

UNITED STATES BANKRUPTCY COURT
 _____ DISTRICT OF _____

In Re. Kabbage Canada Holdings, LLC

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Debtor(s)

Case No. 22-10952Lead Case No. 22-10951☒ Jointly Administered**Monthly Operating Report**

Chapter 11

Reporting Period Ended: 01/31/2023Petition Date: 10/03/2022Months Pending: 4Industry Classification:

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Reporting Method:

Accrual Basis ☒Cash Basis ☐

Debtor's Full-Time Employees (current):

0

Debtor's Full-Time Employees (as of date of order for relief):

0**Supporting Documentation** (check all that are attached):

(For jointly administered debtors, any required schedules must be provided on a non-consolidated basis for each debtor)

- ☒ Statement of cash receipts and disbursements
- ☒ Balance sheet containing the summary and detail of the assets, liabilities and equity (net worth) or deficit
- ☒ Statement of operations (profit or loss statement)
- ☐ Accounts receivable aging
- ☐ Postpetition liabilities aging
- ☐ Statement of capital assets
- ☐ Schedule of payments to professionals
- ☐ Schedule of payments to insiders
- ☐ All bank statements and bank reconciliations for the reporting period
- ☐ Description of the assets sold or transferred and the terms of the sale or transfer

/s/ Zachary I. Shapiro

Signature of Responsible Party

02/21/2023

Date

Richards, Layton & Finger, P.A.

Printed Name of Responsible Party

One Rodney Square920 North StreetWilmington, DE 19801

Address

STATEMENT: This Periodic Report is associated with an open bankruptcy case; therefore, Paperwork Reduction Act exemption 5 C.F.R. § 1320.4(a)(2) applies.

Debtor's Name Kabbage Canada Holdings, LLC

Case No. 22-10952

Part 1: Cash Receipts and Disbursements	Current Month	Cumulative
a. Cash balance beginning of month	\$0	
b. Total receipts (net of transfers between accounts)	\$0	\$0
c. Total disbursements (net of transfers between accounts)	\$0	\$0
d. Cash balance end of month (a+b-c)	\$0	
e. Disbursements made by third party for the benefit of the estate	\$0	\$0
f. Total disbursements for quarterly fee calculation (c+e)	\$0	\$0

Part 2: Asset and Liability Status (Not generally applicable to Individual Debtors. See Instructions.)	Current Month
a. Accounts receivable (total net of allowance)	\$0
b. Accounts receivable over 90 days outstanding (net of allowance)	\$0
c. Inventory (Book ☒ Market ☐ Other ☐ (attach explanation))	\$0
d. Total current assets	\$0
e. Total assets	\$0
f. Postpetition payables (excluding taxes)	\$0
g. Postpetition payables past due (excluding taxes)	\$0
h. Postpetition taxes payable	\$0
i. Postpetition taxes past due	\$0
j. Total postpetition debt (f+h)	\$0
k. Prepetition secured debt	\$0
l. Prepetition priority debt	\$0
m. Prepetition unsecured debt	\$0
n. Total liabilities (debt) (j+k+l+m)	\$0
o. Ending equity/net worth (e-n)	\$0

Part 3: Assets Sold or Transferred	Current Month	Cumulative
a. Total cash sales price for assets sold/transferred outside the ordinary course of business	\$0	\$0
b. Total payments to third parties incident to assets being sold/transferred outside the ordinary course of business	\$0	\$0
c. Net cash proceeds from assets sold/transferred outside the ordinary course of business (a-b)	\$0	\$0

Part 4: Income Statement (Statement of Operations) (Not generally applicable to Individual Debtors. See Instructions.)	Current Month	Cumulative
a. Gross income/sales (net of returns and allowances)	\$0	
b. Cost of goods sold (inclusive of depreciation, if applicable)	\$0	
c. Gross profit (a-b)	\$0	
d. Selling expenses	\$0	
e. General and administrative expenses	\$0	
f. Other expenses	\$0	
g. Depreciation and/or amortization (not included in 4b)	\$0	
h. Interest	\$0	
i. Taxes (local, state, and federal)	\$0	
j. Reorganization items	\$0	
k. Profit (loss)	\$0	\$0

Debtor's Name Kabbage Canada Holdings, LLC

Case No. 22-10952

Part 5: Professional Fees and Expenses

			Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative	
a.	Debtor's professional fees & expenses (bankruptcy) <i>Aggregate Total</i>						
	<i>Itemized Breakdown by Firm</i>						
		Firm Name	Role				
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Debtor's Name Kabbage Canada Holdings, LLC

Case No. 22-10952

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b.			Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative
	Debtor's professional fees & expenses (nonbankruptcy) <i>Aggregate Total</i>					
	<i>Itemized Breakdown by Firm</i>					
	Firm Name	Role				
i						
ii						
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Debtor's Name Kabbage Canada Holdings, LLC

Case No. 22-10952

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Debtor's Name Kabbage Canada Holdings, LLC

Case No. 22-10952

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Debtor's Name Kabbage Canada Holdings, LLC

Case No. 22-10952

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	c						
c.	All professional fees and expenses (debtor & committees)			\$0	\$0	\$0	\$0

Part 6: Postpetition Taxes**Current Month****Cumulative**

a.	Postpetition income taxes accrued (local, state, and federal)	\$0	\$0
b.	Postpetition income taxes paid (local, state, and federal)	\$0	\$0
c.	Postpetition employer payroll taxes accrued	\$0	\$0
d.	Postpetition employer payroll taxes paid	\$0	\$0
e.	Postpetition property taxes paid	\$0	\$0
f.	Postpetition other taxes accrued (local, state, and federal)	\$0	\$0
g.	Postpetition other taxes paid (local, state, and federal)	\$0	\$0

Part 7: Questionnaire - During this reporting period:

- a. Were any payments made on prepetition debt? (if yes, see Instructions) Yes ☐ No ☒
- b. Were any payments made outside the ordinary course of business without court approval? (if yes, see Instructions) Yes ☐ No ☒
- c. Were any payments made to or on behalf of insiders? Yes ☐ No ☒
- d. Are you current on postpetition tax return filings? Yes ☒ No ☐
- e. Are you current on postpetition estimated tax payments? Yes ☒ No ☐
- f. Were all trust fund taxes remitted on a current basis? Yes ☒ No ☐
- g. Was there any postpetition borrowing, other than trade credit? (if yes, see Instructions) Yes ☐ No ☒
- h. Were all payments made to or on behalf of professionals approved by the court? Yes ☐ No ☐ N/A ☒
- i. Do you have:
- Worker's compensation insurance? Yes ☐ No ☒
 - If yes, are your premiums current? Yes ☐ No ☐ N/A ☒ (if no, see Instructions)
 - Casualty/property insurance? Yes ☒ No ☐
 - If yes, are your premiums current? Yes ☒ No ☐ N/A ☐ (if no, see Instructions)
 - General liability insurance? Yes ☒ No ☐
 - If yes, are your premiums current? Yes ☒ No ☐ N/A ☐ (if no, see Instructions)
- j. Has a plan of reorganization been filed with the court? Yes ☒ No ☐
- k. Has a disclosure statement been filed with the court? Yes ☒ No ☐
- l. Are you current with quarterly U.S. Trustee fees as set forth under 28 U.S.C. § 1930? Yes ☒ No ☐

Debtor's Name Kabbage Canada Holdings, LLC

Case No. 22-10952

Part 8: Individual Chapter 11 Debtors (Only)

- | | | |
|--|-------|-----|
| a. Gross income (receipts) from salary and wages | _____ | \$0 |
| b. Gross income (receipts) from self-employment | _____ | \$0 |
| c. Gross income from all other sources | _____ | \$0 |
| d. Total income in the reporting period (a+b+c) | _____ | \$0 |
| e. Payroll deductions | _____ | \$0 |
| f. Self-employment related expenses | _____ | \$0 |
| g. Living expenses | _____ | \$0 |
| h. All other expenses | _____ | \$0 |
| i. Total expenses in the reporting period (e+f+g+h) | _____ | \$0 |
| j. Difference between total income and total expenses (d-i) | _____ | \$0 |
| k. List the total amount of all postpetition debts that are past due | _____ | \$0 |
- l. Are you required to pay any Domestic Support Obligations as defined by 11 U.S.C § 101(14A)? Yes ☐ No ☒
- m. If yes, have you made all Domestic Support Obligation payments? Yes ☐ No ☐ N/A ☒

Privacy Act Statement

28 U.S.C. § 589b authorizes the collection of this information, and provision of this information is mandatory under 11 U.S.C. §§ 704, 1106, and 1107. The United States Trustee will use this information to calculate statutory fee assessments under 28 U.S.C. § 1930(a)(6). The United States Trustee will also use this information to evaluate a chapter 11 debtor's progress through the bankruptcy system, including the likelihood of a plan of reorganization being confirmed and whether the case is being prosecuted in good faith. This information may be disclosed to a bankruptcy trustee or examiner when the information is needed to perform the trustee's or examiner's duties or to the appropriate federal, state, local, regulatory, tribal, or foreign law enforcement agency when the information indicates a violation or potential violation of law. Other disclosures may be made for routine purposes. For a discussion of the types of routine disclosures that may be made, you may consult the Executive Office for United States Trustee's systems of records notice, UST-001, "Bankruptcy Case Files and Associated Records." See 71 Fed. Reg. 59,818 et seq. (Oct. 11, 2006). A copy of the notice may be obtained at the following link: http://www.justice.gov/ust/eo/rules_regulations/index.htm. Failure to provide this information could result in the dismissal or conversion of your bankruptcy case or other action by the United States Trustee. 11 U.S.C. § 1112(b)(4)(F).

I declare under penalty of perjury that the foregoing Monthly Operating Report and its supporting documentation are true and correct and that I have been authorized to sign this report on behalf of the estate.

/s/ Tamica Williams

Signature of Responsible Party

Corporate Controller

Title

Tamica Williams

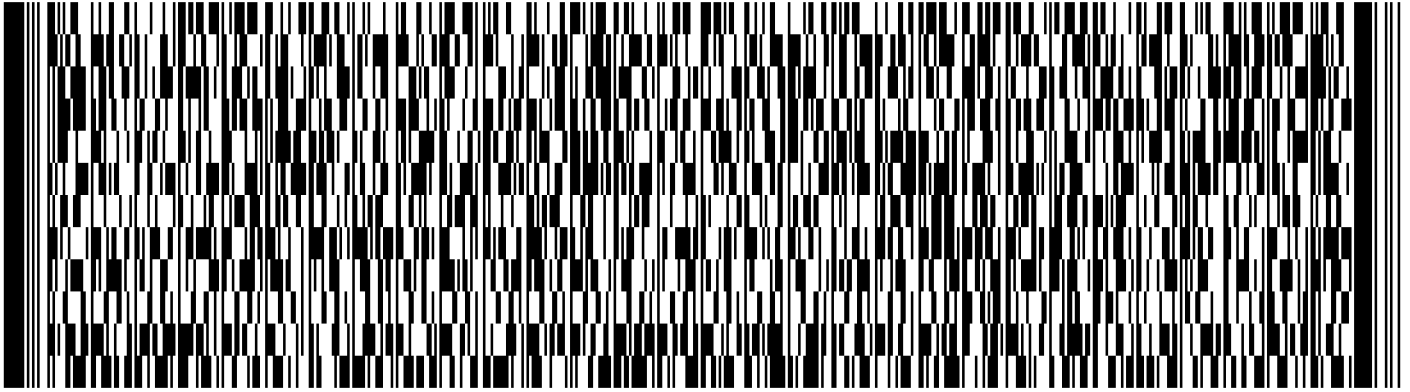
Printed Name of Responsible Party

02/21/2023

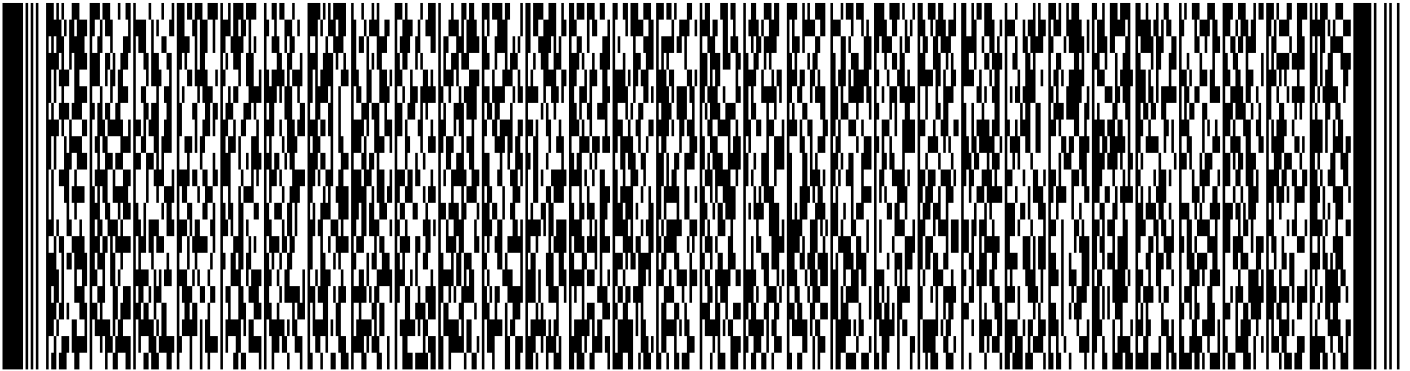
Date

Debtor's Name Kabbage Canada Holdings, LLC

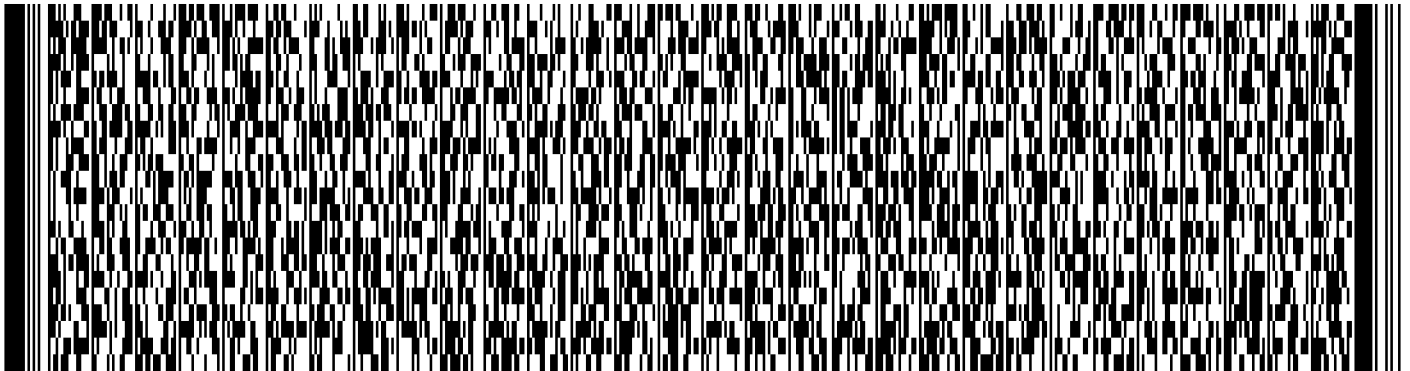
Case No. 22-10952



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PageOnePartTwo



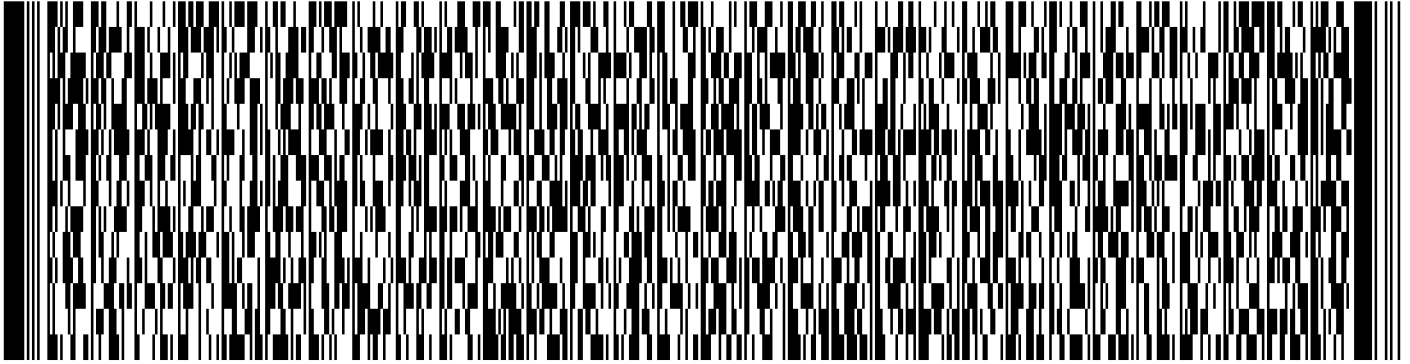
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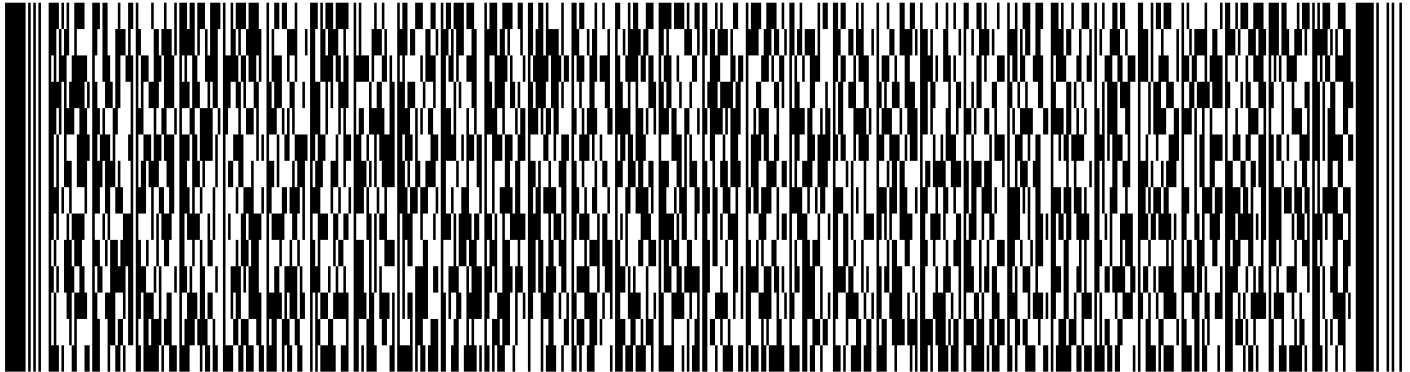
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Debtor's Name Kabbage Canada Holdings, LLC

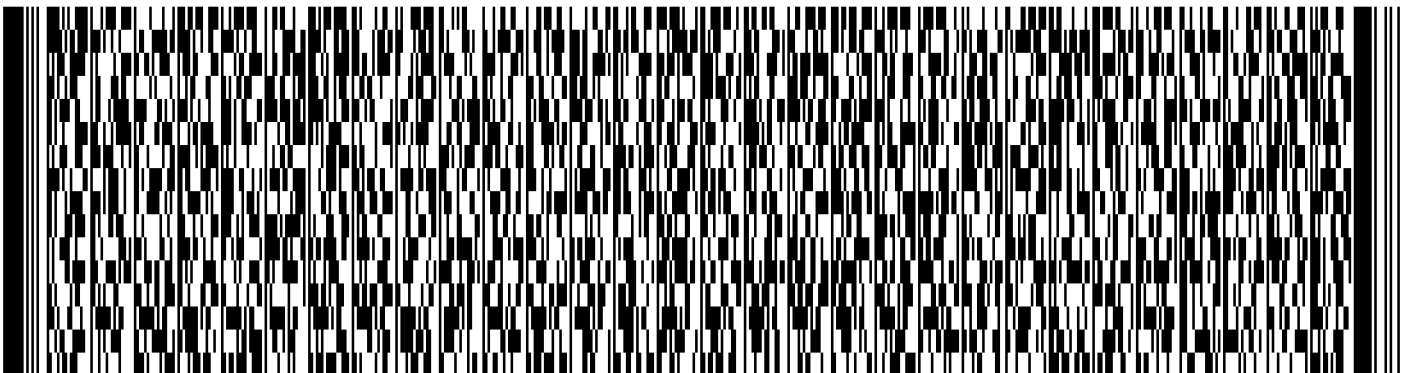
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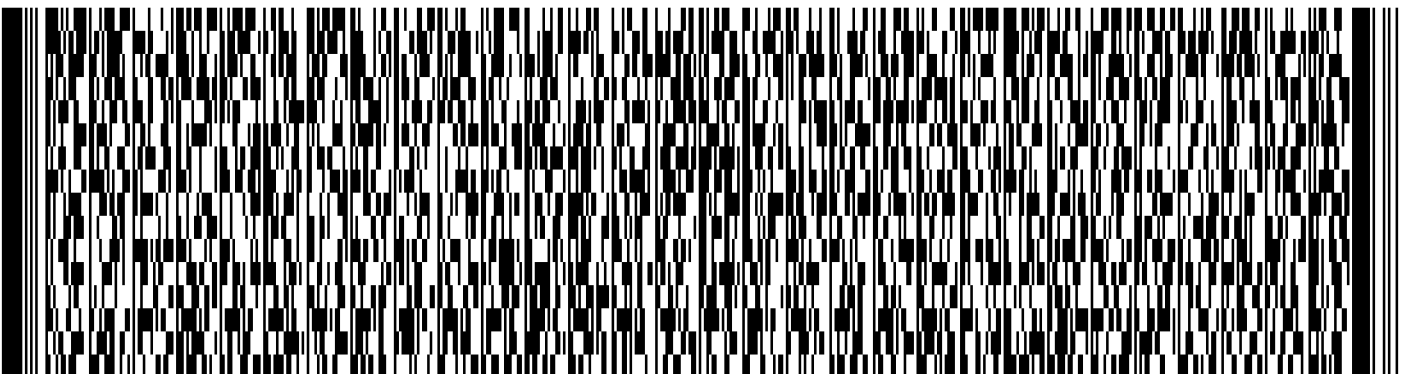
Bankruptcy1to50



Bankruptcy51to100



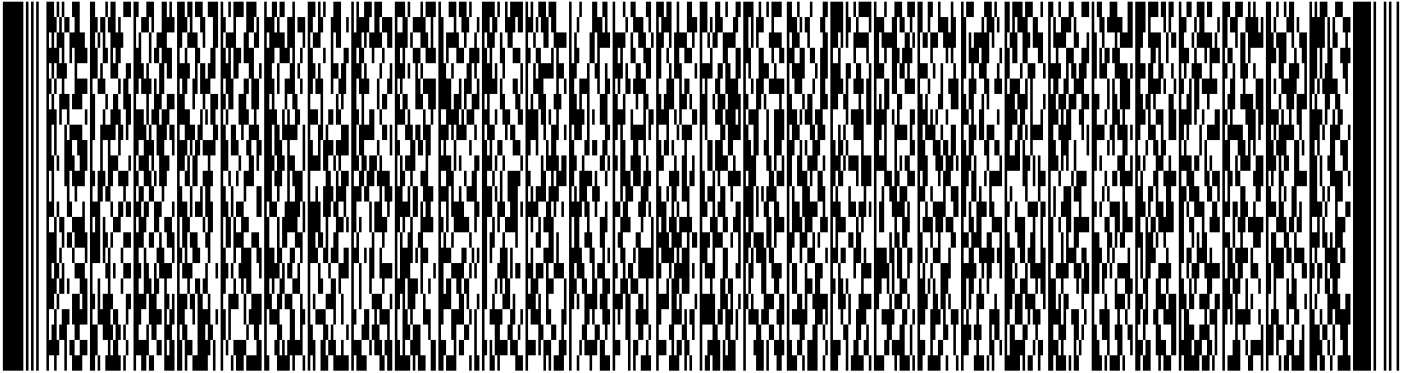
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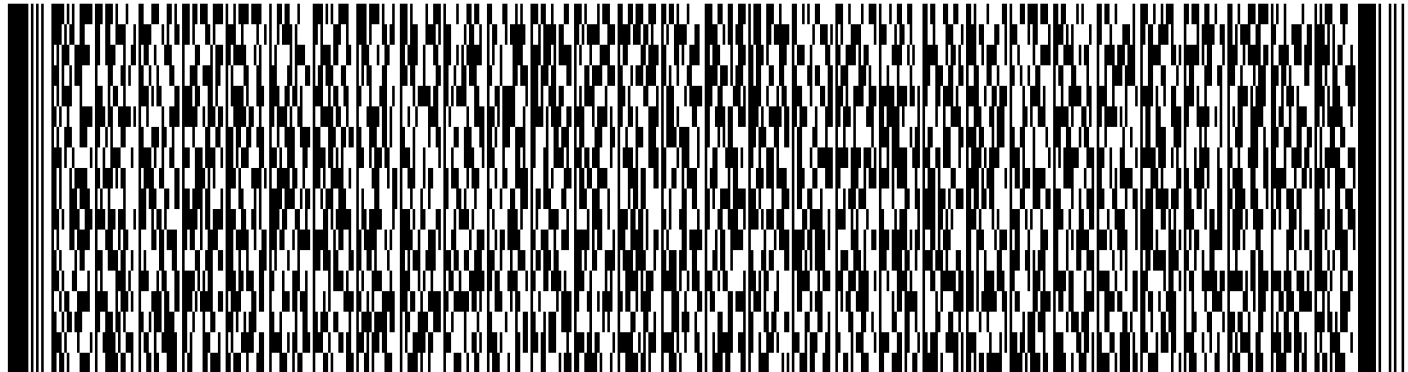
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Debtor's Name Kabbage Canada Holdings, LLC

Case No. 22-10952



PageThree



PageFour

In preparing the MOR, the Debtors relied on financial data available from the books and records available to them at the time of such preparation, but the MOR and financial data do not reflect in all circumstances presentation for U.S. GAAP. Although the Debtors made commercially reasonable efforts to ensure the accuracy and completeness of the MOR, inadvertent errors or omissions may exist. For the avoidance of doubt, the Debtors hereby reserve all rights to amend and supplement the MOR in all respects, as may be necessary or appropriate. Nothing contained in this MOR shall constitute a waiver of any of the Debtors' rights or an admission with respect to their Chapter 11 Cases. The results of operations contained herein are not necessarily indicative of results which may be expected from any other period or for the full year and may not necessarily reflect the results of operations, financial position and cash flows of the Debtors in the future.

Each signatory to the MOR has necessarily relied upon the efforts, statements, advice, and representations of personnel of the Debtors and their advisors and professionals. Each signatory has not (and could not have) personally verified the accuracy of each such statement, representation, or answer contained in the MOR.

MOR Form

The Debtors have noted in the MOR that Kabbage, Inc. d/b/a/ KServicing (“**KServicing**”) maintains a workforce of twenty (20) employees (19 full-time employees and 1 part-time employee) as of the Petition Date, October 3, 2022, and also as of the date hereof. While KServicing's payroll provider has listed Kabbage Asset Funding 2017-A LLC as the employer of record, the twenty (20) employees noted on the MOR are compensated by KServicing and their related work functions are performed for on behalf of KServicing.

Attachment MOR-1

Cash is received and disbursed by the Debtors as described in the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Continue Using Existing Cash Management System, Bank Accounts, and Business Forms, (B) Implement Changes to Cash Management in the Ordinary Course of Business; and (II) Granting Related Relief* [Docket No. 12] (the “**Cash Management Motion**”), which was granted on a final basis pursuant to an order

entered by the Court on January 17, 2023 [Docket 445], and is consistent with the Debtors' historical cash management practices, except as described therein.

Beginning with this MOR for the period January 1, 2023 through January 31, 2023, borrower payments collected and held for the benefit of Cross River Bank and Customer Bank (each a "**Partner Bank**" and together the "**Partner Banks**") and remitted to the applicable Partner Bank or refunded to the applicable borrower or passed onto the U.S. Small Business Administration ("**SBA**") are not included in disbursements in Part 1 of the MOR or MOR-1 because all amounts are held for the benefit of the Partner Banks, the SBA or the borrowers and such amounts are not part of the Debtors' estates (collectively, "**Pass-Through Payments**").

Attachments MOR-2 and MOR-3

The financial information contained herein is unaudited, limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly reporting requirements for chapter 11 debtors as required by the Chapter 11 Cases.

The MOR-2 includes the balance sheet as of January 31, 2023 (the "**Balance Sheet**"). The MOR-3 Statement of Operations includes activity for the calendar month of January. As previously noted, the MOR was not prepared in accordance with U.S. GAAP and does not include all the information and disclosures required by U.S. GAAP. Therefore, there can be no assurance that the financial information presented in the MOR is complete (although the Debtors have made commercially reasonable efforts to ensure the completeness of the MOR).

Liabilities Subject to Compromise ("**LSTC**"): LSTC represent the Debtors' estimate of prepetition claims. The estimate excludes any unliquidated claims related to current investigations and/or pending litigations. The determination of how liabilities will ultimately be settled or treated will not be made until the Bankruptcy Court approves a chapter 11 plan.

Part 1: Cash Receipts and Disbursements

The MOR presents the Debtors' receipts and disbursements for the month of January 2023. Reported cash receipts and disbursements are based on bank activity excluding any transfers of funds among the Bank Accounts as defined in the Cash Management Motion. Consistent with the note to MOR-1 above, disbursements in Part 1 exclude Pass-Through Payments.

Part 2: Asset and Liability Status

The amounts identified in Part 2 of the MOR are derived from the Debtors' unaudited and estimated Balance Sheets as of January 31, 2023. Please refer to the notes above for information about presentation and limitations that may exist in the MOR.

Part 3: Assets Sold or Transferred

No such transactions or activities occurred during the month of January 2023.

Part 4: Income Statement (Statement of Operations)

This MOR presents the Debtors' best estimates of their Statements of Operations for the month of January. Please refer to the notes above for information about presentation and limitations that may exist in the MOR.

Part 5: Professional Fees and Expenses

The Debtors' payments to any restructuring and non-restructuring professionals and other ordinary course professionals are reflected in Part 5.

Part 6: Postpetition Taxes

In the ordinary course of business, the Debtors are obligated to pay certain taxes and governmental fees, which generally fall into the following categories: (i) franchise taxes, (ii) personal property taxes, (iii) income taxes, and (iv) other business licenses and permits (collectively, the "**Taxes and Fees**"). On October 21, 2022, the Court entered a final order [Docket No. 133] authorizing, but not directing, the Debtors to, among other things, pay Taxes and Fees

that arise or accrue in the ordinary course of business on a postpetition basis consistent with prepetition practices. The Debtors believe that they are current with respect to any post-petition Taxes and Fees that have come due.

MOR-1

In re: KABBAGE, INC. d/b/a KSERVICING, et al.

Lead Case No: 22-10951

Statement of Cash Receipts and Disbursements - (Unaudited)

Reporting Period: Jan 1 - Jan 31, 2023

USD Actuals	Kabbage Inc. 1/1/23 to 1/31/23	Kabbage Canada Holdings, LLC 1/1/23 to 1/31/23	Kabbage Asset Securitization, LLC 1/1/23 to 1/31/23	Kabbage Assets Funding 2017-A LLC 1/1/23 to 1/31/23	Kabbage Assets Funding 2019-A LLC 1/1/23 to 1/31/23	Kabbage Diameter, LLC 1/1/23 to 1/31/23
Receipts	7,148,029	-	-	-	-	-
Pass-through - Partner Banks	(2,945,030)	-	-	-	-	-
Pass-through - Borrower Refunds/Returns	(179,651)	-	-	-	-	-
Net Receipts	4,023,348	-	-	-	-	-
Disbursements						
Payments on Secured Debt - Federal Reserve	633,845	-	-	-	-	-
Payroll & Benefits	316,092	-	-	-	-	-
Contract Workforce	1,390,091	-	-	-	-	-
Restructuring Items	2,472,725	-	-	-	-	-
Taxes	31,434	-	-	-	-	-
Other	288,881	-	-	-	-	-
Total Disbursements	5,133,067	-	-	-	-	-
Net Cash Flow	(1,109,718)	-	-	-	-	-
Beginning Bank Cash	36,976,299	-	-	-	-	-
Net Cash Flow	(1,109,718)	-	-	-	-	-
Ending Bank Cash	35,866,581	-	-	-	-	-

MOR-2

In re: **KABBAGE, INC. d/b/a KSERVICING, et al.**
Balance Sheet as of January 31, 2023 - (Unaudited)

Lead Case No: 22-10951
 Reporting Period: Jan 1 - Jan 31, 2023

	<u>Kabbage Inc.</u>	<u>Kabbage Canada Holdings, LLC</u>	<u>Kabbage Asset Securitization, LLC</u>	<u>Kabbage Assets Funding 2017-A LLC</u>	<u>Kabbage Assets Funding 2019-A LLC</u>	<u>Kabbage Diameter, LLC</u>
Assets						
Current Assets						
Cash and Cash Equivalents ¹	\$ 34,959,674	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash	2,088,364	-	-	-	-	-
Loans Outstanding						
SMB Loans	10,366,922	-	-	-	-	-
PPP Loans	439,550,691	-	-	-	-	-
Other Trade Receivables	4,008,662	-	-	-	-	-
Reserve for Uncollectible Receivables	(10,685,585)	-	-	-	-	-
Net Loans and Receivables	443,240,690	-	-	-	-	-
Other Assets	879,898	-	-	-	-	-
Total Assets	\$ 481,168,626	\$ -	\$ -	\$ -	\$ -	\$ -
Liabilities						
ABS Debt						
PPPLF Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	8,570,354	-	-	-	-	-
Accounts Payable & Accrued Expenses	10,842,942	-	-	-	-	-
Accrued Interest	-	-	-	-	-	-
Payable to Bank Partners	4,182,618	-	-	-	-	-
Total Liabilities	23,595,914	-	-	-	-	-
Liabilities subject to compromise (LSTC)	435,686,851					
Equity	21,885,861	-	-	-	-	-
Total Liabilities and Equity	\$ 481,168,626	\$ -	\$ -	\$ -	\$ -	\$ -

Notes

1. Variance between Cash Balance on the Balance Sheet and the Bank Cash Balance per MOR Part 1 is due to timing necessary to process activity by the Company and/or the Bank.

As of January 31, 2023, total cash on hand is \$35.0 million of which \$18.3 million in unencumbered cash. The remaining \$16.7 million is comprised of cash in a professional fee carve out account and funds that are to be remitted to Federal Reserve, CRB, CUBI and borrowers

MOR-3**In re: KABBAGE, INC. d/b/a KSERVICING, et al.**

Lead Case No: 22-10951

Statement of Operations for the month of January 2023 - (Unaudited)

Reporting Period: Jan 1 - Jan 31, 2023

	Kabbage Inc.	Kabbage Canada Holdings, LLC	Kabbage Asset Securitization, LLC	Kabbage Asset Funding 2017-A LLC	Kabbage Asset Funding 2019-A LLC	Kabbage Diameter, LLC
Revenue						
Revenue - Lending	\$ 12,189	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue - PPP	1,793,435	-	-	-	-	-
Total Revenue	1,805,624	-	-	-	-	-
Expenses						
Payroll and Staffing	858,928	-	-	-	-	-
Legal Fees and Settlement	323,490	-	-	-	-	-
Consulting and other Professional	344,485	-	-	-	-	-
Software/Platform	336,404	-	-	-	-	-
Marketing/PR	20,800	-	-	-	-	-
Bad Debt Expense (Recovery)	(900,426)	-	-	-	-	-
Other operating expenses	198,168	-	-	-	-	-
Interest and Financing	26,431	-	-	-	-	-
Reorganization Items	3,322,754	-	-	-	-	-
Total Expenses	4,531,035	-	-	-	-	-
Income Tax Expense	-	-	-	-	-	-
Other Income (Expense)	(93,683)	-	-	-	-	-
Net Income (Loss)	\$ (2,819,094)	\$ -	\$ -	\$ -	\$ -	\$ -