Court File No.: CV-25-00742864-00CL

SUPPLEMENTAL REPORT TO THE THIRD REPORT OF KPMG INC., IN ITS CAPACITY AS RECEIVER OF 5009013 ONTARIO LTD. (FORMERLY GIFTCRAFT LTD.), GIFTCRAFT MIDCO, INC., GIFTCRAFT HOLDINGS USA INC., GIFTCRAFT HOLDINGS, INC., GCI LIQUIDATING INC. (FORMERLY GIFTCRAFT INC.), RHI LIQUIDATING, LLC (FORMERLY RIPSKIRT HAWAII, LLC) AND YSX LIQUIDATING INC. (FORMERLY YOSOX USA INC.)

November 3, 2026

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

5009013 ONTARIO LTD., GIFTCRAFT MIDCO, INC., GIFTCRAFT HOLDINGS USA INC., GIFTCRAFT HOLDINGS, INC., GCI LIQUIDATING INC., RHI LIQUIDATING, LLC AND YSX LIQUIDATING INC.

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT,* R.S.C. 1985, c. B-3, AS AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED

SUPPLEMENTAL REPORT TO THE THIRD REPORT OF KPMG INC. IN ITS CAPACITY AS RECEIVER

November 3, 2026

I. PURPOSE OF REPORT

1. This Supplemental Report to the Third Report of the Receiver (the "**Supplemental Third Report**") is filed in respect of the Receiver's motion for advice and directions, returnable November 9, 2026, and the entitlement of Elsasser Holding, if any, to a distribution of a portion of the sale proceeds of the Ripskirt Transaction.

2. All capitalized terms used but not defined herein have the meanings ascribed to such terms in the Third Report to the Court of the Receiver, dated August 14, 2026 (the "**Third Report**"). The Supplemental Third Report is subject to the Terms of Reference in the Third Report.

II. ALLOCATION OF FEES

3. The Ripskirt Transaction closed on May 4, 2026. After post-closing working capital adjustments and the release of a holdback in respect of certain inventory, the Ripskirt Transaction resulted in gross proceeds of US$2,380,470.81, exclusive of professional fees and costs.[1]

4. The Receiver is not taking a position on the respective entitlements of Elsasser Holding and RBC to the proceeds of the Ripskirt Transaction. However, the Receiver recommends that, if Elsasser Holding is found to be entitled to a portion of such proceeds, its entitlement be calculated on the net sale proceeds, not the gross proceeds, after deductions for professional fees and expenses.

5. The Receiver and its Canadian and U.S. counsel have reviewed their respective invoices and the fees incurred in respect of the Ripskirt Transaction, the Ripskirt Approval and Vesting Order, and the Elsasser Holding Claim, to date, are as follows:

[1] The Receiver's Fourth Report, dated August 14, 2026, previously reported proceeds of US$2,397,170, exclusive of applicable sales taxes, professional fees, transaction costs, and other potential prior-ranking claims. The difference reflects an adjustment of US$16,699.19 for amounts that were funded by the purchaser to pay Ripskirt's pre-closing insurance costs and previously included in the calculation of proceeds.

(a) Receiver – CA$252,346.48;

(b) Dentons Canada LLP (Canadian counsel) – CA$229,782.11 (including HST); and

(c) Chipman Brown Cicero & Cole, LLP (U.S. counsel) – US$46,488.95.

III. DISTRIBUTIONS TO RBC

6. As of the date of the appointment of the Receiver, RBC's secured debt was approximately $49.7 million, exclusive of fees, costs and interest, of which approximately $38.3 million (or US$30 million) was owed under the capital loan facilities pursuant to a commitment letter dated March 21, 2024 (the "**Capital Loan Facilities**").

7. As of the date of this Supplemental Third Report, the Receiver has made two distributions to RBC on account of the secured indebtedness owing by the Debtors:

(a) CA$8,448,329 - pursuant to the Ancillary Order of the Honourable Justice Cavanagh, dated January 22, 2026, which amount was primarily comprised of the proceeds of the Giftcraft Transaction; and

(b) a portion of the FedEx Reserve, pursuant to Minutes of Settlement, dated September 24, 2026, between RBC and FedEx.

8. The Receiver understands RBC's remaining secured debt to be approximately $41.3 million, exclusive of fees, costs and interest. As set out in the Affidavit of Nick Hollard, sworn September 11, 2026, the amount outstanding under the Capital Loan Facilities totals US$21,580,536.46, and the balance is owed under the operating loan.

9. The Receiver expects RBC to suffer a substantial shortfall in recovery of its remaining secured debt through the receivership proceeding.

All of which is respectfully submitted this 3rd day of November, 2026.

KPMG Inc.
in its capacity as Receiver of
5009013 Ontario Ltd., Giftcraft Midco, Inc., Giftcraft Holdings USA Inc., Giftcraft Holdings, Inc., GCI Liquidating Inc., RHI Liquidating, LLC and YSX Liquidating Inc. and not in its personal or corporate capacity.

Per:



Pritesh Patel
CIRP, LIT
Senior Vice President



Kristina Ho
CPA
Vice President

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ROYAL BANK OF CANADA **Applicant**	**- and -**	**5009013 ONTARIO LTD., et al.** **Respondents**

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PROCEEDING COMMENCED AT TORONTO

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