

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

In re:

VILLAGE ROADSHOW ENTERTAINMENT
GROUP USA INC., *et al.*,¹

Debtors.

)
) Chapter 11
)
) Case No. 25-10475 (●)
)
) (Joint Administration Requested)
)
)

**DECLARATION OF GEORGE N. KOUTSONICOLIS
IN SUPPORT OF 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**

I, George N. Koutsonicolis, hereby declare the following pursuant to 28 U.S.C. § 1746:

1. I am a Managing Director at Solic Capital Advisors, LLC (“Solic”), the proposed investment banker to the above-captioned debtors and debtors in possession (collectively, the “Debtors”). Solic has been advising the Debtors since February 3, 2025, and has worked closely with the Debtors on strategic and business alternatives. As a result of my work with the Debtors, I am familiar with the Debtors’ capital structure, liquidity needs, business operations, and financing and restructuring efforts.

2. I submit this declaration (this “Declaration”) in support of the *Debtors’ Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition*

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, Ste. 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>.

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”).²

3. Upon information and belief, as of the Petition Date, the Debtors had approximately \$148,000 of unrestricted cash on hand, which would support the Debtors’ operations for only one week. Given this dire liquidity situation, the Debtors require an immediate infusion of cash from a debtor-in-possession financing facility and access to cash collateral. To that end, the DIP Motion seeks authorization for the Debtors to enter into a secured, superpriority, debtor-in-possession term loan facility in the aggregate principal amount of up to \$12,786,104.96 (the “DIP Facility”), \$500,000 of which will be available upon entry of the Interim Order, and continue to use of cash collateral (the “Cash Collateral”). Access to the DIP Facility and Cash Collateral will provide the Debtors with the liquidity necessary to consummate an orderly, value-maximizing monetization of the Debtors’ assets.

4. Although Solic is expected to be compensated for its work as the Debtors’ proposed investment banker in these chapter 11 cases, I am not being compensated separately for this Declaration or any testimony I may provide in connection with the DIP Motion. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, my discussions with the Debtors’ management team, other members of the Solic team, and the Debtors’ other advisors, my review of information concerning the Debtors’ operations, financial affairs, and restructuring initiatives, and my views based upon my experience and knowledge. I am above 18 years of age, and I am competent to testify, and if

² Capitalized terms used but not defined herein have the meanings ascribed to such terms in the DIP Motion.

called as a witness, I could and would testify competently to the facts set forth in this Declaration on that basis.

BACKGROUND AND QUALIFICATIONS

5. Solic is an independent restructuring and investment banking financial advisory firm that has a wealth of experience in providing restructuring advisory services. Solic has assisted, consulted, and provided strategic advice to debtors, creditors, private equity sponsors, and other stakeholders in numerous chapter 11 cases of similar size and complexity to these chapter 11 cases. Specifically, Solic's investment banking core services include capital raise, mergers and acquisitions, and restructuring advisory.

6. I received my B.S. in Chemistry from Loyola University of Chicago, and my M.B.A. from the University of Chicago. I have 20 years of corporate finance, advisory and restructuring experience. Since joining Solic, I have provided restructuring advice to companies, creditors, and other interested parties on restructuring transactions both in chapter 11 and on an out-of-court basis.

7. The Debtors initially retained Solic on February 3, 2025 to advise on a range of strategic and business alternatives, review of the Debtors existing sale process and current negotiations with any potential buyers and/or investors, and assist with the development and expedited execution of a plan designed to preserve and enhance enterprise value, including a sale of the Debtors' assets. Solic has further supported the Debtors in their assessment of strategic alternatives and provided as-needed resources in support of financing-related workstreams.

8. As set forth in greater detail in the *Declaration of Keith Maib in Support of First Day Relief* (the "First Day Declaration"), in the weeks leading up to the Petition Date, the Debtors' advisors, including Solic, worked diligently to evaluate and become familiar with the Debtors'

operations, capital structure, and near-term liquidity requirements for potential strategic alternatives and, subsequently, for debtor-in-possession financing.

THE DEBTORS' NEED FOR THE DIP FACILITY

9. As set forth in the First Day Declaration, it is my understanding that recent operational and financial challenges diminished the Debtors' prospects as a going concern business and the Debtors and their advisors determined that an orderly, expeditious monetization of the Debtors' assets would be necessary to maximize value for the Debtors' stakeholders.

10. Given that the Debtors have only \$148,000 of unrestricted cash on hand, absent immediate access to the DIP Facility and Cash Collateral, the Debtors project that they will exhaust all available liquidity within a matter of weeks, if not days. As part of the contingency planning process, the Debtors and their advisors analyzed how much postpetition financing would be required to operate the Debtors' business and fund the administrative costs of this chapter 11 process. As set forth in greater detail in the First Day Declaration, it is my understanding that the Debtors and their advisors developed an initial DIP budget, which takes into account anticipated cash receipts and disbursements during the projected period and considers a number of factors, including but not limited to the effect of a chapter 11 filing on the operations of the business, the fees, and interest expense associated with the DIP Facility and consensual use of Cash Collateral, restructuring costs (including professional fees), required operational payments, and the fees and expenses associated with an orderly sale and winddown process. Based on this analysis, it is my understanding that the Debtors and their advisors determined that the \$148,000 of unrestricted cash on hand would be insufficient to support the Debtors' limited operations, sale, and winddown process, and the administration of these chapter 11 cases. Instead, as set forth in greater detail in

the First Day Declaration, the Debtors determined that they require \$7,000,000 in incremental liquidity to smoothly transition into chapter 11 and conduct an orderly sale and winddown process.

11. Upon information and belief and as set forth in greater detail in the First Day Declaration, it is my understanding that access to the proposed DIP Facility and Cash Collateral will provide the Debtors with sufficient funds to administer these chapter 11 cases, preserve the value of their assets, and execute comprehensive and efficient sale and winddown processes. Without access to the incremental liquidity provided by the DIP Facility, the Debtors risk being unable to maximize the value of their assets and run an orderly sale and winddown process, which would be detrimental to all stakeholders.

THE DEBTORS' EFFORTS TO OBTAIN POSTPETITION FINANCING

12. Upon information and belief and as set forth in greater detail in the First Day Declaration, it is my understanding that the Debtors experienced a rapid decline in their liquidity and financial prospects due to a confluence of macroeconomic trends, industry-specific market pressures, and the erosion of what was once the Debtors' most profitable studio partnership have had a detrimental impact on the Debtors' ability to generate revenue. In light of these challenges, Solic worked diligently with the Debtors and their other advisors to expeditiously seek debtor-in-possession financing on the best possible terms for the Debtors' estates in the weeks leading up to the Petition Date. As part of this process, the Debtors and their advisors sought to (a) obtain the liquidity necessary to fund a chapter 11 process that would allow the Debtors to maximize the value of their assets for the benefit of all stakeholders, as well as conduct an orderly winddown of their estates, and (b) work toward consensus among the Debtors' prepetition capital structure constituents to (i) avoid the cost and distraction of a contested postpetition financing process and

(ii) implement a thorough and efficient monetization of the Debtors' assets and wind-down process supported by the Debtors' funded debt capital structure.

13. Upon information and as set forth in greater detail in the First Day Declaration, it is my understanding that in late 2024, the Debtors determined that a potential sale of their assets and the orderly winddown of the remaining businesses would be necessary to maximize value for stakeholders. With limited time available to secure debtor-in-possession financing, the Debtors embarked on a process to raise liquidity on a compressed timeline. Upon information provided by the Debtors' advisors, I understand that given this compressed timeline, the complexities of the Debtors' business, and their significant liquidity challenges combined with the results of the prepetition marketing process and expected value to be realized from their remaining assets, the Debtors and their advisors immediately recognized that it would be exceedingly difficult to approach a broad range of traditional financing sources. While our team did reach out to several third parties to solicit interest in providing financing, the Debtors and their advisors initiated discussions with the Debtors' existing capital structure constituents, including Prepetition Senior Secured Noteholders, and other parties familiar with the Debtors' business. Following further discussions, the certain of the Prepetition Senior Secured Noteholders (the "DIP Lenders") were the only constituent in the Debtors' existing capital structure to offer financing.

14. Over the last two weeks, the Debtors and their advisors engaged in extensive negotiations with the DIP Lenders to achieve the best possible terms for the DIP Facility and consensual use of Cash Collateral within the constraints of the Debtors' liquidity and other challenges. During that time, the parties exchanged multiple term sheets and drafts of operative documents. As described below, and despite the DIP Lenders' bargaining power as the Debtors' only viable financing option, these negotiations resulted in concessions by the DIP Lenders with

respect to the size and economic terms of the DIP Facility, including certain limitations on the roll-up of the Debtors' obligations under the Bridge Notes and additional flexibility on the Debtors' financial reporting and performance covenants.

15. After extensive arm's-length negotiations with the DIP Lenders, the Debtors were able to obtain the DIP Lenders' commitment with respect to the DIP Facility, a secured, superpriority, debtor-in-possession term loan facility in the aggregate principal amount of up to \$12,786,104.96, of which \$500,000 will be available upon entry of the Interim Order. The DIP Facility is comprised of (a) a new money commitment in the amount of \$7,000,000 (the "New Money Commitment Amount"), and (b) a "roll-up" component (the "Roll-Up") in the amount of \$5,786,104.96, on a cashless, dollar-for-dollar basis, of the Debtors' outstanding obligations with respect to the Bridge Notes (the "DIP Roll-Up Loans"). The DIP Facility contemplates approval of the Roll-Up solely upon entry of the Final Order, at which time the Debtors' outstanding obligations with respect to the Bridge Notes shall automatically be deemed exchanged and converted into and constitute DIP Obligations in accordance with the terms of the DIP Facility and the Final Order. The Roll-Up is an integral part of the DIP Facility, without which the DIP Lenders would not be willing to provide the DIP Facility or extend credit to the Debtors thereunder. The DIP Facility is expressly linked to certain case milestones that provide for an efficient and value-maximizing marketing and sale process for the Debtors' assets. These milestones were required by the DIP Lenders as a condition to providing the DIP Facility and are the product of extensive negotiations between the Debtors and the DIP Lenders.

16. In light of the significant liquidity shortfall and unique circumstances of these cases, I believe that the DIP Lenders presented the only viable, actionable source of debtor-in-possession financing.

17. First, the Prepetition Secured Parties hold liens on substantially all of the Debtors' assets. Upon information and belief, I understand that the Prepetition Secured Parties made clear to the Debtors and their advisors that they would not consent to any "priming" liens as part of a DIP financing provided by a third-party institution. Any such attempt, even if actionable by the Debtors, could result in expensive and distracting litigation at the outset of these chapter 11 cases that the Debtors do not have the requisite financing to support. The expense and disruption associated with complex litigation on the first day could jeopardize the Debtors' wind-down efforts given the resources necessary to fund that litigation.

18. Second, with any third-party proposal, the Debtors would incur the cost and execution risk associated with a new lender transaction, including delay and due diligence constraints. In contrast, the proposed consensual DIP Facility and access to Cash Collateral offered by the DIP Lenders allows the Debtors to avoid those risks at the outset of these chapter 11 cases. However, the Debtors remain committed to considering any future proposals for debtor-in-possession financing, regardless of the source.

19. The DIP Facility is critical to the Debtors' ability to fund the administrative costs of these chapter 11 cases and provides the Debtors with sufficient liquidity to consummate an expeditious postpetition monetization and wind-down process that will maximize the value of the Debtors' estates for the benefit of all stakeholders.

**THE DIP FACILITY WAS NEGOTIATED
IN GOOD FAITH AND AT ARM'S LENGTH AND THE FEES
IN CONNECTION WITH THE DIP FACILITY ARE REASONABLE AND MARKET**

20. In the lead up to the Petition Date, the Debtors and its advisors, negotiated the terms and provisions of the DIP Facility. During that time, the parties exchanged multiple term sheets and mark-ups of definitive documentation. Over the course of these negotiations, the size and

terms of the DIP Facility improved to the benefit of the Debtors. Specifically, the Debtors obtained concessions from the DIP Lenders in the form of a 100 basis point reduction in the interest rate of the DIP Facility, as well as limitations on the commitment and exit fees such that they apply only with respect to the New Money Commitment Amount.

21. The fees and interest to be paid under the proposed DIP Facility were the subject of arm's-length and good-faith negotiations between the Debtors and the DIP Lenders, are an integral component of the overall terms of the proposed DIP Facility, and were required by the DIP Lenders as consideration for the extension of postpetition financing. These fees and interest are summarized below.

Interest Rate	The outstanding principal amount of DIP Loans will bear interest at a fixed rate equal to 16.0% per annum based on a 360-day year.
Commitment Fee	A fee equal to 3.0% of the DIP Facility Amount, which shall be fully earned on the Petition Date (the " <u>Commitment Fees</u> ") and which fees shall be earned by the DIP Lenders in accordance with their pro rata share of the DIP Facility Amount
Exit Fee	A fee equal to 2.0% of the aggregate principal amount of the DIP Loans actually advanced under the DIP Facility (regardless of and without giving effect to any repayment or prepayment thereof) excluding the amount of the Roll up in respect thereof (the " <u>DIP Exit Fee</u> ").

22. Under the current circumstances, given the lack of any other alternatives, and based on my knowledge of other financings in the market, I believe that the fees, interest, and other economics provided for in the DIP Facility are reasonable under the circumstances. The DIP Facility, in my opinion, contains the best possible terms available under the circumstances following extensive and hard-fought negotiations with the DIP Lenders, and it will benefit all stakeholders in these chapter 11 cases. For all of the reasons included in this Declaration, I submit

it would be appropriate for the Court to approve the DIP Facility and the use of Cash Collateral as contemplated by the DIP Motion.

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

Dated: March 17, 2025
Chicago, Illinois

By: /s/ George N. Koutsonicolis
George N. Koutsonicolis
Solic Capital Advisors, LLC