

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

In re

WALKER EDISON HOLDCO LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 25-11602 (TMH)

(Jointly Administered)

Hearing Date: To be determined

Objection Deadline: October 1, 2025 at 4:00 pm ET

**KENCO LOGISTIC SERVICES LLC'S
MOTION TO COMPEL ADEQUATE PROTECTION**

Kenco Logistic Services, LLC (“Kenco”), by and through its undersigned counsel, respectfully moves this Court for entry of an order compelling Walker Edison Holdco LLC and certain of its affiliates (collectively, the “Debtors”) to provide adequate protection of Kenco’s interests under Section 361 of the Bankruptcy Code through the grant of a replacement lien or, alternatively, contemporaneous cash payments, effective as of August 28, 2025. In support of this Motion, Kenco states as follows:

BACKGROUND

1. The Debtors in these Chapter 11 cases are Walker Edison Holdco LLC and certain affiliates, including Walker Edison Furniture Company, LLC (“WEF”). Each Debtor is operating as a debtor in possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

2. WEF is engaged in the design and sale of furniture, including ready-to-assemble products marketed to college, dormitory, and apartment consumers. To support its e-commerce

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal EIN, are as follows: Walker Edison Holdco LLC (8817); Walker Edison Intermediate, LLC (3363); Walker Edison Furniture Company LLC (6576); and EW Furniture, LLC (6288). The Debtors’ mailing address is 1553 W 9000 S, West Jordan, UT 84088.

business, WEF has historically relied on third-party logistics providers, including Kenco, to warehouse, manage, and distribute its furniture inventory.

3. In their Chapter 11 petition filed on August 28, 2025 (the “Petition Date”), the Debtors identified Kenco as their largest unsecured creditor on Official Form 204, List of Creditors Who Have the 30 Largest Unsecured Claims, with a liquidated trade payable claim in the amount of \$3,337,555.69 (DE 1). This designation underscores the materiality of Kenco’s claims and the centrality of its relationship with the Debtors to the administration of these cases.

4. Kenco is a nationwide logistics services provider operating over 100 facilities nationwide. Pursuant to a Services Agreement dated June 17, 2019 (the “Services Agreement”) between WEF and Kenco, Kenco has for several years provided warehousing, handling, and distribution services from its Perris, California facility, dedicating hundreds of thousands of square feet of space and associated personnel to receive, store, and ship the Debtors’ goods. The Services Agreement is attached hereto as Exhibit A.

5. Specifically, the Services Agreement obligated Kenco to provide over 330,000 square feet of warehouse space, handling equipment, and associated labor for the WEF’s exclusive use. In return, WEF agreed to pay contractually scheduled rates for storage, labor, and handling services, as detailed in Appendix A to the Services Agreement.

6. In accordance with its terms and conditions, the Services Agreement was duly modified *prior to* the Petition Date.

7. On August 19, 2025, Kenco issued a signed letter to WEF, notifying Debtors of their breach for past-due invoices totaling \$2,469,314.41 and modifying the billing terms pursuant to Section 10(A) of the Services Agreement (the “Modification”). The Modification is attached hereto as Exhibit B. The Modification was made in strict compliance with the Services Agreement

and became effective *immediately* upon issuance, weeks prior to the Petition Date. Notably, all other terms and provisions in the Services Agreement remain unchanged and are operative. Accordingly, the Services Agreement in these Chapter 11 cases now includes the Modification.

8. Under the Modification, all outbound shipments of WEF's products from Kenco-managed facilities require a weekly prepayment of \$200,000 every Friday for the following week's services, with any difference applied as a credit against outstanding invoices.

9. As of the Petition Date, Kenco held approximately 143,317 units of WEF's furniture products in its possession. The estimated total wholesale value of this inventory ***exceeds \$20 million*** (at \$140 per unit).

10. The Services Agreement expressly contemplates Kenco's role as a warehouseman: WEF delivers goods to Kenco, who receives, stores, and ships those goods to and from its warehouse facilities.

11. The Services Agreement further provides that goods are delivered against shipping documents, remain in Kenco's care and possession, and are released only upon written authorization by WEF.

12. Since the commencement of these Chapter 11 cases, the Debtors have sought to continue operations by moving goods from Kenco's warehouse to its customers. Every release of goods, however, diminishes the collateral base securing Kenco's lien.

13. Without the Court's intervention, Kenco's secured position will erode daily, leaving it unfairly exposed and inadequately protected as the Debtors monetize the very goods that secure Kenco's claims.

14. Accordingly, as set forth more fully below, Kenco respectfully requests that this Court compel the Debtors to provide adequate protection under 11 U.S.C. § 361, either in the form

of a replacement lien on remaining inventory or contemporaneous cash payments, to ensure that Kenco's interests are not eroded as the Debtors continue to utilize and release the goods in Kenco's custody.

ARGUMENT

I. Kenco Holds a Valid Statutory Warehouse Lien Under UCC § 7-209.

15. Delaware law expressly grants Kenco a statutory warehouse lien. Section 7-209(a) provides that “[a] warehouse has a lien against the bailor on the goods covered by a warehouse receipt **or storage agreement** or on the proceeds thereof in its possession for charges for storage or transportation, including demurrage and terminal charges, insurance, labor, or other charges, **present or future**, in relation to the goods.” 6 Del. C. § 7-209(a) (emphasis added). The statute is written in the disjunctive—“warehouse receipt *or* storage agreement”—and thus expressly recognizes liens that arise from a storage agreement even if no warehouse receipts are issued². *Id.*

16. The Services Agreement between WEF and Kenco is such a storage agreement. It obligates Kenco to “receive, store, and ship OWNER’S goods” (Ex. A, § 4) (defining Kenco’s core obligations) and dedicate hundreds of thousands of square feet of warehouse space for WEF’s exclusive use. *Id.* § 3. It also provides that WEF will pay Kenco for storage, labor, handling, and

² Even if the Court were to require the issuance of “receipts” to support Kenco’s lien rights, Kenco has met that standard through its Warehouse Management System (“WMS”), which generates inbound and outbound records for *each* shipment received and released. Illustrative records reflecting such inbound and outbound shipments are attached as Exhibit C. These warehouse records include the location of the warehouse facility, the date of entry, unique identifying numbers (order, shipment, and receipt numbers), product descriptions, lot numbers, quantities received or shipped, and the status of the goods—all elements identified in 6 Del. C. § 7-202(b) as characteristic of warehouse receipts. *See* 6 Del. C. § 1-201(b)(42) (defining “warehouse receipt” as a “document of title issued by a person engaged in the business of storing goods for hire”); *id.* § 7-202(a) (stating that a “warehouse receipt need not be in any particular form”). Courts construing similar provisions have held that documents functionally evidencing storage and charges may qualify as warehouse receipts even if they do not use that label. *See Northfleet Corp. v. Consol. Rail Corp.*, 617 F. Supp. 1007, 1009–10 (E.D. Pa. 1985) (concluding that a letter assessing storage charges “could, arguably, be viewed as a warehouseman’s receipt” within the meaning of the Bankruptcy Code and thus sufficient to create a lien); *see also In re Aerospace Techs., Inc.*, 199 B.R. 331, 337 (Bankr. M.D.N.C. 1996) (holding that invoices lacking key statutory elements, such as description of goods or delivery terms, fell short of qualifying as receipts). The WMS records here, unlike the inadequate invoices in *Aerospace Techs.*, contain the precise data points contemplated by § 7-202.

related services (*id.* § 10), charges that align precisely with the categories listed in § 7-209(a). Finally, the parties expressly agreed: “For the mutual convenience of the parties involved, it is agreed that physical warehouse receipts will not be issued by KENCO and ***KENCO shall not suffer any liability for such failure.*** *Id.* § 25 (emphasis added). This clause confirms that the Services Agreement itself governs storage, thereby qualifying as a “storage agreement” under Delaware law.

17. Accordingly, the Services Agreement independently qualifies as a “storage agreement” under § 7-209(a) and, even assuming Kenco’s detailed WMS inbound and outbound records do not rise to the level of formal “warehouse receipts,” the Agreement expressly provides that “physical warehouse receipts will not be issued by Kenco and Kenco shall not suffer any liability for such failure.” Ex. A, § 25. Thus, under the disjunctive framework of § 7-209, Kenco’s lien rights are valid and enforceable on either basis: the Services Agreement as a qualifying storage agreement, or the WMS-generated records as functional warehouse receipts. On either ground, the statute affords Kenco a possessory lien securing all charges and expenses related to the goods in its custody.

18. Importantly, Kenco does not lose its lien upon delivery of goods. Section 7-209(e) makes clear that “[a] warehouse loses its lien on any goods that it voluntarily delivers or unjustifiably refuses to deliver.” 6 Del. C. § 7-209(e). A warehouse does not forfeit ***all*** lien rights the moment it performs deliveries in the ordinary course; rather, Section 7-209(e) provides only that the lien cannot survive on specific goods once they leave the warehouse’s possession. The statute does not erase the lien on goods that remain in Kenco’s possession, nor does it prevent a court from conditioning further use or release of Kenco’s collateral on adequate protection to preserve the warehouse’s secured position as goods are released.

19. Here, Kenco is not unjustifiably refusing delivery; it is seeking judicial protection precisely to continue fulfilling shipments in a manner that protects, rather than forfeits, its lien rights, ensuring that Kenco's secured position is not eroded. By pursuing relief under §§ 361 and 363(e) of the Bankruptcy Code, Kenco is following the statutory mechanism Congress designed to reconcile a debtor's need for continued use of property with the secured creditor's right not to suffer diminution of its collateral. *See In re Swedeland Dev. Grp., Inc.*, 16 F.3d 552, 567 (3d Cir. 1994) ("Congress did not contemplate that a creditor could find its priority position eroded and, as compensation for the erosion, be offered an opportunity to recoup dependent upon the success of a business with inherently risky prospects.").

II. The Bankruptcy Code Authorizes Adequate Protection of Kenco's Lien Interest.

20. The Bankruptcy Code reinforces this protection. Section 363(e) provides that "on request of an entity that has an interest in property used, sold, or leased, or proposed to be used, sold, or leased. . . the court, with or without a hearing, shall prohibit or condition such use, sale, or lease as is necessary to ***provide adequate protection of such interest.***" 11 U.S.C. § 363(e) (emphasis added). Section 361 of the Bankruptcy Code then defines "adequate protection" to include (1) cash payment or periodic cash payments, (2) the grant of a replacement lien, or (3) other relief giving the creditor the "indubitable equivalent" of its interest. 11 U.S.C. § 361(1)-(3). "The concept of adequate protection is derived from the fifth amendment protection of property interests as enunciated by the Supreme Court." *In re Paradise Boat Leasing Corp.*, 2 B.R. 482, 483-84 (Bankr. D.V.I. 1979); *see also* *Wright v. Union Central Life Ins. Co.*, (311) 331 U.S. 273 (61 S.Ct. 196, 85 L.Ed. 184) (1940); *Louisville Joint Stock Land Bank v. Radford*, 295 U.S. 555 (55 S.Ct. 854, 79 L.Ed. 1593) (1935)). The *In re Paradise* court explained that "[t]his section and the concept of **adequate protection** are based as much on policy grounds as on constitutional

grounds.” *Id.* (emphasis in the original). While “[s]ecured creditors should not be deprived of the benefit of their bargain,” courts reason that “[t]here may be situations in bankruptcy where giving a secured creditor an absolute right to his bargain may be impossible or seriously detrimental to the policy of the bankruptcy laws.” *Id.*

21. Like in *Paradise*, this is **not** a situation where giving Kenco the right to its bargain—to enforce the terms of the Services Agreement—is “impossible” or “seriously detrimental” to the policy of the bankruptcy laws. *Id.* Each shipment leaving Kenco’s facility diminishes the collateral base securing its lien. Without adequate protection, Kenco’s secured interest shrinks daily as the Debtors monetize inventory no longer in Kenco’s possession. Courts in this Circuit have stressed that adequate protection must preserve the present value of the creditor’s interest, and that speculative assurances of future value are insufficient. *See In re Swedeland Dev. Grp., Inc.*, 16 F.3d at 564–67 (ruling that “the bankruptcy court erred in authorizing the post-petition financing on a superpriority basis,” while explaining that “the whole purpose of adequate protection for a creditor is to insure that the creditor receives the value for which he bargained prebankruptcy”) (internal brackets omitted).

22. Moreover, the Debtors themselves have already acknowledged the force of Article 7 lien rights in these very cases. In their Motion for Entry of Interim and Final Orders (I) Authorizing Payment of Prepetition Claims to (A) Certain Possessory Claimants and (B) Critical Vendors and (II) Granting Related Relief (the “Critical Vendor Mot.,” DE 13), the Debtors warned that “failure to pay in full for the underlying prepetition goods, equipment, and services may result in such *Other Potential Lien Claimant* asserting and perfecting Other Statutory Liens against the Debtors’ property, notwithstanding the automatic stay under section 362 of the Bankruptcy Code.” (Critical Vendor Mot., ¶ 15) (emphasis added).

23. Debtors further conceded that, absent payment, such warehouse lienholders could refuse to ship inventory or otherwise perform services critical to the Debtors' operations, *id.* at ¶ 13, underscoring Debtors' acknowledgment of the statutory leverage granted to warehouses by § 7-209.

24. Likewise, in the Declaration of Nate Brown in Support of Debtors' Chapter 11 Petitions and First Day Motions (the "First Day Decl.," DE 2), the Debtors' CFO emphasized that the relief requested in the First Day Motions—including payment of possessory lienholders—was "necessary and essential to ensuring that the Debtors (and other constituencies) will not suffer any immediate and irreparable harm." First Day Decl., ¶ 42.

25. Accordingly, the Debtors' own filings confirm that they recognize the existence and binding effect of warehouseman liens under Delaware law, and that they are subject to those liens notwithstanding the chapter 11 bankruptcy filings. The Debtors' admissions only underscore the need for this Court to compel Kenco's adequate statutory protections here.

III. A Replacement Lien or Contemporaneous Cash Payments Are Appropriate and Necessary Remedies.

26. Adequate protection under the Bankruptcy Code is not a one-size-fits-all concept; it must be tailored to the nature of the creditor's interest and the specific risk of diminution presented by the debtor's use of property. Here, Kenco's interest is a statutory possessory lien that erodes with every shipment of inventory released from its warehouse. Unless the Court imposes conditions on the Debtors' continued use of that inventory, Kenco's secured position will be reduced day by day, contrary to the protections guaranteed by §§ 361 and 363(e) of the Code.

27. Indeed, § 361 makes clear that adequate protection may include "granting such other relief ... as will result in the realization by such entity of the *indubitable equivalent* of such entity's interest in such property." 11 U.S.C. § 361(3) (emphasis added). The phrase "indubitable

equivalent” is not mere surplusage; it is the statutory benchmark that the debtor must satisfy before it can compel the use of secured property over a creditor’s objection. Courts have consistently recognized that this language embodies the principle that the secured creditor must not be left in doubt as to whether it will receive the full value of its bargain.

28. As the *Paradise* court explained:

The statutory test of “indubitable equivalent” that now must be met before there can be a use of secured property by a debtor, derive from words used by Judge Learned Hand in *Matter of Murel Holding Corp.*, 75 F.2d 941 (2 Cir. 1935). “Indubitable equivalent” ***stresses the protection of the secured creditor***. The need of a debtor to use a creditor’s property seemed to be the determining factor in many of the cases under the Bankruptcy Act. Under this language of the Code, even if the Debtor needs the secured property for reorganization he may not use it unless there is no doubt that what the secured creditor is to get, is equal in all particulars to rights the creditor may have to surrender. Paradise has not come near meeting this test.

In re Paradise Boat Leasing Corp., 2 B.R. at 484.

29. So too here, the Debtors cannot compel Kenco to release collateral unless this Court ensures that Kenco receives, without question, the *indubitable equivalent* of its valid statutory warehouse lien. Here, two remedies are legally recognized and appropriate to meet this test.

30. *First*, the Court should grant Kenco a replacement lien under § 361(2) on all remaining inventory in its possession, to the extent that goods are released, subject to the express terms of the Services Agreement. This ensures that Kenco’s secured position is preserved as inventory turns over.

31. *Alternatively*, the Court may require the Debtors to make contemporaneous cash payments under § 361(1) equal to the storage and handling charges attributable to each shipment. Both forms of relief are explicitly contemplated by the Bankruptcy Code and provide Kenco with the indubitable equivalent of its interest.

32. Finally, the absence of issued warehouse receipts does not render Kenco's lien deficient or invalid. As discussed, the statute clearly recognizes liens arising under a ***storage agreement***, which exists here, and the parties expressly agreed "for mutual convenience" (Ex. A at § 25) not to issue receipts and to shield Kenco from liability for not doing so. Far from refusing delivery, Kenco seeks this Court's protection precisely to ensure that its deliveries are consistent with both the Bankruptcy Code, Article 7 of the UCC, and Delaware law. By conditioning further releases on adequate protection, the Court will preserve the Debtors' ability to operate while ensuring that Kenco's statutory lien rights are not stripped away by the very inventory movements the Debtors' operations demand.

33. Accordingly, the only way to reconcile Kenco's possessory lien rights with the Debtors' operational needs is for the Court to intervene and compel adequate protection. That protection may take the form of a replacement lien on all remaining inventory in Kenco's possession to the extent goods are released *and* goods that are in fact released, or, alternatively, contemporaneous cash payments equal to the storage and handling charges associated with each shipment of goods. *See In re Swedeland Dev. Grp., Inc.*, 16 F.3d at 566 ("This principle is demonstrated plainly by the recognition in section 361 that a secured lender may be adequately protected by a replacement lien.") Both remedies fall squarely within § 361 and ensure that Kenco continues to realize the indubitable equivalent of its lien interest, while permitting the Debtors to move inventory to sustain their business operations.

CONCLUSION

WHEREFORE, for the foregoing reasons, Kenco Logistic Services, LLC respectfully requests that the Court enter an order, substantially in the form attached hereto, compelling the Debtors to provide adequate protection of Kenco's valid statutory lien interest under 11 U.S.C. §§

361 and 363(e) in the form of either a replacement lien (and associated unpaid fees and services charges) or contemporaneous cash payments equal to the unpaid fees and services charges for each shipment of goods, effective as of August 28, 2025, together with such other relief as the Court deems just and proper.

Dated: September 17, 2025
Wilmington, Delaware

POLSINELLI PC

/s/ Shanti M. Katona

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

In re

WALKER EDISON HOLDCO LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 25-11602 (TMH)

(Jointly Administered)

Hearing Date: To be determined

Objection Deadline: October 1, 2025 at 4:00 pm

NOTICE OF MOTION

PLEASE TAKE NOTICE that Kenco Logistic Services, LLC (the “**Movant**”) has filed its *Motion to Compel Adequate Protection* (the “**Motion**”) with the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”).

PLEASE TAKE FURTHER NOTICE that objections, if any, to entry of an order approving the Motion must be filed on or before **October 1, 2025 at 4:00 p.m. (ET)** (the “**Objection Deadline**”) with the Clerk of the Bankruptcy Court, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801 and served, so to be actually received by the Objection Deadline, upon the undersigned counsel for the Movant.

PLEASE TAKE FURTHER NOTICE that a hearing to consider the Motion will be held before the Honorable Thomas M. Horan, United States Bankruptcy Judge, United States Bankruptcy Court, 824 North Market Street, 3rd Floor, Courtroom No. 7, Wilmington, Delaware 19801, **on a date and time to be determined**. Only those objections made in writing and timely filed and served in accordance with the above procedures will be considered by the Bankruptcy Court at such hearing.

PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

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¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal EIN, are as follows: Walker Edison Holdco LLC (8817); Walker Edison Intermediate, LLC (3363); Walker Edison Furniture Company LLC (6576); and EW Furniture, LLC (6288). The Debtors’ mailing address is 1553 W 9000 S, West Jordan, UT 84088.

Dated: September 17, 2025
Wilmington, Delaware

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Counsel for Kenco Logistic Services, LLC

EXHIBIT A

(Services Agreement)

KENCO Services Agreement

THIS AGREEMENT, made and entered into this 17th of June, 2019, "Execution Date" by and between Walke Edison Furniture Company, LLC, (hereinafter termed OWNER) and Kenco Logistic Services, LLC (hereinafter termed KENCO).

Witnesseth:

WHEREAS, OWNER desires to engage KENCO to provide the storage space, facilities and personnel necessary for the receipt, storage, and delivery of its goods (hereinafter termed GOODS); and

WHEREAS, WAREHOUSE has such space available and the facilities and personnel to provide the service required;

NOW, THEREFORE in consideration of the mutual covenants and conditions contained herein the parties agree as follows:

1. **TERM.** The term of this Agreement shall commence on July, 1, 2019, and shall continue thereafter in full force and effect for a period of 6 years and shall thereafter automatically renew on a month to month basis unless otherwise terminated by either party in accordance with Section 21 below provided thirty days advance written notice of termination shall be required during any month to month renewal term. Notwithstanding, rates are subject to review on an annual basis and/or in the event of a change in the scope of services to be provided by KENCO. Notwithstanding the above, it is understood that OWNER will be responsible for any OWNER approved costs incurred by KENCO prior to the July 1, 2019 date, in addition any applicable lease obligations entered into by KENCO prior to the July 1 date.

2. **FACILITIES/EQUIPMENT.** (A) KENCO will provide 330,000 square feet of storage space during months 1-12, the lesser of 350,000 square feet or the actual amount of storage space used for the remainder of the term, and 730 square feet of office space located at 3900 Indian Avenue, Perris, CA 92571 (hereinafter termed FACILITIES). These FACILITIES shall be used exclusively for the storing and handling of the GOODS.

(B) Appendix E shall identify the party responsible for securing specified equipment and fixtures associated with the operation. OWNER shall be responsible for all costs associated with such equipment and fixtures regardless of whether KENCO provides it.

(C) The parties agree that OWNER shall be considered the owner for federal income tax purposes of identified equipment listed in Appendix E, unless Appendix E specifically identifies KENCO as having the ownership interest in identified equipment, as may be revised from time to time by mutual agreement. With respect to such equipment acquired by KENCO in servicing this account, OWNER reserves the right to claim all deductions and credits including those for depreciation where applicable in the event OWNER is identified as having the ownership or leasehold interest. KENCO agrees to take no action inconsistent with OWNER being considered the owner of such equipment for federal income tax purposes and for state and local property tax purposes. KENCO shall secure OWNER's written approval for any equipment purchase or lease it secures on behalf of OWNER's account if: (i) the equipment is secured after the original start up period; and (ii) the cost of such equipment exceeds \$ 500 per month

3. **RATES AND CHARGES.** (A) Appendix A contains the schedule of rates and charges which will apply during the initial term of this Agreement. The rates and charges are based upon the transaction volumes and other applicable criteria provided by the OWNER, as identified in the Proforma in Appendix A. Rates may be subject to adjustment in the event a government mandated cost is imposed, adjusted or introduced. Notwithstanding, all rates and charges shall be reviewed and/or adjusted on an annual basis and/or in the event of a change in the scope of services, change in business profile, or variation in other applicable criteria.e.g. storage overcapacity. All costs incurred by KENCO in providing the services shall be reimbursed by

[REDACTED]

(B) OWNER shall pay KENCO start-up fees as payment for the services agreed upon by the parties, which are identified in Appendix A.

4. SERVICES TO BE PERFORMED. KENCO shall receive, store and ship OWNER'S goods at and from the FACILITIES. The specific services which KENCO shall provide OWNER, during the term of the Agreement, are set forth on Appendix B, Section 1.

KENCO shall be responsible for selecting the area within the FACILITIES for storing the goods and may, without notice, move the goods within the FACILITIES, but shall not, without prior notice to OWNER, move goods to another location.

KENCO shall comply with any written instructions or guidance provided by OWNER provided that OWNER shall furnish a copy to KENCO in advance and obtain KENCO'S written consent to such documentation. KENCO shall not be liable for loss or damage to the GOODS resulting from complying with OWNER'S documentation identified above.

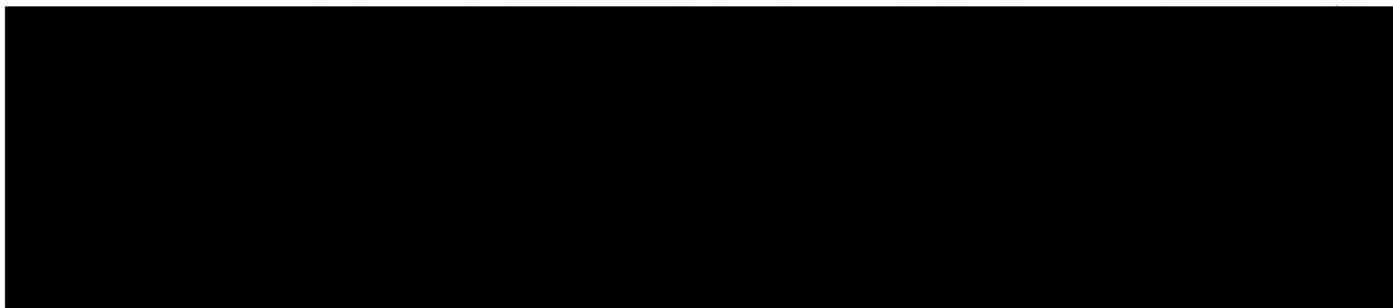
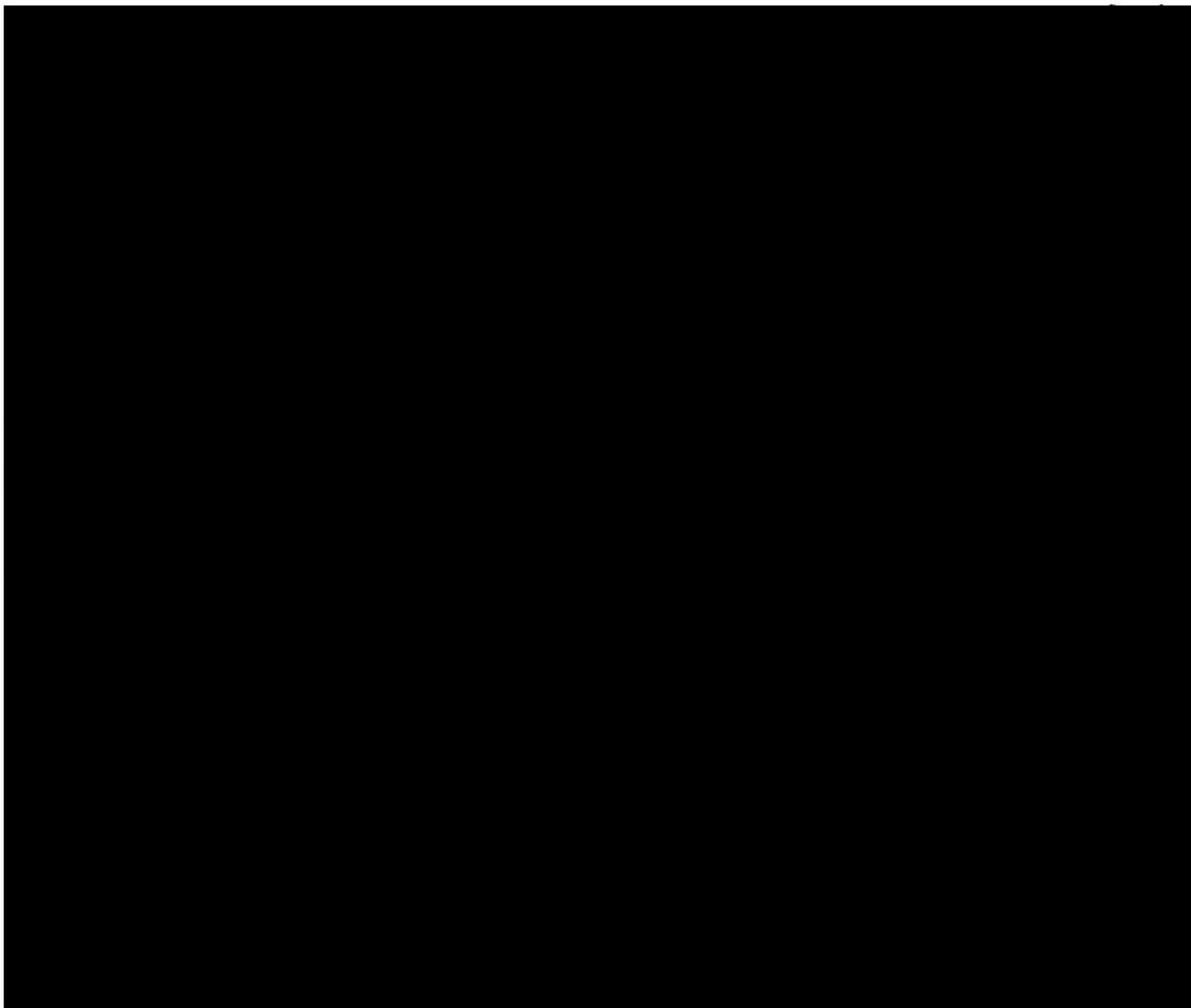
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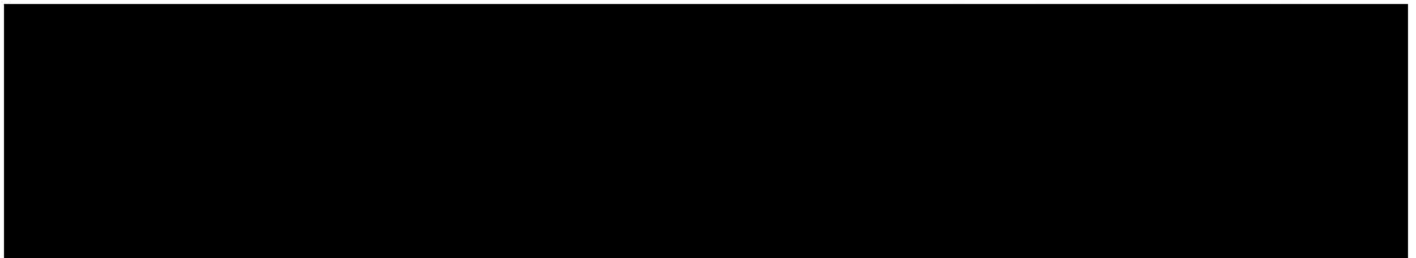
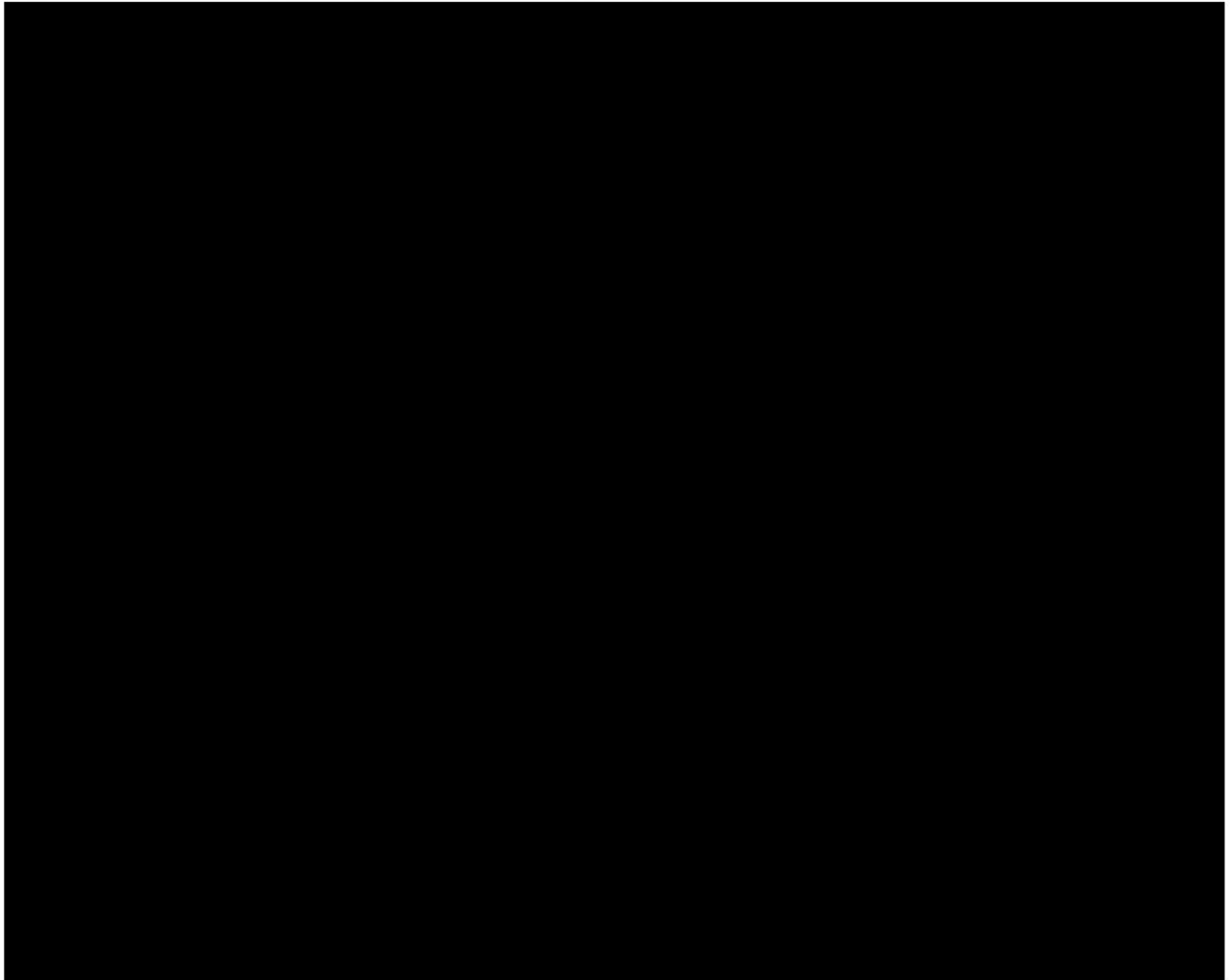
6. GOODS. Appendix C is a list of the GOODS which will be stored and handled pursuant to this Agreement. OWNER represents and warrants that OWNER is lawfully possessed of the goods and has the right to and authority to store them with KENCO.

[REDACTED]

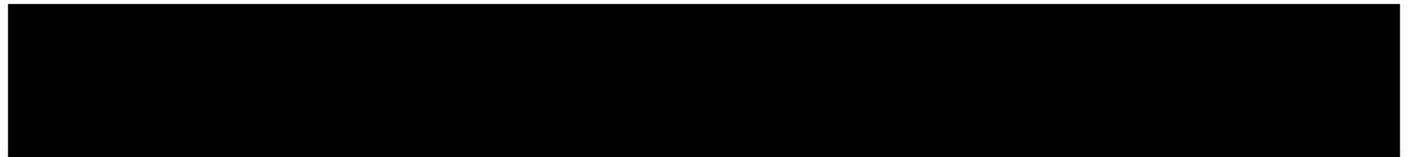
7. DELIVERY AND RELEASE OF GOODS. OWNER shall deliver the GOODS to the FACILITIES in a segregated manner, properly marked and packaged for handling. At or prior to delivery of the GOODS, OWNER shall furnish a bill of lading along with an inbound ASN (Advance Shipping Notice) showing the GOODS to be tendered for storage, with any instructions concerning storage, services, accounting, segregation or any other requirements relating to the GOODS. Owner shall schedule delivery appointments no less than 1 business day in advance.

[REDACTED]





10. **BILLING AND PAYMENT.** (A). KENCO shall bill OWNER monthly for all charges due and owing under this Agreement for the prior week, unless otherwise negotiated by the parties. OWNER agrees to pay the invoices as submitted, without deduction or hold back, within thirty (30) days of the invoice date. Any dispute as to the amount of the invoice shall be promptly resolved by the parties. Any potential claims pertaining to billing that are brought in good faith may be deducted from payment and not subject to penalty until the billing dispute is resolved. Notwithstanding, claims for loss or damage to GOODS, shall not be deducted from invoices, but shall be handled separately. In the event of late payment, KENCO reserves the right to modify the billing terms and conditions.





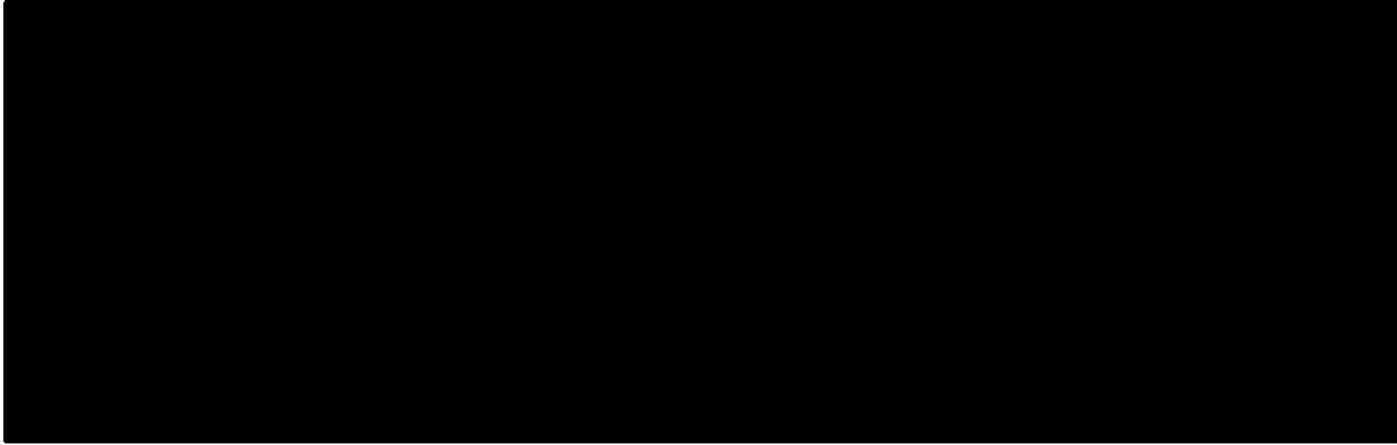
(E) Upon termination of this Agreement, OWNER shall pay close down expenses based upon the hourly rates in Appendix A. KENCO shall provide OWNER with a written good faith estimate of such close down expenses, with an explanation of the services to be provided and issue an invoice. Payment of the estimated closedown fees, along with payment for any other open invoices, is required before the commencement of any closedown activities. In the event that actual close down service expenses exceed the estimated close down service expenses, OWNER will be invoiced weekly in order that close down services may continue. In the event that prepayment is in excess of the actual closedown expenses, KENCO will deduct this variance from the final invoice to OWNER, or in the event that a final invoice is not applicable, issue reimbursement to OWNER within thirty (30) days from the last activity.

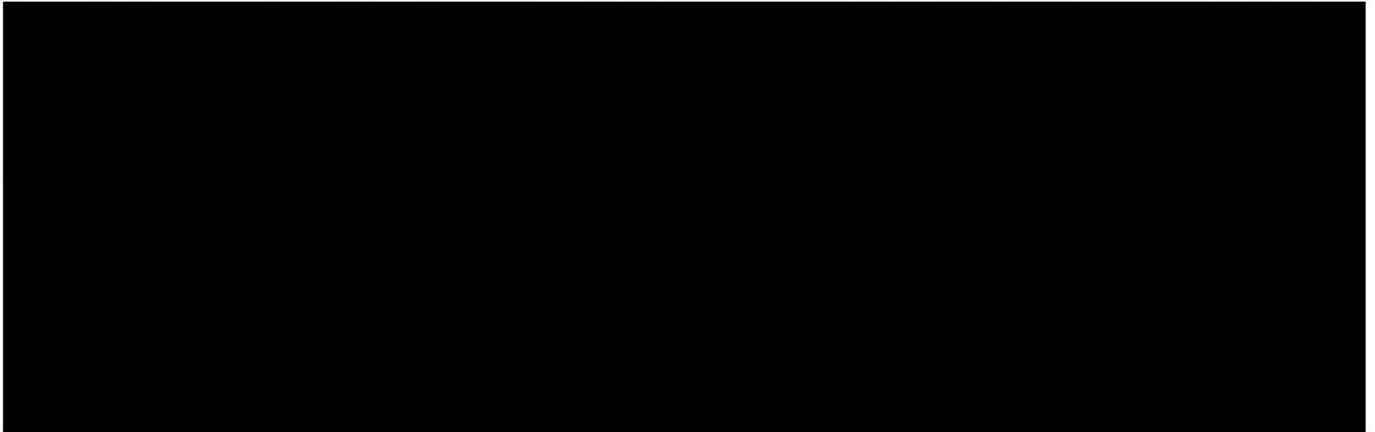
11. **INDEPENDENT CONTRACTOR.** KENCO shall act as an independent contractor under this Agreement. It shall perform its obligations under this Agreement using its own employees or agents. It shall decide on the manner and means of accomplishing those obligations and shall direct, control and supervise its employees. It shall comply with all payroll tax, withholding, social security, unemployment and related employer obligations. OWNER shall be responsible for any applicable taxes associated with KENCO servicing the account, with the exception of employer related taxes referenced above.

KENCO shall not hold itself out as an agent of or joint venturer with OWNER, and KENCO shall have no authority to act on behalf of OWNER except to the extent necessary to accomplish its obligations under this Agreement.

12. Omitted.

13. **FORCE MAJEURE.** Neither party shall be liable to the other for failure to perform its obligations under this Agreement if prevented from doing so because of an act of God, 3rd party strikes, fire, flood, war, civil disturbance, interference by civil or military authority or other causes beyond the reasonable control of the party. Upon the occurrence of such an event the party seeking to rely on this provision shall promptly give written notice to the other party of the nature and consequences of the cause. If the cause is one which nevertheless requires KENCO to continue to protect the GOODS the OWNER agrees to pay the storage or similar charges associated with KENCO's obligation during the continuance of the force majeure.

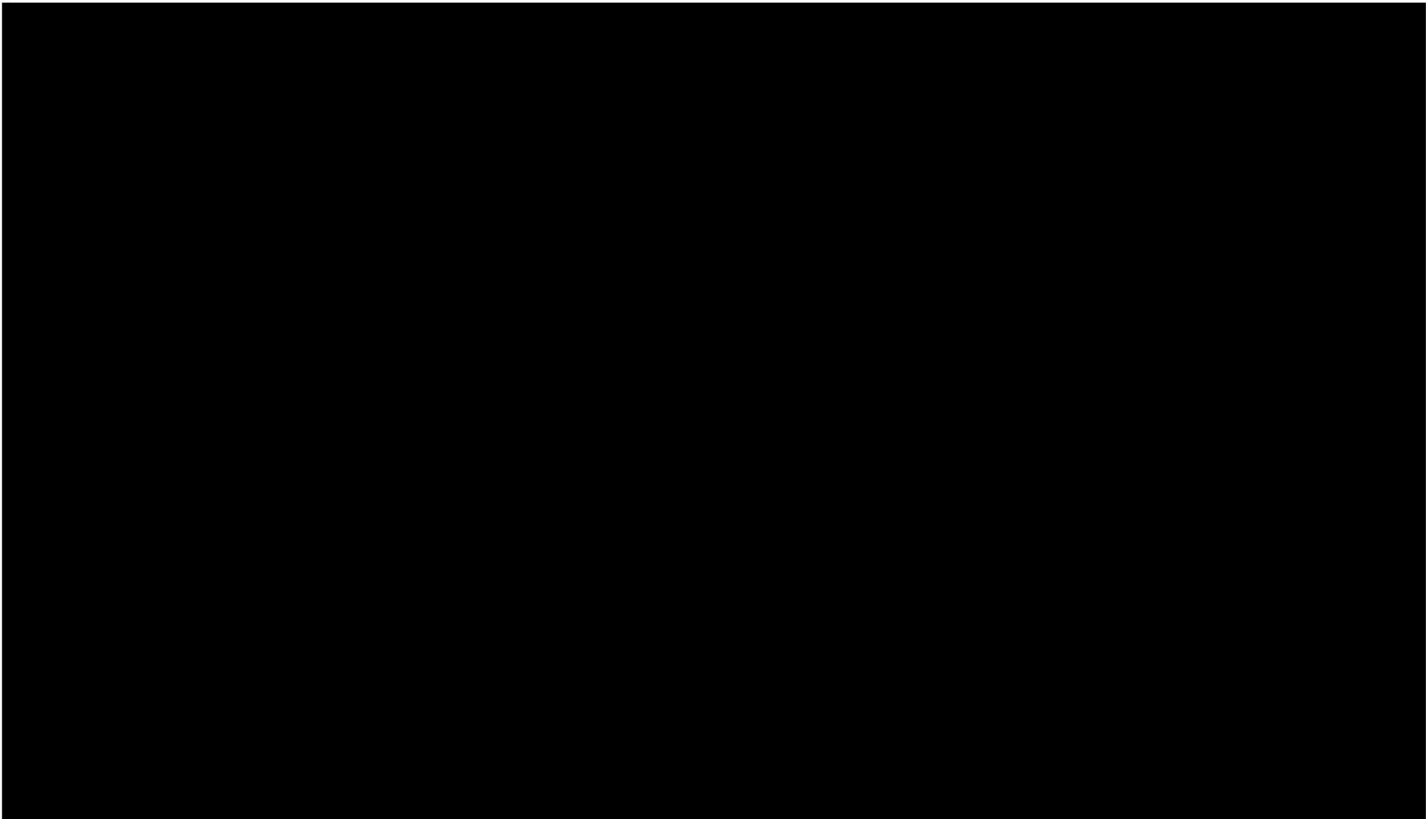




15. **INVENTORIES.** A physical inventory of all GOODS shall be conducted by KENCO, at OWNER's expense, each year at a date agreed upon by the parties. A full written report of the inventory shall be promptly given to OWNER. KENCO will take such additional physical inventories as requested by OWNER, at OWNER's expense unless OWNER has a legitimate concern regarding inventory accuracy as reflected in cycle counts in which event KENCO shall assume the cost of a physical inventory in the event that KENCO error is the cause for the perceived inventory variance(s). Representatives of OWNER may be present during any inventory.

16. **AUDIT OF RECORDS.** OWNER has the right during normal business hours and upon providing (30)* days written notice to inspect the GOODS and to examine KENCO's books, records, and accounts pertaining to OWNER'S operations under this Agreement when accompanied by KENCO personnel, to be billed at a rate of \$(20.00)* per hour. OWNER'S 30 day written notice of audit will include complete list of GOODS, books, records and accounts to be audited. Records are to be audited no more than twice a year and no further back than previous audit period or previous twelve months.

* subject to negotiation



(B). Confidential and Proprietary Nature of Intellectual Property

Intellectual property is considered highly confidential information and is not to be shared with anyone outside KENCO. Further, certain restrictions may be jointly defined regarding the sharing of this information with KENCO employees.

Intellectual property is considered a trade secret of KENCO and will be protected by every legal measure from unapproved and/or unlawful distribution of same to competitors or any persons having the intent to bring harm to KENCO. It is understood that monetary damages would not be sufficient remedy for any breach of this provision and that KENCO shall be entitled to seek any and all remedies available at law or equity, including injunctive relief prohibiting any and all use of the intellectual property and/or disclosure related to such intellectual property. For clarification purposes, slotting will not be considered KENCO's intellectual property.

18. **Showroom.** OWNER may operate a designated showroom consisting of approximately 730 square feet located in conjunction with the FACILITIES. OWNER's use of the showroom and presence onsite shall be limited to KENCO's normal business hours or as mutually agreed between the parties if outside those hours, and OWNER shall be responsible for complying with any rules associated the FACILITIES that KENCO provides to OWNER in writing. In addition, OWNER is responsible for all applicable permitting and licensing associated with operation of the showroom and compliance with any applicable codes and ordinances. OWNER shall maintain segregation of its personnel, agents and

19. **Confidentiality.** It is understood that during the term of the agreement, both OWNER and KENCO will come into possession of information belonging to the other that is of a confidential nature. Both parties agree that they will not, during the term of the agreement and three years thereafter, furnish, disclose, or make accessible to any third party any of the other

party's confidential information unless instructed to do so by the disclosing party in writing. These obligations shall not extend to any portion of confidential information:

- (a) which is known prior to disclosure or is information generally available to the public;
- (b) which corresponds in substance to information furnished on a non-confidential basis by any third party having a legal right to do so;
- (c) which either party is required by law to disclose;
- (d) which either party discloses to its legal counsel and/or accountant.

Both parties agree that confidential information will not be made available for use by anyone other than the parties without the specific written consent of the disclosing party. Notwithstanding anything to the contrary contained herein, best practices that KENCO has developed and shared with OWNER shall not be classified as confidential information provided: (i) KENCO has not made the investment in the best practice at its sole cost and initiative; and/or (ii) sharing of the best practice does not violate any intellectual property, including but not limited to licensing rights, of any outside entity.

In addition, KENCO will not service any direct competitor of OWNER in the same Facility and surrounding premises unless otherwise agreed and approved by OWNER.

20. ASSIGNMENT. Neither party shall assign or transfer this Agreement or any of its rights or obligations hereunder without the prior written consent of the other party which shall not be unreasonably withheld or delayed. Any assignment, subcontract or transfer of this Agreement by OWNER shall address compensation to KENCO and shall identify responsibility for any outstanding account balance owed to KENCO. Notwithstanding the above, KENCO has the absolute right to assign any applicable note as referenced in Section 10B above. Nothing in this section shall restrict OWNER from engaging in a transaction that results in a change of control.

21. TERMINATION/DEFAULT. If either party shall fail to perform any of the covenants or obligations of performance and payment imposed upon it under and by virtue of this Agreement (except where such failure is excused under other provisions of this Agreement), the other party shall give the defaulting party written notice, stating specifically the cause for which the notice of default is given. If, within a period of twenty (20) days after such notice the defaulting party does not commence with diligence to remove and remedy the default then the party not in default may cancel this Agreement by furnishing the defaulting party a thirty (30) day notice of cancellation. Either Party may terminate this Agreement for convenience by providing a minimum of one hundred and fifty (150) days notice. It is understood that such advance notice of termination is required in the event that a party elects not to proceed with the automatic renewal as outlined in Section 1.

In the event of termination of the business relationship for any reason prior to fulfillment of any applicable equipment lease term, real estate lease term, and/or amortized term associated with capital expenditures/costs, OWNER shall:

- A. Assume all outstanding lease obligations,
- B. Pay Kenco the unamortized balance of capital expenditures/costs associated with servicing OWNER's account,
- C. Pay KENCO start-up fees that KENCO would have recovered through the initial term of the Agreement at full cost, including any initial investment made by Kenco on behalf of the business relationship, including those identified in Appendix A,
- D. Pay Kenco any applicable closedown expenses,

For clarification purposes, OWNER's obligation associated with real estate is limited to the square footage dedicated to OWNER's account at the Facility location subject to a minimum of 330,000 square feet in the first twelve months and 350,000 square feet thereafter. Any reimbursement owed KENCO associated with termination shall be paid within thirty (30) days of invoice from KENCO and/or such real estate lease shall be assigned or subleased to OWNER.

22. NOTICE OF LOSS OR DAMAGE. OWNER must give KENCO written notice of a claim for loss or damage to GOODS. Such claim must be made not longer than either sixty (60) days after delivery of the GOODS by KENCO, or sixty (60) days after OWNER is given written notice by KENCO that loss or damage to the GOODS has occurred, whichever time is shorter. Claims

shall be managed through the risk management and legal representatives of both parties. In the event of a claim, the initial step will be for the legal and risk representatives of both parties to work together in a proactive effort to resolve such claim.

23. TIME TO FILE ACTION. No action may be maintained by OWNER against KENCO for loss or damage to the GOODS unless timely written notice of claim has been given as provided in Section 22 above, and unless such action is commenced in a timely manner.

24. NOTICES. Any notice to either party to this Agreement by the other shall be deemed to have been properly given if mailed to said party by certified mail return receipt requested to such other address or person as either party may designate by notice to the other party hereunder.

To Owner:

Matt Davis

President & COO

4350 W 2100 South

Salt Lake City, UT 84120

To WAREHOUSE:

with Copy To:

David Caines – COO

Kenco Logistics Services

2001 Riverside Drive

Chattanooga, TN 37406

Legal Department

Kenco

2001 Riverside Drive

Chattanooga, TN 37406

A notice hereunder shall be deemed to have been given as of the date it was received.

25. DOCUMENTS OF TITLE. For the mutual convenience of the parties involved, it is agreed that physical warehouse receipts will not be issued by KENCO and KENCO shall not suffer any liability for such failure.

26. DISPUTE RESOLUTION. The parties agree that this Agreement is being entered into in good faith. In the event of any disputes, differences, controversies and claims arising out of or relating to the Agreement prior to taking formal legal action with respect to such disputes, OWNER and KENCO shall attempt in good faith to resolve any and all controversies or claims relating to such Disputes promptly by negotiation commencing within ten (10) calendar days of the written notice of such Disputes by either party, including referring such matter to OWNER's then-current most senior Operations executive and KENCO's then-current Vice President of Operations and in accordance with Section 22 above. The representatives of the parties shall meet at a mutually acceptable time and place (which may include teleconference meetings) and thereafter as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the Dispute for a period of four (4) weeks. In the event that the parties are unable to resolve such Dispute, either party may commence formal legal action. The use of the foregoing procedure is a condition precedent to the commencement of any legal proceedings hereunder.

(c) If arbitration is not agreed to, or if the dispute involves a remedy not otherwise available in arbitration such as, but not limited to injunctions, criminal penalties or certain equitable relief, civil action may be pursued at a mutually agreed upon venue in the State of Delaware.

27. MODIFICATION. Any amendment or modification to this Agreement shall be effective only if in writing and signed by each party hereto.

28. ENTIRE AGREEMENT. The attached Appendices A, B C, D, E, and F are incorporated into and as a part of this Agreement. This Agreement embodies the entire agreement and understanding between the parties and supersedes all prior agreements and understandings between them relating to the subject matter hereof.

29. **GOVERNING STATE LAW.** The provisions of this Agreement and/or any dispute between the parties shall be construed and interpreted according to the laws of the State of Delaware.

30. **SEVERABILITY.** If any term of provision of this Agreement or any application thereof shall be invalid or unenforceable, the remainder of this Agreement or any other application of such term or provision shall not be affected thereby.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized representatives as of the day and year first above written.

Owner

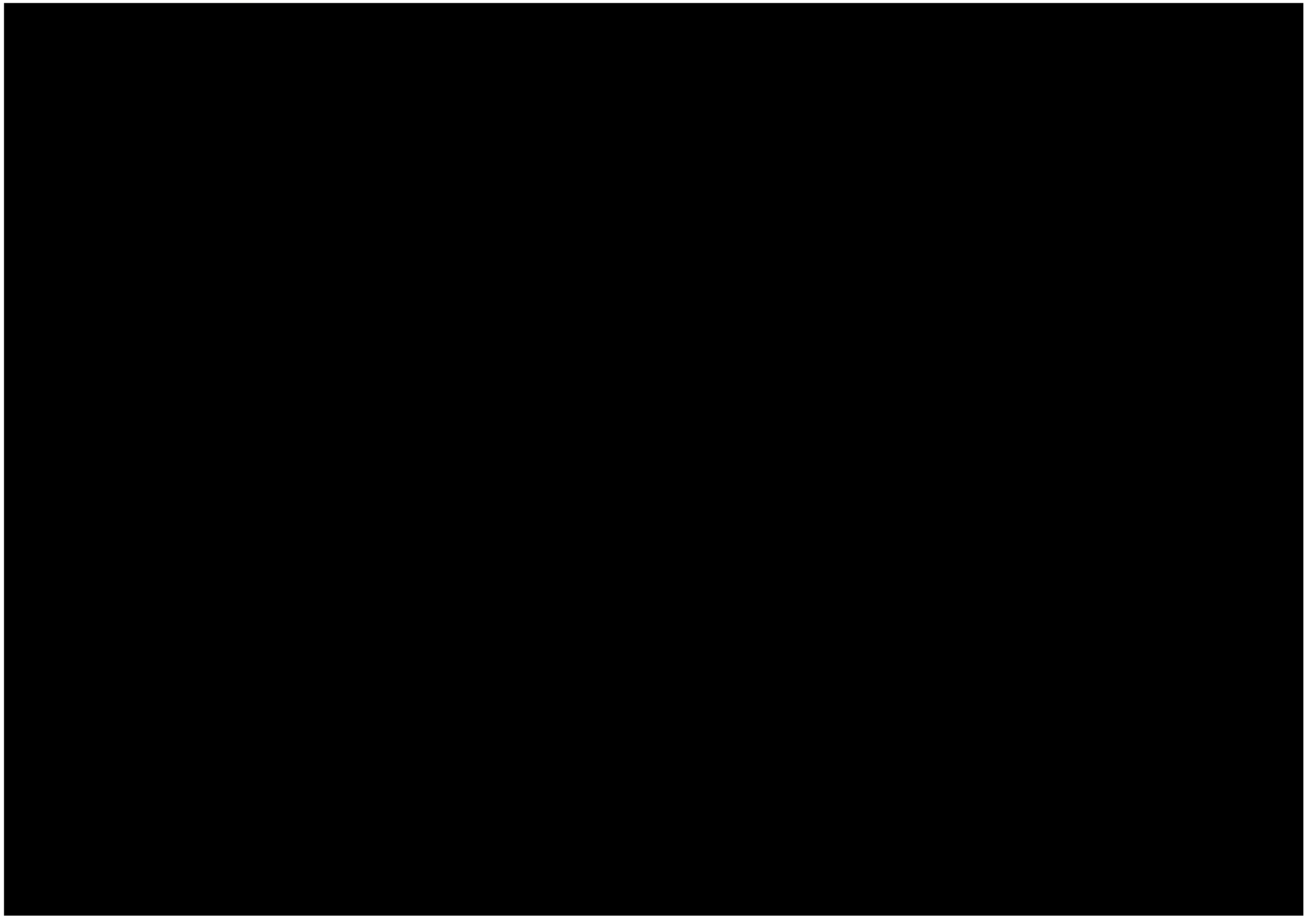
KENCO

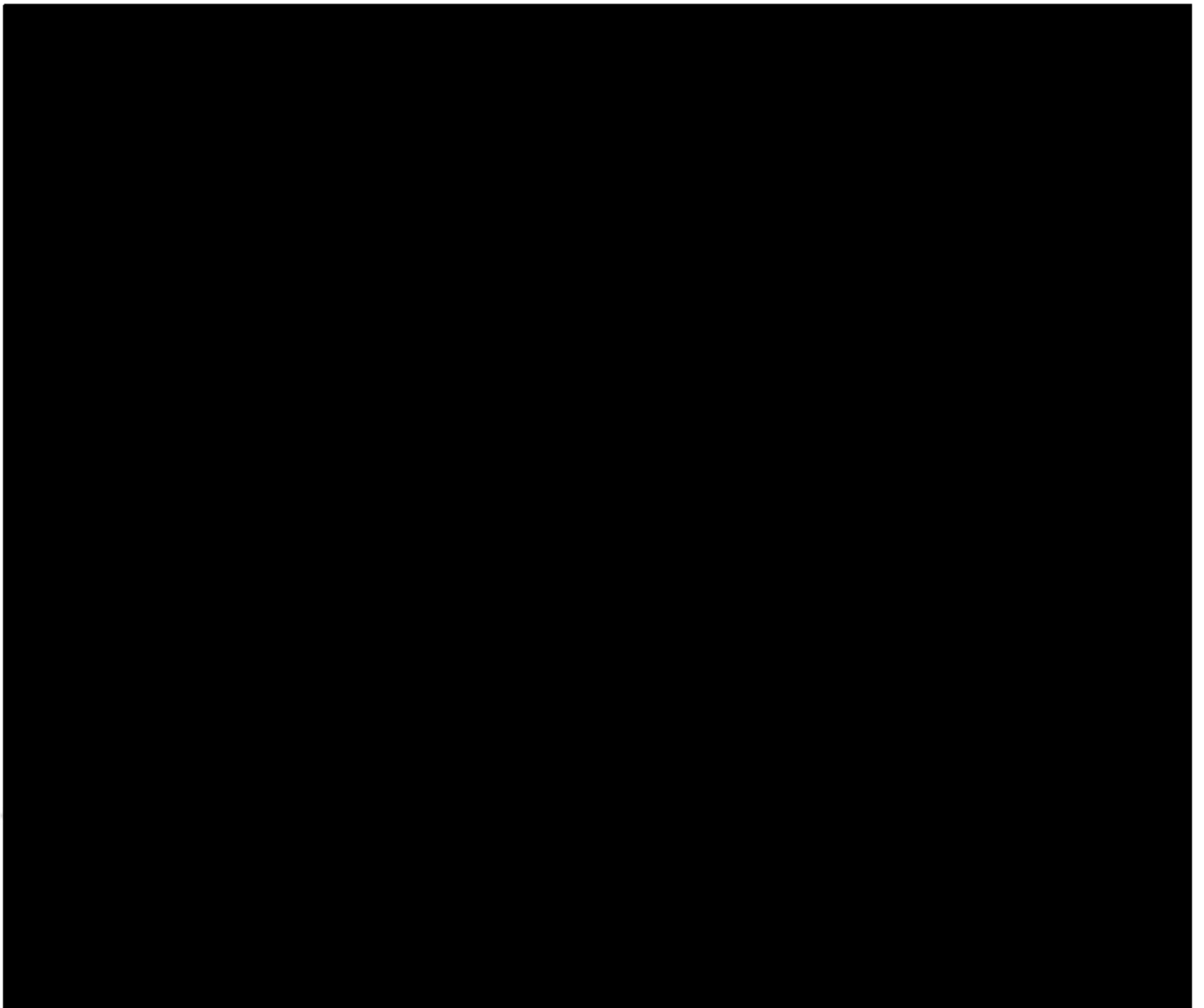
By 
Title CEO

By 
Title CFO

Date: 6/17/19

Date: 6/17/19





(C). Assumptions

General

- 1) The estimated expenses shown in this quote are based upon the data included in the operating profile and additional documented assumptions, and these expenses are annualized as necessary to develop a yearly budget. If actual activity varies from the profile, the accuracy of the quote may be impacted.
- 2) Any applicable capital expenditures, cash advances, and leases will commence only when a signed agreement appropriate to such expense is in place.
- 3) Pricing assumes agreement on a 6-year contract (minimum), 30 day payment terms, and monthly invoicing of expenses. Kenco will invoice building and equipment leases in advance according to agreed payment terms to ensure that respective vendors receive payment by due date.
- 4) Pricing is based on information and data provided by the customer and does not include additional clarity gleaned by observing all actual processes during an operational site visit.
- 5) During the period of time prior to Kenco's WMS being implemented and the rack installed, we will operate on a cost-plus basis. Fixed/variable pricing becomes effective when Kenco's WMS is implemented and the rack is installed.
- 6) Kenco cannot accept unlimited legal liability therefore our pricing assumes a cap of \$3 million per occurrence based on estimated landed cost. Kenco seeks to use insurance to mitigate risk wherever possible, but in places where insurance will not respond, we work to establish a cap for our liability in line with the magnitude and profitability of the individual contract.
- 7) Upon termination or non-renewal, Walker Edison will be responsible for assuming the building lease and any other outstanding leases and capital obligations. Due to the competitive nature of the industrial real estate market in the Inland Empire, a 6-year facility lease will be required. We assume a coterminous operating agreement between our companies will be established.
- 8) Startup fees are excluded from ongoing rates. Startup fees provided are one-time costs that will be billed as incurred and rebated to Walker Edison annually over the term of the operating agreement.
- 9) Pricing does not include costs related to closing down the current facility, operating the current facility for any amount of time, or transitioning the inventory from one building to another.

Labor & Product Handling

- 10) Total employee compensation includes salary, benefits, and bonus (where applicable).
- 11) Overtime calculations factor in the California daily overtime law (overtime paid if more than 8 hours worked in any day, regardless of total hours for the week; overtime paid if more than 6 days are worked in a week). Pricing currently assumes 8% overtime. Any additional overtime will be mutually agreed upon and billed to Walker Edison.
- 12) Pricing is based on one shift, 5 days/week with occasional weekend coverage as needed. If volume or service levels require additional scheduling, pricing will be affected.
- 13) Staffing calculations are based on average annual volumes.
- 14) Labor rates are benchmarked against current wage surveys.
- 15) The March 12 2019 inventory snapshot serves as the basis for developing/validating storage and racking needs.
- 16) Picking method was derived using the following data: Attachment D, March 2018 orders (to determine SKU velocity), the inventory snapshot (to understand the magnitude of on hand volume), the Item Master (to understand units per pallet), and an onsite visit to the current Walker Edison Salt Lake City warehouse.
- 17) Kenco assumes the foam in the cushions are categorized as an expandable plastic.
- 18) Kenco assumes 133 SKUs (8,368 units or 7% of eaches) require in-rack sprinklers. This is based on limited information from the Item Master. This will need validation prior to purchasing in-rack sprinklers.
- 19) Pricing assumes 35% of on hand pallets requires oversized bulk storage locations.

- 20) Pricing assumes 34% of on hand pallets will be bulk stored as high velocity movers.
- 21) Pricing assumes slow movers will be stowed in rack (10.7% of pallets on hand).
- 22) Pricing assumes floor/bulk storage is limited to 12' high stickability due to stability and product damage requirements.
- 23) Pricing assumes 60% of cases on IB trucks require manual unload, and the remaining 40% will be offloaded via clamp truck.
- 24) Pricing assumes 22.9 cases per grab with a clamp truck.
- 25) Pricing assumes directed putaway.
- 26) Pricing assumes 10% of product will be batch waved and picked via clamp lift in full grabs. Pricing assumes 90% of product will be each picked via walkie rider with 10% requiring team lift.
- 27) Pricing assumes 80% of OB units shipped come from 33% of the SKUs.
- 28) Pricing assumes 2500 hours per lift per year. If utilization hours exceed this limit, additional costs may be incurred.
- 29) Pricing assumes 3,500 lb. lift capacity for reach trucks.
- 30) Pricing assumes 5,000 lb. lift capacity for forklifts and clamps.
- 31) All pricing is subject to adjustment at the time of contract negotiations and thereafter to account for current wage surveys, cost of living increases, minimum wage law changes, real estate rates, and other mitigating market factors and regulatory changes which are outside the control of Kenco and Walker Edison.
- 32) ASN receiving is assumed.
- 33) Productivity is based on engineered standards. For the purpose of completing the RFP pricing template, our pricing assumes steady-state productivities starting day 1.
- 34) Kenco's staffing solution and plans to maximize batch-picking assume that multi-piece parcel orders do not require consolidation, and that complete orders will be picked and shipped prior to an 11:00 AM Pacific Time cutoff. If the cutoff time is moved later, it will likely increase unit picking, which may adversely effective productivity and required headcount.
- 35) Pricing assumes bulk-picked volume will be labeled and individually manifested.
- 36) Pricing assumes TL/LTL orders will be picked by order.
- 37) Pricing assumes transfer orders are loaded via clamp truck or standard forklift, with no hand stacking required.
- 38) Pricing does not include any VAS activities such as kitting.

Facility & Equipment

- 39) Facility costs are based on 330K sq. ft. of warehouse space during the first 12 months, 350k SF in months 13-36, 424k SF in months 37-48, and 462k SF in months 49-60.
- 40) As directed, costs for enhanced fire suppression are not included in our proposal. However, Kenco assumes in-rack sprinklers will be required for the proposed facility due to expandable plastics in items and high-pile storage. If locations change, re-evaluation will be required.
- 41) Pricing includes: rent, utilities, phone systems, security systems, office supplies, equipment, furniture, warehouse supplies, packaging supplies, building maintenance
- 42) Pricing assumes all material handling equipment will be leased.
- 43) Pricing includes guaranteed maintenance on material handling equipment as a fixed monthly line item including cost of parts for regular maintenance (excluding cost of repairs due to operator negligence).

Information Technology

- 44) Pricing assumes a 20-week Kenco IT implementation timeline from the signing of the logistics contract. Timeline may change upon completion of functional requirements
- 45) Pricing includes startup support with 2 people for 3 weeks. If additional resources or time is required, the rate is \$190 per hour plus travel.

- 46) Pricing assumes 27 concurrent HighJump subscription licenses at \$3,100 annually per user.
- 47) Pricing assumes new RF equipment and infrastructure.
- 48) Integration includes 6 EDI transaction sets with 1 ERP Host system for 240 hours. Any additional integration will be charged at \$150 per hour. Kenco assumes no VAN will be needed. Included in the 6 documents are Inbound Receipt - EDI 943 Order, Inbound Confirmation - EDI 944, Sales Order - EDI 940, Shipment Confirmation - EDI 945, Inventory Adjustment - EDI 947, and Inventory On Hand - EDI 846.
- 49) Assumes no WMS customizations. Any WMS customization will be billed at \$190 per hour.
- 50) WMS Labels and Forms Customization - Assumes 326 hours of labels and forms customizations. Any additional hours will be billed at \$190 per hour. The number of hours may change upon completion of functional requirements.
- 51) Data connectivity assumes fiberoptic connection is available at the proposed location. Data connectivity will be ordered upon contract signage. Typical provider install time is 90-120 days from the date the order is placed.
- 52) Pricing includes 1 user account for the UNIFY business intelligence and reporting tool.
- 53) Kenco assumes standard reports will be used with no customizations. Any customizations will be billed at \$150 per hour.
- 54) Estimates do not include applicable sales tax and shipping charges.
- 55) Interim lease payments are not included in pricing. Based on equipment priced, the estimated amount is \$5,431.
- 56) Kenco assumes that Walker Edison will assign a dedicated IT resource to identify systems/business requirements and support Kenco's IT integration team throughout implementation.
- 57) All travel is estimated. Actual travel will be billed.

Start Up Fees Include:

Startup Budget		
Travel	\$	50,464
Transition Hiring, Onboarding	\$	57,164
Building Layout & Preparation	\$	121,469
IT Setup & Training	\$	306,940
TOTAL STARTUP COST	\$	536,037

Startup costs will be invoiced as incurred and rebated to Walker Edison in equal annual amounts over the term of the operating agreement. Costs identified above are an estimate.

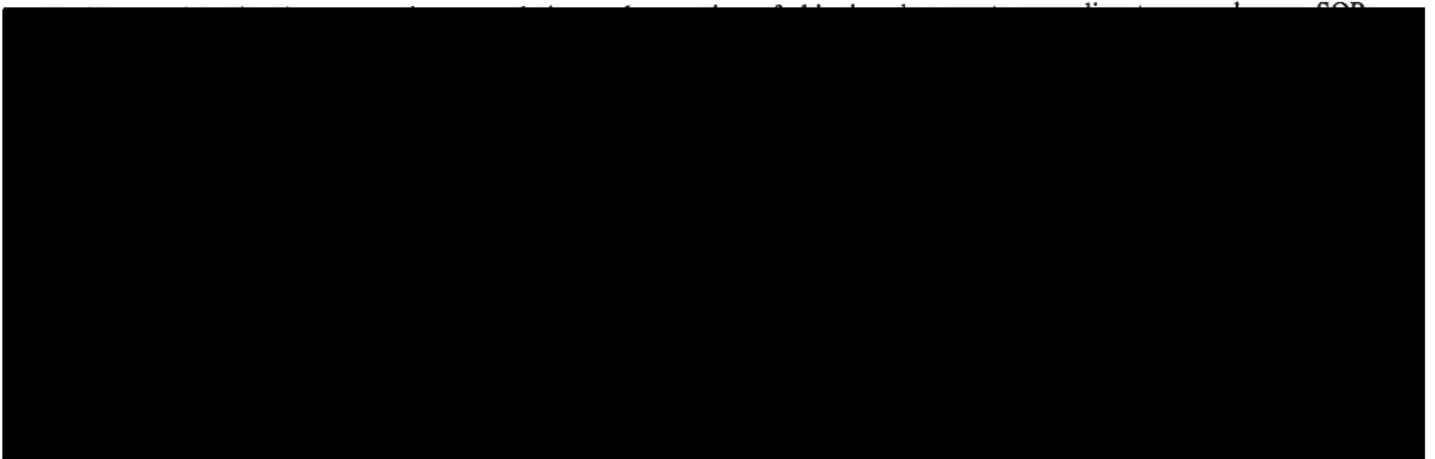
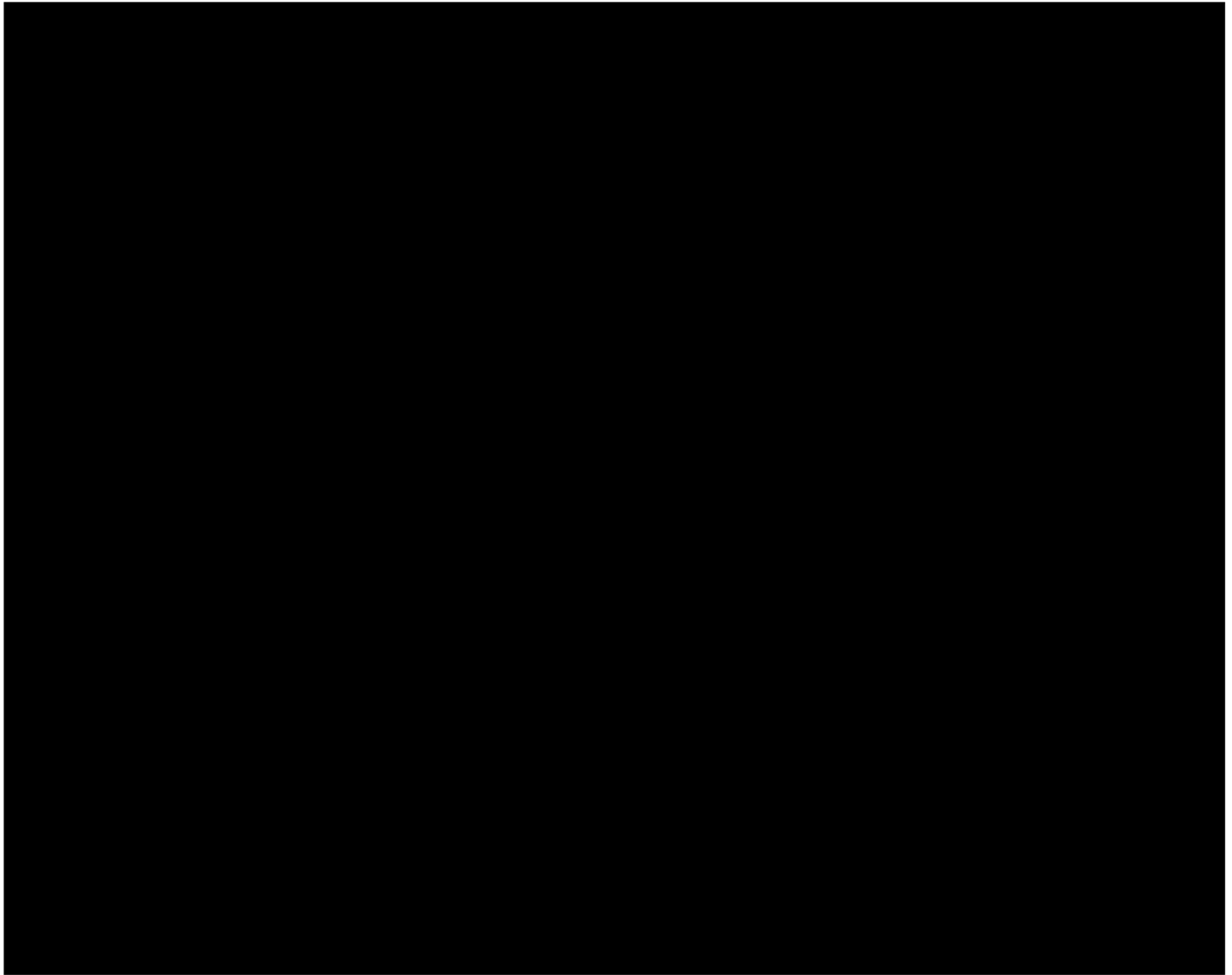
- 2. Closedown Service Rates: The hourly rates for closedown services are consistent with the existing rates at time of termination.

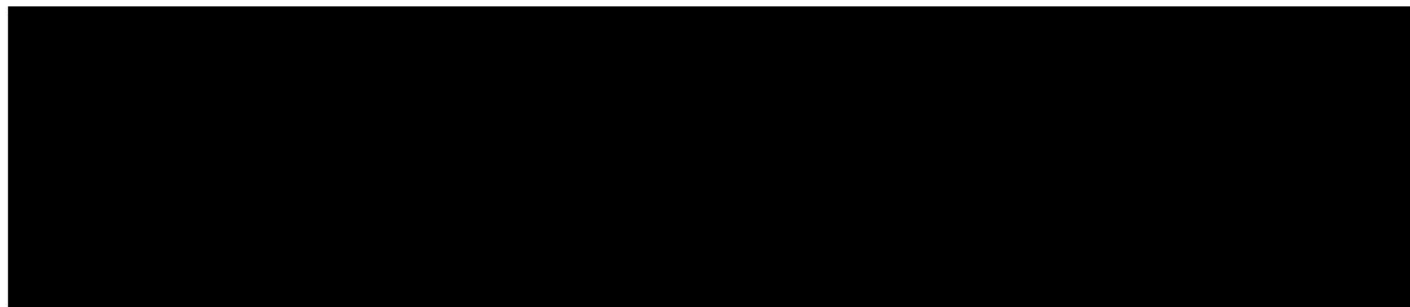
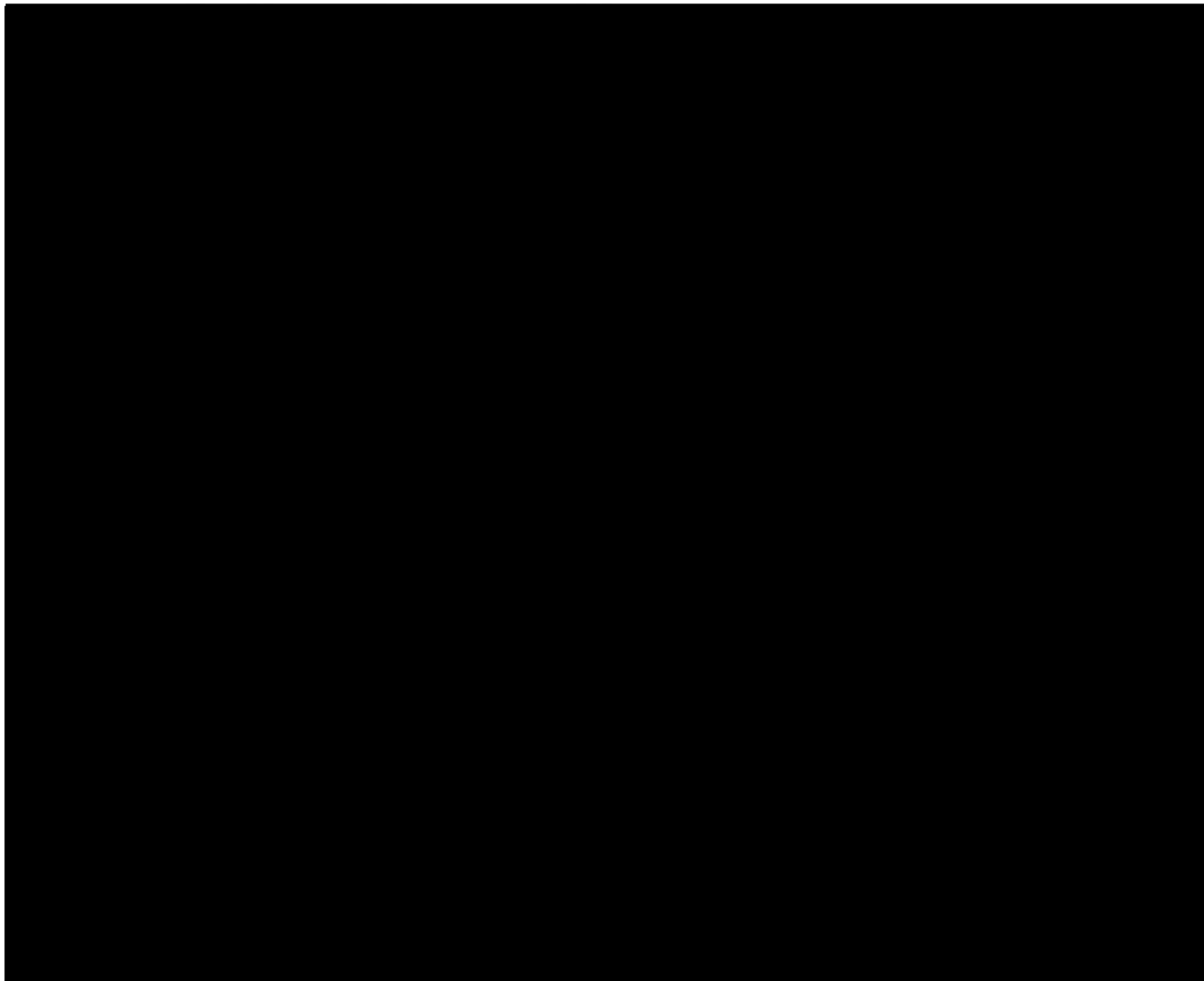
3. Utilities and Utility Payment Schedule:

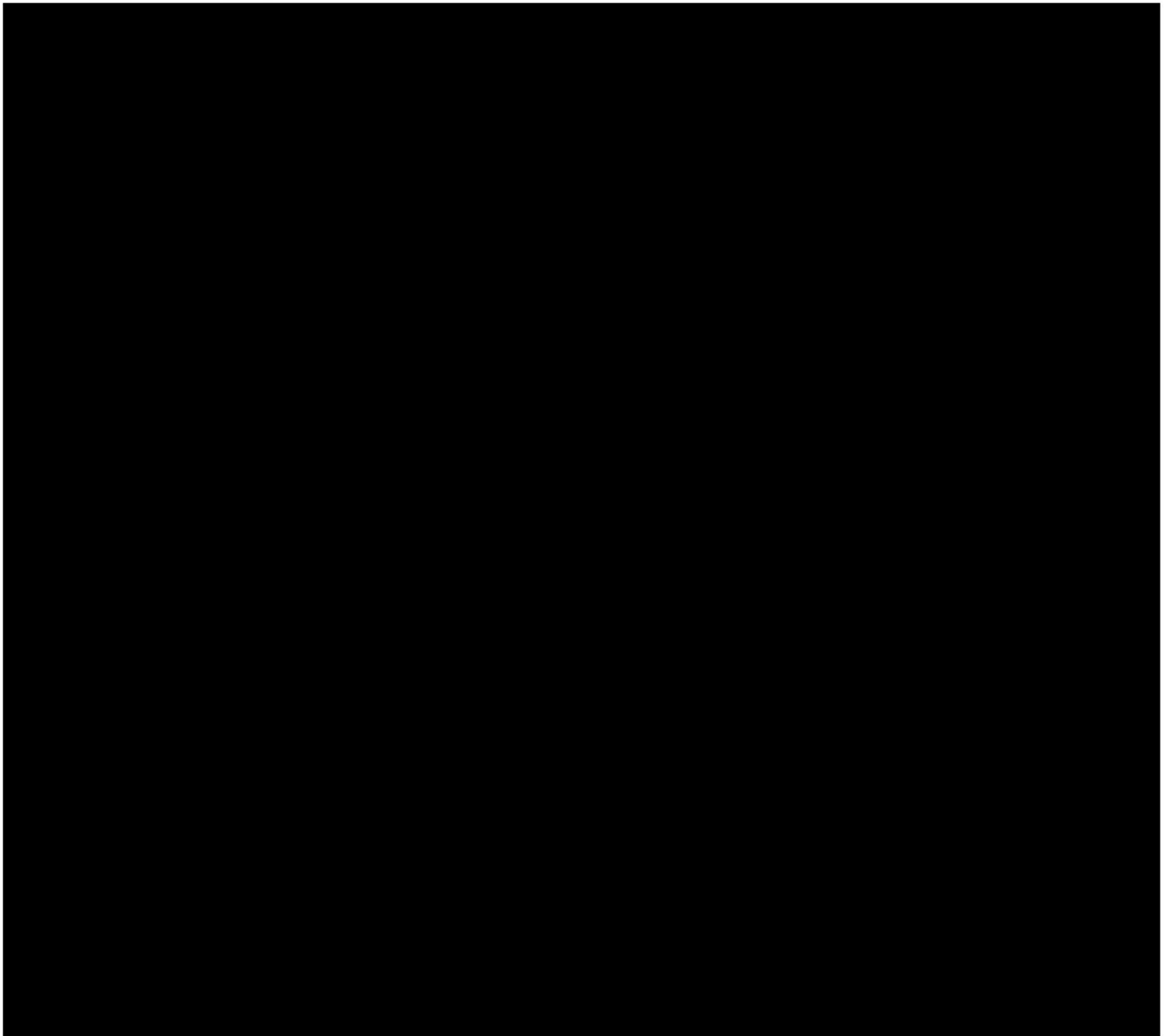
Payment terms for utilities are addressed in Section 11, Billing and Payment. Applicable utilities are:

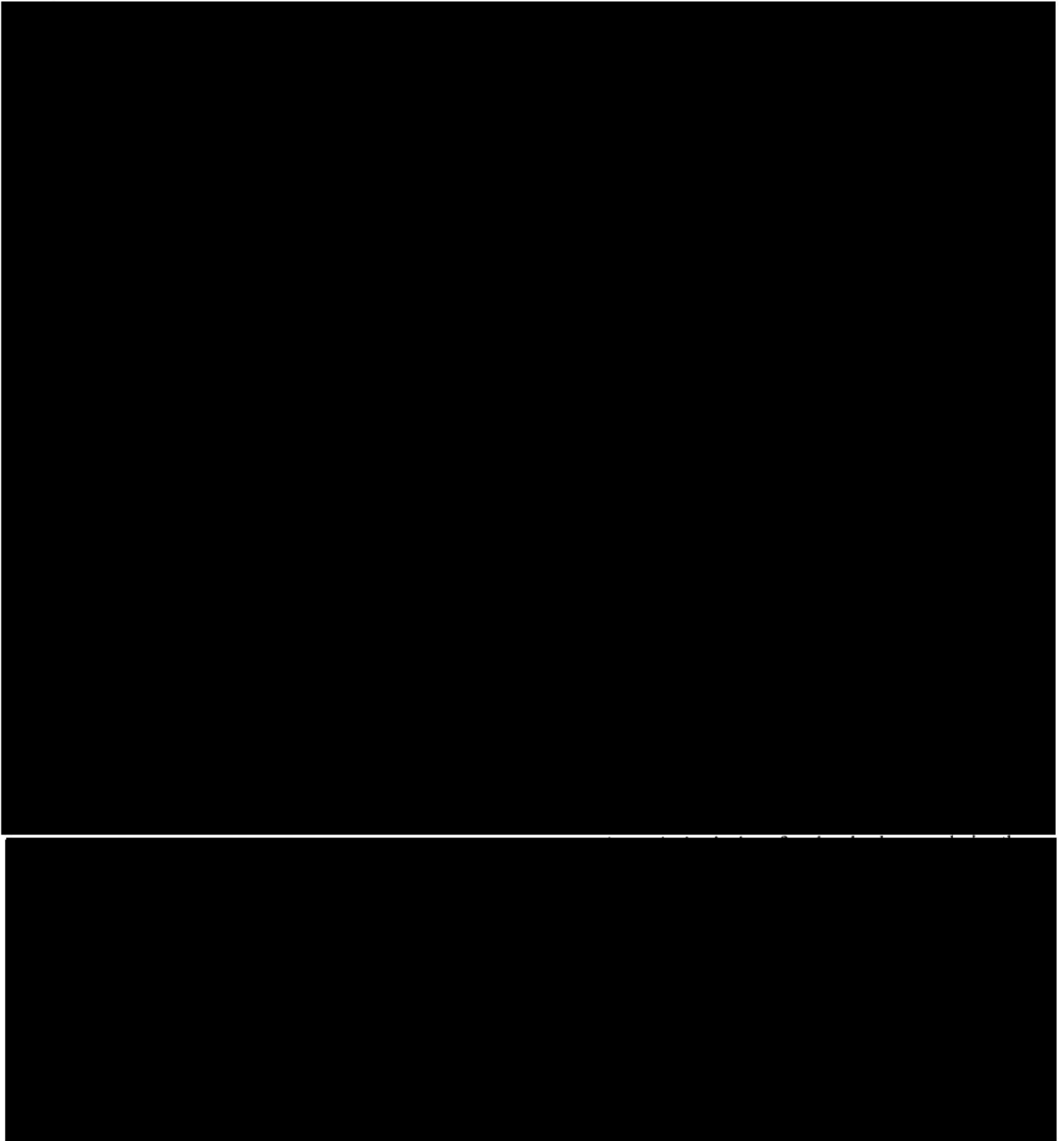
Electricity
Water/Sewer
Telephone
Communication Expenses

Gas (Propane or LP)
Waste Disposal
T1 or Connectivity Fees
Security System Monitoring
Pest Control
Sanitation
Facility and Grounds Maintenance
HVAC Maintenance and Monitoring







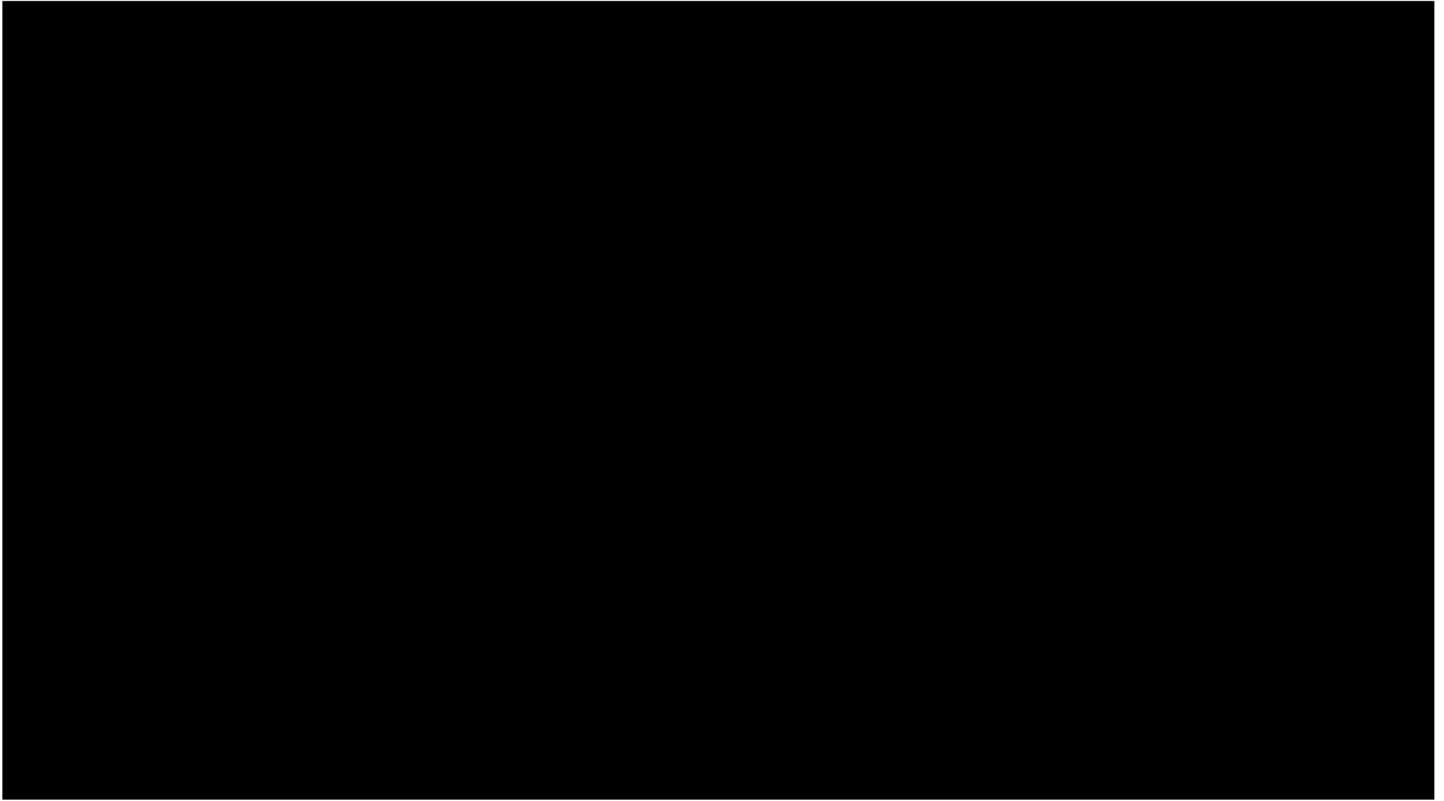


Appendix C (attachment)

To the Agreement dated June 17th, 2019

1. Goods to be Stored and Handled by WAREHOUSE:

Furniture, including bedsprings, mattresses, and other household furniture; office furniture; and furniture for public parks and buildings.



Appendix E (attachment)To the Agreement dated June 17th, 2019

1. Equipment List (First 12 months):

Type of Equipment	Designate - Customer Owned, Kenco Owned, or Leased
Forklifts [Specify Electric or Propane]	Kenco Leased
Clamp truck with attachments	Kenco Leased
Walkie Riders	Kenco Leased
Order Pickers	Kenco Leased
Safety Fall Restraints	Kenco Purchased
PPE	Kenco Purchased
Sweeper Scrubbers	Kenco Leased
Chargers	Kenco Leased
Tape Machines	Kenco Purchased
Conveyor [Specify gravity feed or automated]	If applicable – TBD
Scales	Kenco Purchased
RF Equipment (Includes guns, terminals, access points, etc...)	Kenco Purchased / Leased
Racking [Specify amount of case, flow, pallet, etc.]	Kenco Purchased
Dock Door Levelers	If applicable - TBD
Fire Extinguishers	Kenco Purchased
Metal Detectors	If Applicable – TBD

Printers	Kenco Leased
Laptops	Kenco Leased
PC Workstations	Kenco Leased
Copy Machines	Kenco Leased
Fax Machines	Kenco Leased
Phones	Kenco Leased
Cell Phones	Kenco Leased
Office Equipment/Furniture	Kenco Purchased
Spotting Tractors	If Applicable – Kenco Leased
Trailers	If Applicable – Kenco Leased
Company vehicles	If Applicable - TBD

Appendix F (attachment)

To the Agreement dated June 17th, 2019

IT SERVICES AND TRANSITION SUPPORT FOR COMPUTER SYSTEMS:

If for any reason the Services Agreement is terminated, KENCO agrees to provide transition assistance to OWNER as outlined below.

1. KENCO agrees to leave the Kenco WMS operating on our servers supporting the Owner's site or sites until such time as Owner makes a decision on the successor WMS system that will be used in its sites. KENCO will provide user help desk support for any installed instances of the Kenco WMS and will assist Owner in making a smooth transfer and conversion of its data and history to the new software system.

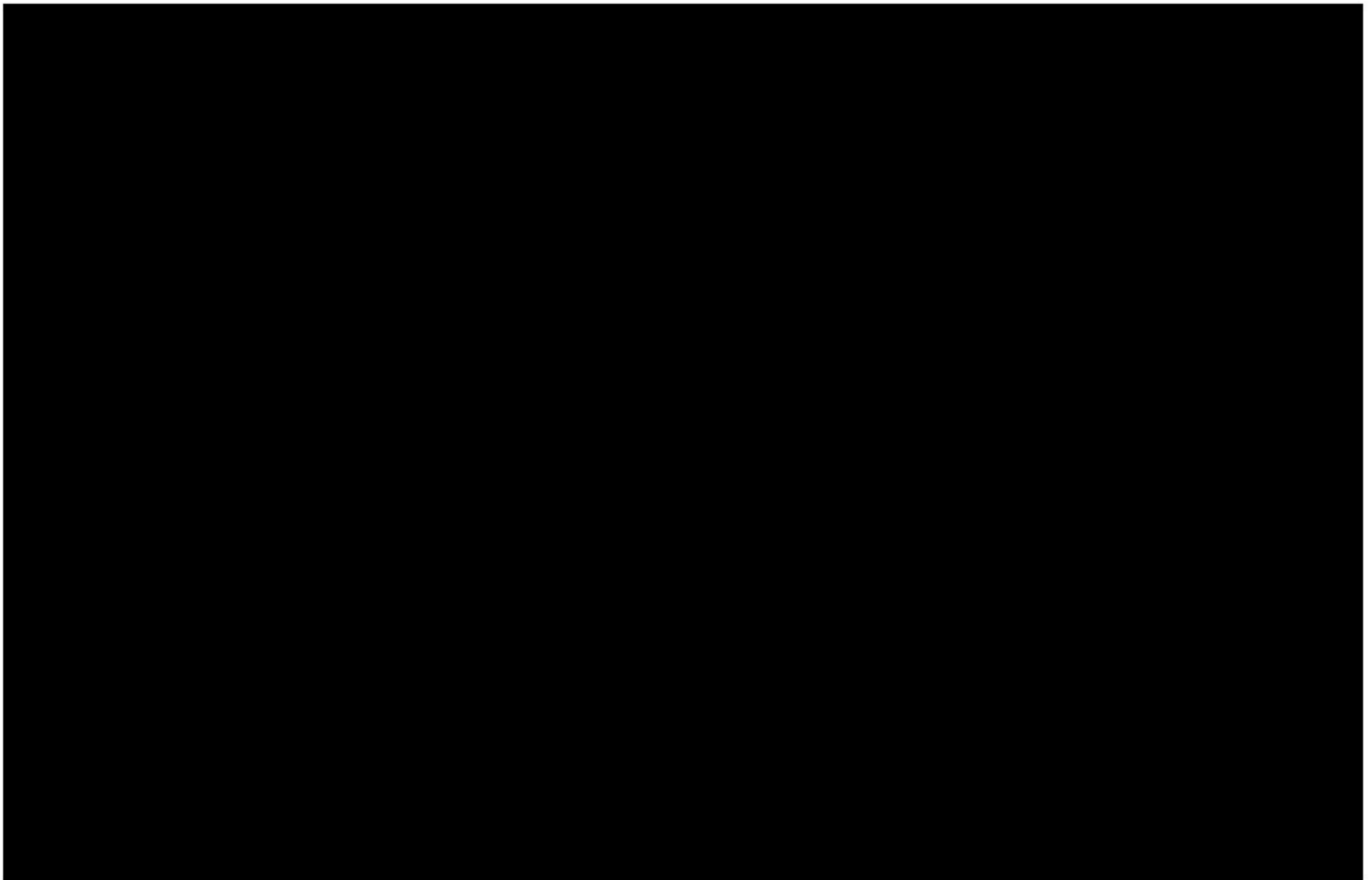


EXHIBIT B

(Modification)



2001 Riverside Drive
Chattanooga, TN 37406

Phone: 423-622-1113
Fax: 423-643-3500
www.KencoGroup.com

August 19, 2025

**Via Certified Mail, Return Receipt Requested
and Electronic Mail to the following:**

Lionel Montoya Lionel.Montoya@walkerredison.com;
Jeff Werner Jeff.Werner@walkerredison.com;
Nate Brown Nate.Brown@walkerredison.com;
Steve Lattari Steve.Lattari@walkerredison.com

Walker Edison Furniture Company, LLC
ATTN: Jeff Werner (CEO)
4350 W 2100 South
Salt Lake City, UT 84120

RE: NOTIFICATION OF BREACH AND AMENDED PAYMENT TERMS

Dear Mr. Werner:

As you are aware, Kenco Logistic Services, LLC ("Kenco") provides certain warehousing and logistics services to Walker Edison Furniture Company, LLC ("Walker Edison") pursuant to the Kenco Services Agreements, dated June 17, 2019, and April 16, 2021, for sites located in DeSoto, Texas and Perris, California (the "Agreements"). As of the date of this writing Walker Edison has unpaid invoices that are past due in the amount of \$2,469,314.41, which are more particularly described in Exhibit A to this letter (collectively, the "Invoices").

Such nonpayment of Invoices is in breach of the Agreements' requirements in Section 10(A) which requires Walker Edison to pay undisputed invoices within thirty days of the invoice date. Under Section 21 of the Agreement, this letter serves as Kenco's formal notification of Walker Edison's breach of our Agreements. To remedy such breach, Walker Edison must pay all late Invoices as soon as possible.

Kenco understands that certain efforts have been made to support Walker Edison during a difficult time in your business. Namely, Kenco has provided Walker Edison a credit in the amount of \$356,300 in July 2025 for certain racking equipment which Kenco took title to at the Perris, California location. Notwithstanding these efforts at partnership, Kenco's



2001 Riverside Drive
Chattanooga, TN 37406

Phone: 423-622-1113
Fax: 423-643-3500
www.KencoGroup.com

Invoices remain unpaid, and Kenco continues to provide services pursuant to the Agreements without regular payments for services rendered.

Therefore, Kenco asserts its rights under Section 10 (A) of the Agreements to modify the billing terms and conditions of the Agreements. By notice of this letter and until the late Invoices have been made current, Kenco amends the billing terms and conditions for the Agreements as follows:

- Shipments of Walker Edison products out of the Kenco managed facilities shall require prepayment in the amount of \$200,000 every Friday prior to the next week of services being rendered (the "Payment").
- Such prepayment shall be reserved for such next weeks' services and any difference between the cost of the services rendered and the Payment shall be credited to the unpaid Invoices.
- The Payment shall only apply until the Invoices have been paid and Kenco shall continue to invoice Walker Edison for all services in the cadence and manner which it has been invoiced during the term of the Agreements.
- All other services under the Agreements shall continue to be provided by Kenco, subject to the requirements in the Agreements.

Kenco reserves all rights accorded to it in the Agreements, even if not asserted in this letter including the ability to take any legal action to collect the unpaid Invoices. Please confirm receipt of this letter and provide a communication of your intention to abide by the terms of the billing arrangement described herein.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Frank Loewen
Frank Loewen (Aug 19, 2025 16:36:40 EDT)

Frank Loewen
Senior Vice-President
Frank.Loewen@kencogroup.com



Phone: 423-622-1113
 2001 Riverside Drive
 Chattanooga, TN 37406
 Fax: 423-643-3500
 www.KencoGroup.com

Exhibit A
Unpaid Invoices & Racking Credit

Invoice #	Issue Date	Location	Amount	Due Date	Past Due	Payment
44113-47 FEB 2025	3/6/2025	TX	\$50,207.50	4/5/2025	135.00	-216.53
44113-48 MAR 2025	4/7/2025	TX	\$44,972.65	5/7/2025	103.00	0
22113 CA-APR 2025	5/6/2025	CA	\$739,210.61	6/5/2025	74.00	0
44113-49 APR 2025	5/6/2025	TX	\$44,847.62	6/5/2025	74.00	0
22113 CA-MAY 2025	6/9/2025	CA	\$719,646.52	7/9/2025	40.00	0
44113-50 MAY 2025	6/10/2025	TX	\$57,336.94	7/10/2025	39.00	0
22113 CA-JUNE 2025	7/8/2025	CA	\$1,120,768.19	8/7/2025	11.00	0
44113-51 JUNE 202	7/8/2025	TX	\$48,624.38	8/7/2025	11.00	0
22113 CA JUL CM	7/31/2025	CREDIT for Stack Rack Purchase	-\$356,300.00	NA	NA	NA

25.08.19_KLS_Walker Edison_Letter (FINAL)

Final Audit Report

2025-08-19

Created:	2025-08-19
By:	Michele Leath (Michele.Leath@kencogroup.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAA9P7p_7DjPDJ6nC56DVN3f1dtEqs3mnzY

"25.08.19_KLS_Walker Edison_Letter (FINAL)" History

-  Document created by Michele Leath (Michele.Leath@kencogroup.com)
2025-08-19 - 8:23:51 PM GMT
-  Document emailed to Frank Loewen (frank.loewen@kencogroup.com) for signature
2025-08-19 - 8:23:56 PM GMT
-  Email viewed by Frank Loewen (frank.loewen@kencogroup.com)
2025-08-19 - 8:35:54 PM GMT
-  Document e-signed by Frank Loewen (frank.loewen@kencogroup.com)
Signature Date: 2025-08-19 - 8:36:40 PM GMT - Time Source: server
-  Agreement completed.
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EXHIBIT C-1

(Outbound Records)

BY - Outbound Details

Return to Outbound

Return to Open Orders

Select date range ▾

Site

Warehouse

Customer

Mode

On-Time or Late

Shift Name

Ship Status

Outbound Details

Order #	Shipment #	Status	Line #	Product#	Product Desc	Lot Number	Order Entry DT/Time	Ordered QTY	Ordered Cases	Ordered Pallets	Shipped QTY	Shipment Line Shipped QTY	Shipped Loose Cases
Totals								24,851	24,851	18,716	24,778	24,778	14,885
SO19040635-1	SID0104367	Load Complete	1			-	8/19/2025 09:50	1	1	1	0	0	0
SO19040638-1	SID0104368	Load Complete	1			-	8/19/2025 09:50	2	2	1	0	0	0
SO19018412-1	SID0092390	Load Complete	1			-	7/29/2025 10:00	33	33	4	0	0	0
SO19018402-1	SID0092622	Load Complete	1			-	7/29/2025 10:00	36	36	4	0	0	0
SO19024266-1	SID0094934	Load Complete	1			-	8/2/2025 21:40	1	1	1	0	0	0
SO18992102-1	SID0080153	Load Complete	1			TVC225201	7/6/2025 20:20	1	1	1	1	1	1
SO19012325-1	SID0089968	Load Complete	1			TVC225201	7/24/2025 11:40	1	1	1	1	1	1
SO19014953-1	SID0091290	Load Complete	1			TVC225201	7/25/2025 20:40	1	1	1	1	1	1
SO18997267-1	SID0083269	Load Complete	1			TVC225201	7/10/2025 17:30	1	1	1	1	1	1
SO19043601-1	SID0106188	Load Complete	1			VL233701	8/21/2025 14:40	1	1	1	1	1	1
SO19043600-1	SID0106187	Load Complete	1			VL233701	8/21/2025 14:40	1	1	1	1	1	1
SO18979148-1	SID0092939	Load Complete	1			HY233001	7/29/2025 10:00	3	3	1	3	3	3
SO18979142-1	SID0096478	Load Complete	1			HY234001	8/5/2025 10:00	4	4	1	4	4	4
SO18979185-1	SID0097011	Load Complete	1			HY234001	8/6/2025 14:40	2	2	1	2	2	2
SO18979149-1	SID0096483	Load Complete	1			HY234001	8/5/2025 09:40	2	2	1	2	2	2

EXHIBIT C-2

(Inbound Records)

Inbound Details

Master Receipt #	PO Number	Product Number	Product Description	Lot Number	Receipt Line #	Expe... QTY	Recei... QTY	Recei... Full Pallets	Received Units on Full Pallets	Received Loose Cases	Received Date	Receipt Closed Date Time	Trailer Status	Expected Date Time	Receive Truck Status
Totals						3,206	3,206	206	3,140	66	-	-			
MRKU5854027	VL-168			VL251901	1	0	211	23	207	4	2025-08-06	8/6/2025 18:05	RECEIVED	8/4/2025 00:00	Closed
MRKU5854027	VL-168			251901	1	0	9	1	9	0	2025-08-06	8/6/2025 18:05	RECEIVED	8/4/2025 00:00	Closed
MRKU5854027	VL-168			----	1	220	0	0	0	0	2025-08-06	8/6/2025 18:05	RECEIVED	8/4/2025 00:00	Closed
MSKU0751692	LF-1694			LF251401	1	0	588	20	580	8	2025-08-05	8/5/2025 17:08	RECEIVED	7/28/2025 00:00	Closed
MRKU5447309	VL-170			VL252201	1	0	220	24	216	4	2025-08-05	8/5/2025 16:00	RECEIVED	8/4/2025 00:00	Closed
MRKU3458310	VL-169			VL251901	1	0	211	23	207	4	2025-08-05	8/5/2025 16:01	RECEIVED	7/28/2025 00:00	Closed
MRKU3458310	VL-169			VL251301	1	0	9	1	9	0	2025-08-05	8/5/2025 16:01	RECEIVED	7/28/2025 00:00	Closed
MRKU3458310	VL-169			----	1	220	0	0	0	0	2025-08-05	8/5/2025 16:01	RECEIVED	7/28/2025 00:00	Closed
MRKU5447309	VL-170			----	1	220	0	0	0	0	2025-08-05	8/5/2025 16:00	RECEIVED	8/4/2025 00:00	Closed
MSKU0751692	LF-1694			----	1	588	0	0	0	0	2025-08-05	8/5/2025 17:08	RECEIVED	7/28/2025 00:00	Closed
MSKU0910731	LF-1682			LF251201	1	0	310	23	299	11	2025-07-25	7/25/2025 15:17	RECEIVED	7/28/2025 00:00	Closed
MRKU3072311	LF-1642			LF250801	3	0	300	10	290	10	2025-07-25	7/25/2025 16:00	RECEIVED	7/28/2025 00:00	Closed
MRKU3072311	LF-1642			LF250801	2	0	80	5	80	0	2025-07-25	7/25/2025 16:00	RECEIVED	7/28/2025 00:00	Closed
MRKU3072311	LF-1642			LF250801	1	0	65	8	64	1	2025-07-25	7/25/2025 16:00	RECEIVED	7/28/2025 00:00	Closed
MRKU3072311	LF-1642			----	3	300	0	0	0	0	2025-07-25	7/25/2025 16:00	RECEIVED	7/28/2025 00:00	Closed
MRKU3072311	LF-1642			----	1	65	0	0	0	0	2025-07-25	7/25/2025 16:00	RECEIVED	7/28/2025 00:00	Closed
MRKU3072311	LF-1642			----	2	80	0	0	0	0	2025-07-25	7/25/2025 16:00	RECEIVED	7/28/2025 00:00	Closed

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

In re

WALKER EDISON HOLDCO LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 25-11602 (TMH)

(Jointly Administered)

Re: Docket No. ____

**ORDER GRANTING KENCO LOGISTIC SERVICES LLC'S
MOTION TO COMPEL ADEQUATE PROTECTION**

Upon the motion of Kenco Logistic Services LLC, and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and the *Amended Standing Order of Reference* of the United States District Court for the District of Delaware, dated as of February 29, 2012; and the Court having found that venue of these cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and the Court having found that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given; and the Court having found that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby

FOUND, ORDERED, ADJUDGED, AND DECREED that:

1. The Motion shall be and is hereby GRANTED.

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal EIN, are as follows: Walker Edison Holdco LLC (8817); Walker Edison Intermediate, LLC (3363); Walker Edison Furniture Company LLC (6576); and EW Furniture, LLC (6288). The Debtors' mailing address is 1553 W 9000 S, West Jordan, UT 84088.

2. Kenco shall be granted a first priority general warehouse lien against all of the Debtors' goods in Kenco's possession to secure all amounts due and owing Kenco for the periods both prior to and subsequent to the Petition Date.

3. Notwithstanding any other Bankruptcy Rules or any other applicable rule or guideline, the terms and conditions of this Order are immediately effective and enforceable upon its entry.

4. This Court shall, and hereby does, retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

CERTIFICATE OF SERVICE

I hereby certify that on September 17, 2025, a true and correct copy of the foregoing was caused to be served via the Court's CM/ECF system on all parties authorized to receive electronic notice in this case and upon the parties listed below via electronic mail.

The Debtors

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/s/ Shanti M. Katona

Shanti M. Katona (Del. Bar No. 5352)