a large creditor cancelled their contracts, and the potential offer was no longer viable and management was unable to consummate the deal.

10. The Monitor filed its *Second Report* dated April 18, 2024, in connection with the material adverse change ("**MAC**") arising from the failure of the SISP to generate a Qualified Bid and the failure of the proposed offer by the senior management group.

11. The Monitor filed its *Third Report* dated April 25, 2024 which compared actual cash flows with the projected cash flow forecast, advised of the termination of Warner Brothers Discovery Inc. contracts, and set forth information regarding the Debtors' motion seeking a CCAA Termination Order.

12. The Canadian Court noted in its Endorsement that "[3] [t]he CCAA Proceedings have run their course and the market has spoken. The SISP did not generate any Qualified Bid.

The MBO transaction did not proceed. An orderly liquidation is all that is left. [4] The relief sought is acceptable to me. It is all designed to effect the termination of the CCAA Proceedings and permit the orderly liquidation of the companies. Unfortunately, the rationale for pursuing the CCAA Proceedings did not come to fruition and there is no reason to maintain them.”

13. The Canadian Court subsequently entered an order dated April 26, 2024 (the “**CCAA Termination Order**”), discharging the Monitor and releasing the Monitor of liability with respect to its actions as monitor for the Debtors, subject to the provisions of the CCAA Termination Order. A copy of the CCAA Termination Order is attached as Exhibit 1 to the *Motion for Order and Final Decree Pursuant to 11 U.S.C. §§ 105, 350, and 1517 Closing Chapter 15 Cases and Discharging the Monitor*, filed contemporaneously herewith.

14. In connection with entry of the CCAA Termination Order, the Monitor has contemporaneously filed a *Notice Pursuant to 11 U.S.C. § 1518 the Bankruptcy Code of Change of Status of Foreign Main Proceeding*.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true correct to the best of my information and belief.

**DELOITTE RESTRUCTURING INC.,**

solely in its capacity as Court-Appointed Monitor  
of SimEx Inc., Iwerks Entertainment Inc.  
and Simex-Iwerks Myrtle Beach LLC  
and without personal or corporate liability



By:

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Jordan Sleeth, CPA, CA, CIRP, LIT  
Senior Vice President