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

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| In re: | : | Chapter 11 |
| Simply Interior Homes, LLC, *et al.*,[1] | : | Case No. 26-[●] (___) |
| Debtors. | : | (Joint Administration Pending) |

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO (A) OBTAIN POSTPETITION FINANCING AND (B) UTILIZE CASH COLLATERAL, (II) GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES, (III) MODIFYING THE AUTOMATIC STAY, (IV) SCHEDULING A FINAL HEARING, AND (V) GRANTING RELATED RELIEF**

The debtors and debtors-in-possession (the "Debtors") in the above-captioned chapter 11 cases (the "Chapter 11 Cases"), move this Court for the entry of an interim order substantially in the form of the interim order attached hereto as **Exhibit A** (the "Interim Order") and a final order to be entered in advance of the Final Hearing (as defined below) (the "Final Order" and together with the Interim Order, the "DIP Orders"), pursuant to sections 105, 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), 364(e), 503, 506, and 507 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), rules 2002, 4001, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and rules 2002-1(b), 4001-2, and 9013-1(m) of the Local Rules for the United States Bankruptcy Court for the District of Delaware (the "Local Rules"). In support of the Motion, the Debtors rely upon and incorporate

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number include: Simply Interior Homes, LLC (8509); Simply Interior Homes AcquisitionCo, LLC (9643); SIH Beckham Buyer, LLC (5210); SIH-HSD Holdings, LLC (5402); SIH-BB Holdings, LLC (2303); SIH-DMD Holdings, LLC (2411); and SIH-SR Holdings, LLC (1835). The location of the Debtors' service address in these chapter 11 cases is 3042 Southcross Boulevard, Suite 102, Rock Hill, SC 29730.

by reference (a) the *Declaration of Brian Ayers in Support of Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Obtain Postpetition Financing, (II) Authorizing the Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Claims, (IV) Granting Adequate Protection, (V) Modifying Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief* (the "Ayers Declaration"), and (b) the *Declaration of Adam Zalev in Support of the Debtors' Chapter 11 Petitions and Requests for First Day Relief* (the "First Day Declaration"), which are being filed concurrently herewith and is incorporated by reference herein. In further support of this Motion, the Debtors, by and through their undersigned proposed counsel, respectfully represent as follows:

## PRELIMINARY STATEMENT

1. The Debtors seek authority to enter into that certain postpetition superpriority senior secured, asset-based debtor-in-possession financing facility, and other financial accommodations, in the aggregate principal amount of $15,000,000 (the "DIP Facility") subject to the terms and conditions set forth in that certain *ABL DIP Financing Term Sheet* which is attached as Exhibit 2 to the Interim Order (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the "DIP Term Sheet")[2] between the Debtors, the lenders party thereto (in such capacity, the "DIP Lenders"), and Great Rock Capital Partners Management, LLC as administrative agent (in such capacities, the "DIP Agent" and together with the DIP Lenders, the "DIP Secured Parties") and to access the Prepetition Secured Parties' (as defined below) cash collateral (the "Cash Collateral"). The DIP Facility is vital to the Debtors' ability to administer these Chapter 11 Cases and run a value-maximizing sale process.

[2] Capitalized terms used but not otherwise defined in this Motion shall have the meaning ascribed to such terms in the DIP Term Sheet or the Interim Order, as applicable.

2. As described in the Ayers Declaration, prior to the Petition Date, the Debtors and their advisors engaged in a marketing process for debtor-in-possession financing from existing stakeholders, including the Prepetition Secured Parties and third-party sources. Other than the DIP Facility described herein, the Debtors were unable to obtain any other viable offers for financing.

3. Following a series of arm's-length negotiations with the Debtors' Prepetition Secured Parties, the Debtors ultimately agreed to the terms of the proposed DIP Facility and the use of Cash Collateral, which provides the Debtors with sufficient runway to execute a value-maximizing sale transaction on reasonable terms given the Debtors' circumstances. The proposed DIP Facility consists of a postpetition superpriority senior secured, asset-based debtor-in-possession financing and other financial accommodations in the aggregate principal amount of $15,000,000 consisting of (a) $5,000,000 of revolving new money credit commitments (the "New Money DIP Commitments" and the loans extended thereunder, the "New Money DIP Loans") made available to the DIP Borrowers to draw upon entry of the Interim Order in accordance with the Approved DIP Budget, Interim Order and DIP Loan Documents; and (b) a roll up of the "Obligations" outstanding under (and as defined in) the Prepetition Credit Agreement (the "Prepetition Secured Obligations") as of the Petition Date in the amount of $3.00 of Prepetition Secured Obligations (as defined below) for every $1.00 of the New Money DIP Loans funded with such rolled up loans not to exceed $10,000,000 in the aggregate (the "Roll-Up Loans" and together with the New Money DIP Loans, the "DIP Loans", and the DIP Loans together with all other fees, premiums, expenses and charges arising under the DIP Loan Documents, the "DIP Obligations"). The DIP Facility will be secured by liens that are senior to the Prepetition Liens (as defined in the Interim DIP Order).

4. All of the Debtors' cash on hand as of the Petition Date is subject to the liens of the Prepetition Secured Parties and thus constitutes Cash Collateral. In the absence of a consensual agreement with the Prepetition Secured Parties regarding the DIP Facility and use of Cash Collateral, the Debtors anticipate that there would have been a contentious dispute on the first day of these Chapter 11 Cases with respect to nonconsensual use of Cash Collateral and/or the priming of the Prepetition Collateral (as defined in the Interim Order), the outcome of which would have been uncertain.

5. Even with access to Cash Collateral, the Debtors require the proceeds from the DIP Facility to fund operations during these Chapter 11 Cases. As of the date hereof, the Debtors only have approximately $293,459 in cash on hand, and the Debtors project that they will need approximately $3.3 million of peak funding between the Petition Date and the anticipated sale closing date. Absent immediate access to the DIP Facility and Cash Collateral, the Debtors will have insufficient liquidity to satisfy, among other things: (a) their working capital and business operating needs; (b) the administrative costs of these Chapter 11 Cases; and (c) the funding requirements necessary to run a value-maximizing sale process for the benefit of all stakeholders. Any delay or inability to draw under the DIP Facility and use Cash Collateral will require the Debtors to cease operations and cause immediate and irreparable harm to the value of the Debtors' estates to the detriment of all stakeholders.

6. For these reasons, in addition to the reasons set forth below, in the Ayers Declaration, and in the First Day Declaration, the Debtors believe that entry into the DIP Facility is an exercise of the Debtors' sound business judgment and will maximize value for the Debtors' stakeholders. Accordingly, the Debtors respectfully request that the Court approve the Debtors' entry into the DIP Facility and the use of Cash Collateral.

## SUMMARY OF RELIEF REQUESTED

7. Pursuant to sections 105, 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1), 364(e), 503, 506, and 507 of the Bankruptcy Code, rules 2002, 4001, 6004, and 9014 of the Bankruptcy Rules, and rules 2002-1(b), 4001-2, and 9013-1(m) of the Local Rules, the Debtors seek entry of the DIP Orders:

a. authorizing the Debtors to (a) use cash collateral, as such term is defined in section 363(a) of the Bankruptcy Code, and all other Prepetition Collateral, solely in accordance with the terms of the Interim Order; (b) use the proceeds of the DIP Facility, solely in accordance with the terms of the Interim Order; and (c) provide adequate protection to the Prepetition Secured Parties, solely in accordance with the terms of the Interim Order;

b. authorizing the Debtors to obtain postpetition financing pursuant to the DIP Facility subject to the terms and conditions set forth in the Interim Order and the DIP Term Sheet (and together with the Interim Order, the Final Order, the credit agreement (the "DIP Credit Agreement"), and all agreements, documents, and instruments delivered or executed in connection therewith and security documentation, collectively, the "DIP Documents") in the aggregate principal amount of $15,000,000 consisting of (i) $5,000,000 of New Money DIP Commitments made available to the DIP Borrowers to draw upon entry of the Interim Order in accordance with the Approved DIP Budget, Interim Order and DIP Loan Documents; and (ii) a roll up of the Prepetition Secured Obligations as of the Petition Date in the amount of $3.00 of Prepetition Secured Obligations for every $1.00 of the New Money DIP Loans funded with such Rolled-Up Loans not to exceed $10,000,000 in the aggregate, in each case with such Roll-Up Loans automatically deemed funded, exchanged and converted on a cashless basis into and immediately constituting legal, valid, binding and non-avoidable DIP Obligations upon each funding of New Money DIP Loans in accordance with the terms hereof, with a corresponding dollar-for-dollar reduction in the remaining Prepetition Secured Obligations (with such reduction being without prepayment premium);

c. authorizing the Debtors to (i) execute, deliver, and perform under the DIP Term Sheet and all other DIP Documents; (ii) incur all loans, advances, extensions of credit, financial accommodations, indemnification and reimbursement obligations and other obligations, and pay all principal, interest, premiums, fees, costs, expenses, charges and all other amounts payable under the DIP Documents, including without limitation, all DIP Obligations; and (iii) perform such other and

further acts as may be necessary or desirable in connection with the Interim Order, the DIP Documents, and the transactions contemplated thereby;

d. granting to the DIP Agent, for the benefit of the DIP Secured Parties, and authorizing the Debtors to incur, the DIP Liens (as defined in the Interim Order) on all DIP Collateral (as defined in the Interim Order), subject to the Carve-Out, and the Permitted Prior Liens (each as defined below) and the relative priorities set forth in the Interim Order;

e. granting to the DIP Agent, for the benefit of the DIP Secured Parties, and authorizing the Debtors to incur, allowed superpriority administrative expense claims against the Debtors in respect of all DIP Obligations in accordance with and subject to the Carve-Out and the terms of the Interim Order;

f. authorizing the Debtors to use the proceeds of the DIP Facility and the DIP Collateral, including Cash Collateral, solely in accordance with the terms and conditions set forth in the Interim Order and the DIP Documents, including the Approved DIP Budget, subject to any variances expressly permitted in the Interim Order and under the DIP Documents

g. authorizing the Debtors to grant the Prepetition Secured Parties, solely to the extent of any use of, or diminution in the value of, the Prepetition Collateral adequate protection in the form of (a) Adequate Protection Liens (as defined in the Interim Order), subordinate only to the Carve Out, the DIP Liens, and the Permitted Prior Liens; (b) Adequate Protection Claims (as defined in the Interim Order); (c) the payment of the reasonable and documented out-of-pocket fees and expenses (including advisor fees) of the agent and the lenders under the Prepetition Credit Agreement; and (d) other customary adequate protection as set forth in this Motion and the Interim Order;

h. modifying or vacating the automatic stay imposed by sections 105(a) and 362 of the Bankruptcy Code or otherwise, to the extent necessary, required or desirable to implement and effectuate the terms and provisions of the Interim Order and the DIP Documents, as set forth herein, waiving any applicable stay (including under Bankruptcy Rule 6004) with respect to the effectiveness and enforceability of the Interim Order, providing for the immediate effectiveness of the Interim Order, and granting related relief;

i. subject to and effective upon entry of the Final Order, approving the Debtors' waiver of the right to surcharge the DIP Collateral pursuant to Section 506(c) of the Bankruptcy Code or otherwise;

j. subject to and effective upon entry of the Final Order, approving the Debtors' waiver of the equitable doctrine of "marshaling" and other similar doctrines with respect to the DIP Collateral; and

k. scheduling a final hearing (the "Final Hearing") on the Motion to consider entry of the Final Order authorizing the relief requested in the Motion on a final basis,

which order shall be in form and substance and on terms and conditions acceptable in all respects to the DIP Lenders.

## JURISDICTION AND VENUE

11. This Court has jurisdiction to consider this Motion under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012. This is a core proceeding under 28 U.S.C. § 157(b), and pursuant to Rule 9013-1(f) of the Local Rules, the Debtors confirm their consent to the entry of a final order or judgment by the Court with respect to this Motion to the extent it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

12. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

13. The statutory and legal predicates for the relief requested herein are sections 105, 361, 362, 363, 364, and 507 of title 11 of the Bankruptcy Code; Bankruptcy Rules 2002, 4001, 6003, 6004, and 9014; and Rules 2002-1, 4001-1, 4001-2, and 9013-1 of the Local Rules.

## CONCISE STATEMENT PURSUANT TO BANKRUPTCY RULE 4001

14. In accordance with Bankruptcy Rules 4001(b), (c) and (d), and Local Rule 4001-2, below is a concise statement and summary[3] of the material terms of the proposed DIP Facility and use of Cash Collateral:

| Summary Of Material Terms | |
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| **Parties to the DIP Facility** | **Borrowers**: Simply Interior Homes AcquisitionCo, LLC (f/k/a Soft Goods, LLC), Simply Interior Homes, LLC (f/k/a Soft Goods Operating, LLC); Sih Beckham Buyer LLC; SIH-BB Holdings LLC; SIH-DMD Holdings, LLC; SIH-HSD Holdings, LLC; and SIH-SR Holdings, LLC |

[3] The summaries and descriptions of the terms and conditions of the DIP Facility and the provisions of the DIP Orders set forth in this Motion are intended solely for informational purposes to provide the Court and parties-in-interest with an overview of the significant terms thereof. The summaries and descriptions are qualified in their entirety by the DIP Credit Agreement and proposed DIP Orders. In the event there is any conflict between this Motion and the DIP Orders, the applicable DIP Order will control in all respects. In addition, in the event there is any conflict between the summaries in this Motion and the DIP Credit Agreement, the DIP Credit Agreement will control in all respects.

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| *Fed. R. Bankr. P. 4001(c)(1)(B)* | **DIP Agent**: Great Rock Capital Partners Management, LLC<br>**DIP Lenders**: GRC SPV Investments, LLC and Wingspire Capital LLC<br>*See* Interim Order *preamble*; DIP Term Sheet p. 1. |
| **Purpose**<br>*Fed. R. Bankr. P. 4001(c)(1)(B)*<br>*Local Rule 4001-2(a)(i)* | The Debtors have an immediate need to obtain the DIP Facility and to use Cash Collateral, solely to the extent consistent with the Approved DIP Budget (subject to permitted variances as set forth in the Interim Order and the DIP Documents) to, among other things: (a) permit the orderly continuation of their businesses; (b) pursue a value maximizing sale transaction while liquidating certain assets concurrently; and (c) pay the costs of administration of their estates and satisfy other working capital and general corporate purposes of the Debtors.<br>The ability of the Debtors to obtain sufficient working capital and liquidity through the incurrence of the new indebtedness for borrowed money and other financial accommodations is vital to the preservation and maintenance of the Debtors' going concern value and successful value maximizing transaction.<br>The Debtors will not have sufficient sources of working capital and financing to operate their businesses in the ordinary course of businesses throughout these Chapter 11 Cases without access to the DIP Facility and authorized use of Cash Collateral.<br>*See* Interim Order ¶ J. |
| **Borrowing Limits**<br>*Fed. R. Bankr. P. 4001(c)(1)(B); Local Rule 4001-2(a)(i)(A)* | A postpetition superpriority senior secured, asset-based debtor-in-possession financing and other financial accommodations in the aggregate principal amount of $15,000,000 (the "DIP Facility") consisting of (a) $5,000,000 of revolving new money credit commitments (the "New Money DIP Commitments" and the loans extended thereunder, the "New Money DIP Loans") made available to the DIP Borrowers to draw upon entry of the Interim Order in accordance with the Approved DIP Budget, Interim Order and DIP Loan Documents (which provide that New Money DIP Commitments in excess of the New Money DIP Loans budgeted to be funded under the Initial DIP Budget (approximately $3.6 million) shall be funded in the DIP Lenders' discretion); and (b) a roll up of the "Obligations" outstanding under (and as defined in) the Prepetition; and (b) a roll up of the "Obligations" outstanding under (and as defined in) the Prepetition Credit Agreement (the "Prepetition Secured Obligations") as of the Petition Date in the amount of $3.00 of Prepetition Secured Obligations (as defined below) for every $1.00 of the New Money DIP Loans funded with such rolled up loans not to exceed $10,000,000 in the aggregate (the "Roll-Up Loans" and together with the New Money DIP Loans, the "DIP Loans", and the DIP Loans together with all other fees, premiums, expenses and charges arising under the DIP Loan Documents, the "DIP Obligations"), in each case with such Roll-Up Loans automatically deemed funded, exchanged and converted on a cashless basis into and immediately constituting legal, valid, binding and non-avoidable DIP Obligations upon each funding of New Money DIP Loans in accordance with the terms hereof, with a corresponding dollar-for-dollar reduction in the remaining Prepetition Secured Obligations (with such reduction being without prepayment premium). For avoidance of doubt, the Prepetition Secured Obligations shall only be converted into Roll-Up Loans for the first $3,333,333 of New Money DIP Loans funded and any further reborrowing of New Money DIP Loans shall not result in the roll up of any additional Prepetition Secured Obligations.<br>*See* Interim Order *preamble*; DIP Term Sheet p. 1-2. |
| **Approved DIP Budget** | A copy of the Approved DIP Budget is attached as Exhibit 1 to the Interim Order. |

| Summary Of Material Terms | |
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| *Fed. R. Bankr. P.; 4001(c)(1)(B); Local; Rule 4001-2(a)(iii)* | |
| **Interest Rates**<br>*Fed. R. Bankr. P. 4001(c)(1)(B)* | A percentage per annum equal to (i) the Adjusted Term SOFR Rate plus (ii) 7.50% paid in cash on the last business day of each month.<br>*See* DIP Term Sheet Annex I. |
| **Fees**<br>*Fed. R. Bankr. P. 4001(c)(1); Local Rule 4001-2(a)(i)(B)* | An Unused Line Fee equal to 0.75% on New Money DIP Commitments up to the amount permitted to be drawn under the Approved DIP Budget and paid in cash on the last business day of each month; provided, that, if the DIP Lenders fund New Money DIP Loans in excess of the amount permitted under the initial Approved DIP Budget then the unused line fee shall be retroactively assessed on such excess amount<br>A Collateral Monitoring Fee of $5,000/month and paid in cash on the last business day of each month<br>A Closing Fee 2.00% paid-in-kind on New Money DIP Commitments earned and payable upon the Closing Date.<br>*See* DIP Term Sheet Annex I. |
| **Maturity Date**<br>*Fed. R. Bankr. P. 4001(c)(1)(B); Local Rule 4001-2(a)(i)* | The DIP Facility (and the New Money DIP Commitments thereunder) shall terminate upon the earliest to occur of (i) September 30, 2026 (the "Scheduled Maturity Date"), (ii) the date of acceleration or termination of the DIP Facility in accordance with the terms of this DIP Term Sheet and the DIP Orders, (iii) the effective date of any Plan (as defined below); (iv) the entry of an order for the conversion of the Debtors' bankruptcy cases to cases under Chapter 7 of the Bankruptcy Code; (v) the entry of an order for the dismissal of the Debtors' bankruptcy cases; or (vi) at the election of the DIP Lender, the date on which any Event of Default is continuing (the "Maturity Date").<br>*See* DIP Term Sheet p. 2. |
| **Debtors' Stipulations**<br>*Fed. R. Bankr. P. 4001(c)(1)(B)(iii)* | Pursuant to the Interim Order, the Debtors, for themselves and their estates, and all representatives of such estates, make the stipulations set forth in paragraphs C through H of the Interim Order. |
| **Priority of Claims and Liens; Collateral**<br>*Fed. R. Bankr. P. 4001(c)(1)(B)(i)*<br>**Liens on Unencumbered Assets**<br>*Local Rule 4001-2(a)(i)(G)* | **DIP Liens.**<br>As security for the DIP Obligations, effective immediately upon the date of the Interim Order and closing of the DIP Facility, as set forth more fully in the Interim Order, the DIP Agent, for the benefit of the DIP Secured Parties, is hereby granted (without the necessity of the execution by the DIP Loan Parties or the filing or recordation of mortgages, security agreements, lockbox or control agreements, financing statements, or any other instruments or otherwise by the DIP Agent or the DIP Lenders) valid, binding, enforceable, non avoidable, and automatically and properly perfected liens and security interests (collectively, the "DIP Liens") in the property and interests identified in clauses (i) and (ii) below (collectively, the "DIP Collateral"), as collateral security for the prompt and complete performance and payment when due (whether at the stated maturity, by acceleration or otherwise) of all DIP Obligations:<br>**(1) Liens on Encumbered Property.** Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, enforceable, fully-perfected first-priority security interest in and lien upon (x) all of the DIP Loan Parties' right, title, and interest in, to, and under all tangible and intangible pre- and postpetition property of the Debtors, including |

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| | commercial tort claims, whether existing on the Petition Date or thereafter acquired that, on or as of the Petition Date, was not subject to valid, perfected and non-avoidable liens, and (y) subject to and upon entry of the Final Order granting such relief, Avoidance Actions Proceeds (as defined below), subject and subordinate only to the Carve-Out; provided, that, subject to and upon entry of the Final Order granting such relief, the DIP Collateral shall include the proceeds of Claims and Causes of Action under chapter 5 of the Bankruptcy Code, whether pursuant to federal law or applicable state law, of the DIP Loan Party or its estates and avoidance actions proceeds (collectively, the "Avoidance Actions Proceeds") (all of the foregoing property, collectively, the "Unencumbered Property");<br><br>(2) **Priming DIP Liens**. Pursuant to section 364(d)(1) of the Bankruptcy Code, and subject and subordinate only to the Permitted Prior Liens (solely to the extent such liens are expressly permitted to be senior to the respective DIP Liens under the DIP Loan Documents) and the Carve-Out, a valid, perfected, first priority, senior priming lien upon (x) all of the DIP Loan Parties' right, title, and interest in, to, and under any tangible and intangible, real and personal prepetition and postpetition property of the DIP Loan Parties, other than the Unencumbered Property, whether existing on the Petition Date or thereafter acquired, and wherever located, and the proceeds, products, rents, and profits of the foregoing, whether arising under section 552(b) of the Bankruptcy Code or otherwise, and (y) subject to and upon entry of the Final Order granting such relief, the DIP Collateral shall include the proceeds of Avoidance Actions Proceeds; and<br><br>(3) **DIP Liens Junior to Certain Other Liens**. Subject only to the Carve-Out, pursuant to section 364(c)(3) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully- perfected junior security interest in and lien upon all tangible and intangible pre- and postpetition property of the Debtors subject to Permitted Prior Liens on the Petition Date or subject to a Permitted Prior Liens in existence on the Petition Date that is perfected subsequent thereto pursuant to the Bankruptcy Code;<br><br>For the avoidance of doubt, the term "DIP Collateral" shall include all assets and properties of the DIP Loan Parties of any kind or nature whatsoever, whether tangible or intangible, real, personal or mixed, whether now owned by or owing to, or hereafter acquired by, or arising in favor of, the DIP Loan Parties, whether prior to or after the Petition Date, whether owned by or to, or leased from or to, the DIP Loan Parties, and wherever located, including, without limitation, the DIP Loan Parties' rights, title and interests in (i) all Prepetition Collateral, (ii) all "DIP Collateral" as defined in the DIP Loan Documents, and (iii) all proceeds, products, offspring, and profits of each of the foregoing and all accessions to, substitutions, and replacements for, each of the foregoing, including any and all proceeds of any insurance, indemnity, warranty, or guaranty payable to the DIP Loan Parties from time to time with respect to any of the foregoing.<br><br>Except as set forth in paragraph 6(a) of the Interim Order, the DIP Liens (i) shall not be made subject to or pari passu with (A) any lien or security interest heretofore or hereinafter granted in the Cases or any Successor Cases, and shall be valid and enforceable against the DIP Loan Parties, their estates, any trustee, or any other estate representative appointed or elected in the Cases or any Successor Cases and/or upon the dismissal of the Cases or any Successor Cases, (B) any lien that is avoided and preserved for the benefit of the DIP Loan Parties and their estates under section 551 of the Bankruptcy Code or otherwise, or (C) any intercompany or affiliate lien, and |

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| | (ii) shall not be subject to sections 506(c) (subject to and pending entry of the Final Order granting such relief), 510, 549, 550, or 551 of the Bankruptcy Code.<br><br>Subject to entry of a Final Order granting such relief, any provision of any lease, loan document, easement, use agreement, proffer, covenant, license, contract, organizational document, or other instrument or agreement that requires the consent, or the payment of any fees or obligations to, any governmental entity or non-governmental entity in order for the DIP Loan Party to pledge, grant, mortgage, sell, assign, or otherwise transfer any fee or leasehold interest in any property or the proceeds thereof, is and shall hereby be deemed to be inconsistent with the provisions of the Bankruptcy Code, and shall have no force or effect with respect to the DIP Liens or Adequate Protection Liens on such leasehold interests or other applicable DIP Collateral or the proceeds of any assignment and/or sale thereof by the DIP Loan Party, in favor of the DIP Secured Parties or the Prepetition Secured Parties in accordance with the terms of the DIP Loan Documents and the Interim Order.<br><br>**DIP Superpriority Claims**. Effective immediately upon entry of the Interim Order, the DIP Agent (on behalf of the DIP Secured Parties) is hereby granted, pursuant to section 364(c)(1) and 364(e) of the Bankruptcy Code, an allowed superpriority administrative expense claim in the DIP Loan Parties' Cases and any Successor Cases thereof on account of the DIP Obligations, with priority over (except for the Carve-Out) the Adequate Protection Claims, any and all administrative expenses of the kind that are specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 364(c)(1), 365, 503(a), 503(b), 506(c) (subject to entry of the Final Order granting such relief), 507(a), 507(b), 546(c), 1113, 1114, or any other provisions of the Bankruptcy Code and any other claims against the DIP Loan Parties (the "DIP Superpriority Claims"). The DIP Superpriority Claims shall, for purposes of section 1129(a)(9)(A) of the Bankruptcy Code, be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code. The DIP Superpriority Claims shall have recourse against the DIP Loan Parties.<br><br>*See* Interim Order ¶ 6. |
| **Roll-Up**<br><br>*Local Rule 4001-2(a)(i)(O)* | **DIP Roll-Up Amounts**. (a) Upon entry of the Interim Order, the Prepetition Secured Indebtedness in an aggregate amount of the Interim Roll-Up and (b) subject to entry of the Final Order, the Prepetition Secured Indebtedness in an aggregate amount of $3.00 of Prepetition Secured Obligations for every $1.00 of New Money DIP Loans funded with such rolled up loans not to exceed $10,000,000 in the aggregate. The Roll-Up Loans shall be automatically deemed funded, exchanged and converted on a cashless basis into and immediately constituting legal, valid, binding and non-avoidable DIP Obligations upon each funding of New Money DIP Loans in accordance with the terms hereof, with a corresponding dollar-for-dollar reduction in the remaining Prepetition Secured Obligations (with such reduction being without prepayment premium). For avoidance of doubt, the Prepetition Secured Obligations shall only be converted into Roll-Up Loans for the first $3,333,333 of New Money DIP Loans funded and any further reborrowing of New Money DIP Loans shall not result in the roll up of any additional Prepetition Secured Obligations.<br><br>Any New Money DIP Loans repaid or prepaid may be reborrowed subject to the terms and conditions herein and in the DIP Loan Documents. Voluntary and mandatory prepayments of DIP Loans shall be applied first to the New Money DIP Loans until paid in full and second to the Roll-Up Loans until paid in full, in each case on a pro rata basis within the applicable class of DIP Loans. Upon repayment in full of all DIP Obligations, the proceeds of any DIP Collateral shall be applied to the Prepetition |

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| | Secured Obligations remaining after giving effect to the reduction on account of the Roll-Up Loans.<br><br>The proceeds of the DIP Facility shall be used to, among other things, provide working capital for the DIP Borrowers during the DIP Borrowers' Chapter 11 Cases subject, in each case, to the terms and conditions of the DIP Orders and the DIP Loan Documents, including the then applicable Approved DIP Budget (as defined below).<br><br>*See* DIP Term Sheet p. 2; Interim Order ¶ 6(f). |
| **Provisions that Limit the Challenge Period**<br><br>*Local Rule 4001-2(a)(i)(Q)* | **Reservation of Certain Third-Party Rights and Bar of Challenge and Claims**. Subject to this paragraph 23, the Debtors' admissions and releases contained in paragraphs C, D, E, F, G and H of the Interim Order (i) shall be binding upon the Debtors for all purposes and (ii) shall be binding upon all other parties in interest, including any Committee and any chapter 7 trustee, for all purposes unless (1) a party with requisite standing (subject in all respects to any party in interest's right to raise an argument that any agreement or applicable law may limit or affect such party's right or ability to do so) has timely and properly filed an adversary proceeding or contested matter by the date that is no later than seventy-five (75) calendar days from the date that the Interim Order is entered asserting a Challenge (as defined herein) (the "Challenge Deadline"), (x) challenging the amount, validity, perfection, enforceability, priority or extent of the Prepetition Secured Obligations, the Prepetition Liens, or (y) otherwise asserting or prosecuting any action for preference, fraudulent transfers or conveyances, other avoidance power claims or any other claims, counterclaims or causes of action, objections, contests and defenses against the Prepetition Secured Parties on behalf of the Debtors' estates (each, a "Challenge," and collectively, "Challenges"). If no such Challenge is properly filed as of such dates or the plaintiff's claims are dismissed or denied by final and unappealable order in any such proceeding or matter, then: (a) the Debtors' admissions and releases contained in paragraphs C, D, E, F, G and H of the Interim Order shall be binding on all parties in interest, including any Committee; (b) the obligations of the Debtors under the Prepetition Loan Documents shall constitute allowed claims for all purposes in the Cases or any Successor Cases; (c) the Prepetition Secured Parties' security interests in and liens upon the Prepetition Collateral and the Collateral shall be deemed to have been, as of the Petition Date a legal, valid, binding, perfected, first priority security interests and liens, subject only to Permitted Prior Liens, and not subject to recharacterization, subordination or otherwise avoidable; and (d) the Prepetition Secured Obligations and the Prepetition Liens on the Prepetition Collateral and the Collateral shall not be subject to any other or further challenge by the Committee or any other party in interest seeking to exercise the rights of the Debtors' estates, including, without limitation, any successor thereto. If any such adversary proceeding or contested matter is properly filed as of such dates, the Debtors' admissions and releases contained in paragraphs C, D, E, F, G and H of the Interim Order shall nonetheless remain binding and preclusive (as provided in the second sentence of this paragraph) except to the extent that such admissions and releases were expressly challenged in such adversary proceeding or contested matter; provided, that the timely filing of a motion seeking standing to file a Challenge before the expiration of the Challenge Period, which attaches a draft complaint setting forth the legal and factual bases of the proposed Challenge, shall toll the Challenge Period only as to the party that timely filed such standing motion (and only as to such claims asserted in the draft complaint) until such motion is resolved or adjudicated by the Court. If a chapter 7 trustee or a chapter 11 trustee is appointed or elected during the Challenge Period, then the Challenge Period Termination Date with respect to such trustee only, shall be the |

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| | later of (i) the last day of the Challenge Period and (ii) the date that is twenty (20) calendar days after the date on which such trustee is appointed or elected. Nothing contained in the Interim Order shall be deemed to grant standing to any Committee or any other party to commence any such adversary proceeding or contested matter.<br><br>*See* Interim Order ¶ 23. |
| **Proposed Adequate Protection**<br><br>*Bankruptcy Rule 400l(b)(1)(B)(iv); Local Rule 4001-2(a)(ii)* | **Adequate Protection for the Prepetition Secured Parties**. In addition to all the existing security interests and liens granted to or for the benefit of the Prepetition Secured Parties in and with respect to their respective Prepetition Collateral, including the Cash Collateral, as adequate protection for, and to secure payment of an amount equal to, the Collateral Diminution (as defined herein), and as an inducement to the Prepetition Secured Parties to permit the Debtors' use of the Cash Collateral as provided for in the Interim Order, the Debtors hereby grant the following adequate protection to the extent of any Collateral Diminution:<br><br>Adequate Protection Liens. Pursuant to sections 361(2) and 363(c)(2) of the Bankruptcy Code, and subject in all cases to the Carve-Out (as defined herein), effective as of the Petition Date and in each case perfected without the necessity of the execution by the Debtors (or recordation or other filing) of security agreements, control agreements, pledge agreements, financing statements, mortgages or other similar documents, or by possession or control, the Prepetition Agent is hereby granted, for the benefit of the Prepetition Secured Parties, to secure payment of an amount equal to the Collateral Diminution, a valid, binding, continuing, enforceable, fully-perfected first priority senior (except as otherwise provided in this paragraph 8(a) below with respect to the Permitted Prior Liens) security interest in and lien on (all such liens and security interests, the "Adequate Protection Liens") the DIP Collateral including all Unencumbered Property upon the date of the Interim Order and, upon entry of a Final Order, including the Avoidance Actions Proceeds, in each case subject and subordinate only to (i) the DIP Liens and any liens to which the DIP Liens are junior, including the Permitted Prior Liens, if any, and (ii) the Carve-Out.<br><br>Adequate Protection Claims. Effective as of the Petition Date, the Prepetition Secured Parties are hereby granted, subject to the DIP Superpriority Claims and the Carve-Out, an allowed superpriority administrative expense claim in each of the Cases and any Successor Cases as provided for in section 507(b) of the Bankruptcy Code in the amount of the Adequate Protection Claim with, except as set forth in the Interim Order, priority in payment over any and all administrative expenses of the kind specified or ordered pursuant to any provision of the Bankruptcy Code (other than the DIP Superpriority Claims) (the "Adequate Protection Claims"), which Adequate Protection 507(b) Claim shall be payable from all of the DIP Collateral (including Unencumbered Property) in accordance with the priorities set forth herein, including, upon entry of a Final Order, the Avoidance Actions Proceeds. Except to the extent expressly set forth in the Interim Order or the DIP Loan Documents, the Prepetition Secured Parties shall not receive or retain any payments, property or other amounts in respect of the Adequate Protection Claims unless and until the DIP Obligations (other than contingent indemnification obligations as to which no claim has been asserted) and any claims having a priority superior to or pari passu with the DIP Superpriority Claims, including claims that benefit from the Carve-Out, have been paid in full and all New Money DIP Commitments have been terminated.<br><br>Adequate Protection Payments. Subject to the Carve-Out, as further adequate protection, the Debtors are authorized and directed to pay, in accordance with the terms of paragraph 29 of the Interim Order, all reasonable and documented out-of-pocket fees and expenses of the Prepetition Secured Parties (the "Adequate Protection Fees"), whether incurred before or after the Petition Date, including all reasonable and |

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| | documented out-of-pocket fees and expenses of the Prepetition Secured Parties and for the counsel and other professionals retained as provided for in the Prepetition Loan Documents and the Interim Order; provided, that, immediately upon entry of the Interim Order, the Debtors are authorized and directed to pay all such Adequate Protection Fees incurred prior to and through the Petition Date that remain outstanding upon entry of the Interim Order to the Prepetition Secured Parties, as applicable ("Adequate Protection Payments"). None of the Adequate Protection Fees shall be subject to separate approval by the Court, and no recipient of any such payment shall be required to file any interim or final fee application with respect thereto or otherwise seek the Court's approval of any such payments.<br><br>Other Covenants. The Debtors shall maintain their cash management arrangements in a manner consistent with this Court's interim or final order, as applicable, approving the *Debtors' Motion for Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate the Cash Management System, (B) Honor Certain Prepetition Obligations Related thereto, (C) Continue Intercompany Transactions, and (D) Maintain Existing Business Forms; (II) Authorizing the Debtors' Banks to Honor All Related Payment Requests; and (Iii) Granting Related Relief.*<br><br>*See* Interim Order ¶¶ 8(a)-(d). |
| **Releases**<br><br>*Local Rule 4001-2(a)(ii)* | Subject only to the rights of parties in interest specifically set forth in paragraph 25 of the Interim Order (and subject to the limitations thereon contained in such paragraph), the Debtors hereby forever waive and release any and all Claims (as defined in section 101(5) of the Bankruptcy Code), counterclaims, causes of action, defenses or setoff rights against each of the Prepetition Secured Parties (solely in their capacities as such) arising prior to the date of the entry of the Interim Order, whether arising at law or in equity, including any recharacterization, subordination, avoidance or other claim arising under or pursuant to section 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state or federal law. Subject to paragraph 25 of the Interim Order, (and subject to the limitations thereon contained in such paragraph), the foregoing release shall be binding on the Debtors' estates, the Committee, if any, all parties in interest, and any successor-in-interest to any Debtor or the Debtors' estates, including, but not limited to any chapter 7 or chapter 11 trustee or examiner.<br><br>*See* Interim Order ¶ H. |
| **506(c) Waiver**<br><br>*Local Rule 4001-2(a)(i)(V)* | Subject to entry of the Final Order, all rights to surcharge the interests of the Prepetition Secured Parties in any Prepetition Collateral or Collateral under section 506(c) of the Bankruptcy Code or any other applicable principle of equity or law shall be and are hereby finally and irrevocably waived, and such waiver shall be binding upon the Debtors and all parties in interest in the Cases.<br><br>*See* Interim Order ¶ 17. |
| **552(b)**<br><br>*Local Rule 4001-2(a)(i)(W)* | Section 552(b) of the Bankruptcy Code. Subject to entry of the Final Order, the Prepetition Secured Notes Agent, the DIP Agent, and the Secured Parties shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code and the "equities of the case" exception under section 552(b) of the Bankruptcy Code shall not apply to the Administrative Agents and the Secured Parties with respect to proceeds, products, offspring or profits of any of the Prepetition Collateral, the Collateral or the DIP Collateral.<br><br>*See* Interim Order ¶ 27. |
| **Marshalling** | Subject to entry of the Final Order, neither of the Prepetition Secured Notes Agent or the DIP Agent nor the Secured Parties shall be subject to the equitable doctrine of |

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| *Local Rule 4001-2(a)(i)(X)* | "marshaling" or any other similar doctrine with respect to any of the Prepetition Collateral, the Collateral or the DIP Collateral except as expressly provided herein, as applicable.<br><br>*See* Interim Order ¶ 28. |
| **Cross-Collateralization**<br><br>*Local Rule 4001-2(a)(i)(N)* | *See* "Priority of Claims and Liens; Collateral" above. |
| **Indemnification**<br><br>*Fed. R. Bankr. P. 4001(c)(1)(B)(ix)* | The DIP Borrowers indemnify the DIP Lender, their respective affiliates, successors and assigns and the officers, directors, employees, agents, advisors, controlling persons and members of each of the foregoing (each, an "Indemnified Person") and hold them harmless from and against all costs, expenses (including reasonable and documented fees, disbursements and other charges of outside counsel) and liabilities of such Indemnified Person arising out of or relating to any claim or any litigation or other proceeding (regardless of whether such Indemnified Person is a party thereto and regardless of whether such matter is initiated by a third party or by the Borrower or any of its affiliates) that relates to the DIP Facility, the transactions contemplated thereby or in connection therewith; provided, that, no Indemnified Person will be indemnified for any cost, expense or liability to the extent determined in a final, non-appealable order resulting solely from its gross negligence or willful misconduct. For the avoidance of doubt, no fees or expenses for work done on the ordinary course negotiation or seeking and obtaining approval of the DIP Facility shall be payable to the DIP Lender under the DIP Order.<br><br>*See* DIP Term Sheet p. 13. |
| **Events of Default**<br><br>*Fed. R. Bankr. P. 4001(c)(1)(B); Local Rule 4001-2(a)(i)(M)* | **DIP Termination Events.** The Events of Default under the DIP Loan Documents shall include, without limitation, the following, and subject to, and based on the terms and conditions of, the Financing Orders, as applicable:<br><br>1. failure to pay principal or interest when due;<br><br>2. any material breach or failure by any Debtor to comply with the material terms of the Interim Order or the Final DIP Order, as applicable;<br><br>3. inaccuracy of representations or warranties in any material respect when made or breach of covenants, with such Event of Default occurring upon the delivery of written notice from the DIP Lender of such Event of Default (which Event of Default, if capable of being cured, may be cured by the DIP Loan Parties during the "Remedies Notice Period" as provided in the Interim Order); provided, that, upon receipt of a notice of an Event of Default from the DIP Agent under this Section 2, the DIP Loan Parties shall have a one-time option to cure such breach during the five (5) calendar days following the receipt of notice before the default ripens into an Event of Default (the "One Time Cure Period"), and such One Time Cure Period shall be exercised once by delivery of written election to the DIP Agent;<br><br>4. actual (or asserted in writing by either Borrower) invalidity or impairment of any DIP Documentation or the liens or guarantees thereunder;<br><br>5. judgment defaults, which have or would be reasonably likely to have a Material Adverse Effect;<br><br>6. change of control; |

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| | 7. failure to achieve any Milestone (unless extended or waived in accordance with the terms hereof) by the dates specified;<br>8. customary bankruptcy events, subject, where applicable, in the case of each of the foregoing events of default, to qualifications and limitations for materiality to be provided in the DIP Documentation;<br>9. any seizure, expropriation or nationalization by or on behalf of any governmental, regulatory or other authority of the whole or the greater part of the assets of the Borrower, which has or would be reasonably likely to have a Material Adverse Effect;<br>10. any breach or failure to comply with the Milestones;<br>11. unless otherwise approved by the DIP Lenders, the bringing of a motion, taking of any action or the filing of a Chapter 11 Plan or disclosure statement attendant thereto by any of the DIP Loan Parties in the Chapter 11 Cases: (A) to obtain additional financing under Section 364(c) or Section 364(d) of the Bankruptcy Code not otherwise permitted pursuant to this DIP Term Sheet; (B) to grant any Lien upon DIP Collateral; or (C) except as provided in the Interim Order or Final DIP Order, as the case may be, to use cash collateral of the DIP Lenders or the Prepetition Agent and the Prepetition Lenders under Section 363(c) of the Bankruptcy Code without the prior written consent of the DIP Lenders;<br>12. (A) the filing of a chapter 11 Plan or disclosure statement attendant thereto, or any direct or indirect amendment to such chapter 11 Plan or disclosure statement, by a DIP Loan Party that, without the prior written consent of the DIP Lenders, does not propose to repay in full in cash the DIP Obligations and the Prepetition Secured Obligations then owing under the Prepetition Loan Documents or any of the DIP Loan Parties shall seek, support or fail to contest in good faith the filing or confirmation of any such chapter 11 Plan or entry of any such order, (B) the entry of any order terminating any Borrowers' exclusive right to file a chapter 11 Plan, or (C) the expiration of any DIP Loan Party's exclusive right to file a chapter 11 Plan;<br>13. the allowance of any claim or claims under Section 506(c) of the Bankruptcy Code or otherwise against the DIP Lenders, any Prepetition Lender or any of the DIP Collateral or against the Prepetition Agent, any Prepetition Lender or any Collateral (as defined in the Prepetition Credit Agreement);<br>14. (A) the appointment of an interim or permanent trustee in the Chapter 11 Cases or the appointment of a trustee receiver or an examiner in the chapter 11 Cases with expanded powers to operate or manage the financial affairs, the business, or liquidation of the Debtors; or (B) solely with respect to DIP Collateral, the sale without the DIP Lenders' consent of all or substantially all of the Debtors' assets either through a sale under Section 363 of the Bankruptcy Code, through a confirmed chapter 11 Plan or otherwise that does not result in payment in full in cash of all of the DIP Obligations and all Prepetition Secured Obligations then owing under the Prepetition Loan Documents at the closing of such sale or initial payment of the purchase price or effectiveness of such chapter 11 plan, as applicable;<br>15. the dismissal of any Chapter 11 Case or conversion to a case under Chapter 7 of the Bankruptcy Code or any DIP Loan Party shall file a motion or other pleading or support a motion or other pleading filed by any other Person seeking the dismissal or conversion of any of the Chapter 11 Cases under |

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| | Section 1112 of the Bankruptcy Code or otherwise, in each case, without the consent of the DIP Lenders;<br>16. any Loan Party shall file a motion (without consent of the DIP Lenders) seeking, or the Bankruptcy Court shall enter an order granting, relief from or modifying the automatic stay (A) to allow any creditor (other than the DIP Agent) to execute upon or enforce a lien on any DIP Collateral with a fair market value (as reasonably determined by the Debtors) in excess of $[100,000] or (B) approving any settlement or other stipulation not approved by the DIP Lenders with any secured creditor of any DIP Loan Party providing for payments as adequate protection or otherwise to such secured creditor, which involves payments of $[100,000] or more;<br>17. the entry of an order in the Chapter 11 Cases avoiding or permitting recovery of any portion of the payments made on account of the DIP Obligations or the Prepetition Secured Obligations owing under the Prepetition Loan Documents;<br>18. entry of any order of the Bankruptcy Court authorizing any claims or charges, other than DIP Obligations, entitled to superpriority administrative expense claim status in any Chapter 11 Case pursuant to Section 364(c)(1) of the Bankruptcy Code pari passu with or senior to the claims of the DIP Agent and the Lenders under this Agreement and the other DIP Loan Documents or the Prepetition Agent and the Prepetition Lenders under the Prepetition Credit Agreement and the other Prepetition Loan Documents, or there shall arise or be granted by the Bankruptcy Court (x) any claim having priority over any or all administrative expenses of the kind specified in clause (b) of Section 503 or clause (b) of Section 507 of the Bankruptcy Code or (y) any lien on the DIP Collateral having a priority senior to or pari passu with the liens and security interests granted in the DIP Order or DIP Loan Documents or the Prepetition Loan Documents, except, in each case, as provided in the Loan Documents or in the DIP Orders then in effect;<br>19. the DIP Order shall cease to create a valid and perfected lien on any material portion of the DIP Collateral or to be in full force and effect, shall have been reversed, stayed, vacated, or subject to stay pending appeal, without prior written consent of the DIP Lenders;<br>20. if, unless otherwise approved by the DIP Lenders, an order of the Bankruptcy Court shall be entered providing for a change in venue with respect to the Chapter 11 Cases and such order shall not be reversed or vacated within ten (10) days;<br>21. failure of the DIP Borrowers to use the proceeds of the New Money DIP Loans as set forth in and in compliance with the Approved DIP Budget (subject to permitted variances), this DIP Term Sheet and the DIP Orders;<br>22. entry by the Bankruptcy Court of an order authorizing Live Comfortably LLC (or any affiliate thereof) ("***Live Comfortably***") to terminate that certain Transition Services Agreement, dated as of February 21, 2025 (the "***TSA***"), by and between Live Comfortably LLC and debtor Soft Goods, LLC, or otherwise terminate the TSA; or<br>23. entry by the Bankruptcy Court of an order modifying the automatic stay or otherwise permitting the licensor or sub-licensor (including, for the avoidance of doubt, Live Comfortably in respect of any license or other rights with respect to the use of intellectual property pursuant to the TSA (as defined |

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| | below) or otherwise) under any material intellectual property license or sub-license held by a Debtor, as licensee or sub-licensee, to terminate such license.<br><br>*See* DIP Term Sheet p. 9-12. |
| **Milestones**<br><br>*Fed. R. Bankr. P. 4001(c)(1)(B)(vi)*; *Local Rule 4001-2(i)(a)(H)* | Usual and customary for facilities of this type and to be mutually agreed consistent with the contemplated time frame for the chapter 11 cases generally, including the following (collectively, the "Milestones", each of which may be extended with the prior written consent of the DIP Lenders which may be provided by email of the DIP Agent Counsel) in respect of a dual track liquidation and going concern sale process:<br><br>1. **Entry of Interim Order**. No later than June [10], 2026, the District of Delaware Bankruptcy Court (the "Bankruptcy Court") shall have entered the Interim Order in the Chapter 11 Cases, which Interim Order shall be in form and substance acceptable to the Debtors and the DIP Lenders;<br><br>2. **Assumption of Liquidation Consulting Agreement.** Within one (1) day of the Petition Date, the Debtors shall have filed a motion (the "Liquidation Motion") seeking, (i) on an interim basis, authority to continue liquidation sales pursuant to that certain [Agreement Title], dated [Date], between [Debtor parties] and [Liquidation Consultant] (the "Consulting Agreement") and, (ii) on a final basis, approval of the assumption of the Consulting Agreement for the Liquidator;<br><br>3. **Entry of Final DIP Order**. No later than July [6], 2026, the Bankruptcy Court shall have entered the Final DIP Order in the Debtors' Chapter 11 Cases, which Final DIP Order shall be in form and substance acceptable to the Debtors and the DIP Lenders;<br><br>4. **File Plan and Disclosure Statement**. No later than July [22], 2026, the Debtors shall (a) file a chapter 11 plan (the "Plan") and disclosure statement (the "Disclosure Statement") providing for, among other things, (i) the establishment of a liquidating trust (the "Liquidating Trust") including the (x) funding of such Liquidating Trust with all assets (to the extent not already disposed of during the Liquidation Process) belonging to the Debtors and their estates, (y) appointment of a trustee of the Liquidating Trust and counsel to the same, and (z) establishment of a payment priority waterfall in substantially the same priorities as provided herein from the DIP Lenders' and Prepetition Lenders' respective collateral (first, to the New Money DIP Loans until paid in full, second, to the Roll-Up Loans until paid in full, and third, to the Prepetition Secured Obligations until paid in full) and (ii) the establishment of a litigation trust (the "Litigation Trust") including the (x) funding of such Litigation Trust with claims and causes of action belonging to the Debtors and their estates and not released under the terms of the Plan or under the DIP Orders, (y) appointment of a trustee of the Litigation Trust and counsel to the same, and (z) establishment of a payment priority waterfall from the DIP Lenders' and Prepetition Lenders' respective collateral in substantially the same priorities as provided herein (first, to the New Money DIP Loans until paid in full, second, to the Roll-Up Loans until paid in full, and third, to the Prepetition Secured Obligations until paid in full); provided, that, both the Plan, Disclosure Statement and any supplements or amendments to either shall be in form and substance acceptable to the DIP Lenders and (b) file a motion to schedule a combined hearing to approve the adequacy of the Disclosure Statement and confirmation of the Plan, to approve the form and procedure for solicitation of votes on the Plan (the "Solicitation Motion"); |

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| | 5. **Approval of Solicitation Motion**. No later than August [12], 2026, the Bankruptcy Court shall have entered an order approving the Solicitation Motion and scheduling the combined hearing (consistent with these Milestones) to approve adequacy of the Disclosure Statement and confirm the Plan, which order shall be in form and substance reasonably acceptable to the Debtors and the DIP Lenders;<br>6. **Disclosure Statement Hearing and Plan Confirmation**. No later than September [18], 2026, or such later date as the Bankruptcy Court may schedule, the Bankruptcy Court shall hold a combined hearing to approve the adequacy of the Disclosure Statement and confirm the Plan and the Debtors shall have obtained the entry of an order confirming its Plan and approving the adequacy of the Disclosure Statement (the "Confirmation Order") which order shall be in form and substance acceptable to the Debtors and the DIP Lenders; and<br>7. **Plan Effective Date**. The conditions precedent to the effectiveness of the Plan, including establishment of the Liquidation Trust and Litigation Trust, shall have been met no later than September [21], 2026.<br>*See* DIP Term Sheet p. 8-9. |
| **Conditions Precedent to Initial Borrowing**<br>*Fed. R. Bankr. P. 4001(c)(1)(B); Local Rule 4001-2(a)(i)(E)* | Usual and customary conditions precedent for facilities of this type and consistent with the DIP Loan Documentation Principles, including, among others, (a) entry of the Interim Order and the execution of the DIP Credit Agreement and other DIP Loan Documents (subject to waiver by the DIP Lenders in their sole discretion), in each case, in form and substance acceptable to the DIP Lenders, and entry of other first-day orders in form and substance reasonably acceptable to the DIP Lenders; (b) delivery of (i) the Initial DIP Budget and (ii) all financial reporting required to be delivered to the administrative agent under the Prepetition Credit Agreement as of the Closing Date; (c) the relief obtained in the Debtors' first day orders shall be consistent in all material respects with the Approved DIP Budget and DIP Orders, including without limitation, the entry of an order approving the Debtors' retention of the Liquidator (as defined below); (d) no Event of Default shall have occurred<br>*See* DIP Term Sheet p. 5. |
| **Carve-Out**<br>*Fed. R. Bankr. P. 4001(c)(1)(B); Local Rule 4001-2(a)(i)(F)* | **Carve Out**.<br>As used in the Interim Order, the "Carve Out" means an amount equal to the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the U.S. Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate pursuant to 31 U.S.C. § 3717 (without regard to the notice set forth in clause (iii) below); (ii) all reasonable fees and expenses up to $25,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent (x) allowed at any time, whether by interim order, procedural order, or otherwise, [and (y) not exceeding the aggregate amounts set forth in the Approved DIP Budget for the relevant Professional Person (as defined below) (provided, that Professional Persons may carry forward budgeted but unused disbursements set forth in the Approved DIP Budget for any week for use in a subsequent week),] all unpaid fees and expenses (the "Allowed Professional Fees") incurred by (A) persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "Debtor Professionals"), and (B) the Committee (if any) pursuant to section 328 or 1103 of the Bankruptcy Code (the "Committee Professionals" and, together with the Debtor Professionals, the "Professional Persons"), in each case to the extent such fees and expenses were incurred at any time before or on the first business day following the |

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| | date of delivery by the DIP Agent of a Carve Out Trigger Notice (as defined herein), whether allowed by the Court prior to or after delivery of a Carve Out Trigger Notice; and (iv) Allowed Professional Fees of the Debtor Professional in an aggregate amount not to exceed $200,000 incurred after the first business day following the date of delivery by the DIP Agent of the Carve Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the "Post Carve Out Trigger Notice Cap"). Nothing herein shall be construed to impair the ability of any party in interest to object to the fees, expenses, reimbursement, or compensation described in clauses (i) through (iv) of this paragraph 11(a) on any grounds. For purposes of the foregoing, "Carve Out Trigger Notice" shall mean a written notice delivered by email (or other electronic means) by the DIP Agent, acting at the direction of the DIP Lenders, to the Debtors, their lead restructuring counsel, the U.S. Trustee, and counsel to the Committee (if any), which notice may be delivered following the occurrence and during the continuation of a DIP Termination Event (as defined herein), and acceleration of the DIP Obligations under the DIP Facility or termination of the Debtors' right to use Cash Collateral, as applicable, stating that the Post-Carve Out Trigger Notice Cap has been invoked.<br><br>b. Delivery of Weekly Fee Estimates. Not later than 7:00 p.m. (New York time) on the Wednesday of each week starting with the first full calendar week following the Petition Date, each Professional Person shall deliver to the Debtors a statement setting forth a good-faith estimate of the amount of fees and expenses (collectively, "Estimated Fees and Expenses") incurred during the preceding week by such Professional Person (through Saturday of such week, the "Calculation Date"), along with a good-faith estimate of the cumulative total amount of unreimbursed fees and expenses incurred through the applicable Calculation Date and a statement of the amount of such fees and expenses that have been paid to date by the Debtors (each such statement, a "Weekly Statement"); provided that, within three (3) business days of the occurrence of the Termination Declaration Date (as defined below), each Professional Person shall deliver one additional statement (the "Final Statement") setting forth a good-faith estimate of the amount of fees and expenses incurred during the period commencing on the calendar day after the most recent Calculation Date for which a Weekly Statement has been delivered and concluding on the Termination Declaration Date (and the Debtors shall cause each such Weekly Statement and Final Statement to be delivered on the same day received to the DIP Agent). If any Professional Person fails to deliver a Weekly Statement or Final Statement within three (3) calendar days after such Weekly Statement is due, such Professional Person's entitlement (if any) to any funds in the Pre-Carve Out Trigger Notice Reserve (as defined below) with respect to the aggregate unpaid amount of Allowed Professional Fees for the applicable period(s) for which such Professional Person failed to deliver a Weekly Statement or Final Statement covering such period shall be limited to the aggregate unpaid amount of Allowed Professional Fees included in the Approved DIP Budget for such period for such Professional Person.<br><br>c. Carve Out Reserves.<br><br>(i) Commencing with the week ended June [•], 2026, and on or before the Thursday of each week thereafter, the Debtors shall utilize all cash on hand as of such date and, to the extent insufficient, any available cash thereafter held by any Debtor, to fund an escrow or a reserve in an amount equal to the greater of (1) the aggregate unpaid amount of all Estimated Fees and Expenses reflected in the Weekly Statements |

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| | delivered on the immediately prior Wednesday to the Debtors and the DIP Agent, and (2) the aggregate amount of all fees and expenses of Professional Persons contemplated to be incurred in the Approved DIP Budget during such week (the "Professional Fee Estimated Amount"). The Debtors shall fund the Professional Fee Estimated Amount, in escrow or deposit and hold such amounts in a segregated account maintained by the Debtors in trust (the "Funded Reserve Account") to pay Allowed Professional Fees (the "Funded Reserves") prior to any and all other claims, and all payments of Allowed Professional Fees incurred prior to the Termination Declaration Date shall be paid first from such Funded Reserve Account. [Neither the DIP Agent nor the Prepetition Agent shall sweep or foreclose on cash of the Debtors until the Funded Reserves have been fully funded.]<br><br>(ii) (On the day on which a Carve Out Trigger Notice is delivered in accordance with this paragraph 11 of the Interim Order (the "Termination Declaration Date"), the Carve Out Trigger Notice shall constitute a demand to the Debtors to, and the Debtors shall utilize all cash on hand as of such date, including cash in the Funded Reserve Account, and any available cash thereafter held by any Debtor to fund an escrow or a reserve in an amount equal to the then cumulative Professional Fee Estimated Amounts, minus any amounts actually paid to Professional Persons (the "Professional Fee Unpaid Amount"). The Debtors shall fund the Professional Fee Unpaid Amount in escrow or deposit and hold such amount in a segregated account maintained by the Debtors in trust to pay unpaid Allowed Professional Fees (the "Pre-Carve Out Trigger Notice Reserve") senior and prior to any other claims. On the Termination Declaration Date, the Carve Out Trigger Notice shall also constitute a demand to the Debtors to utilize all cash on hand as of such date, including cash in the Funded Reserve Account, and any available cash thereafter held by any Debtor, after funding the Pre-Carve Out Trigger Notice Reserve, to fund a reserve in an amount equal to the Post-Carve Out Trigger Notice Cap. The Debtors shall deposit and hold such amounts in a segregated account maintained by the Debtors in trust to pay Allowed Professional Fees benefiting from the Post-Carve Out Trigger Notice Cap (the "Post-Carve Out Trigger Notice Reserve" and, together with the Pre Carve Out Trigger Notice Reserve, the "Carve Out Reserves") prior to any and all other claims.<br><br>d. Application of Carve Out Reserves.<br><br>(i) All funds in the Pre-Carve Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clauses (a)(i) through (a)(iii) of the definition of Carve Out set forth above (the "Pre-Carve Out Amounts"), but not, for the avoidance of doubt, the Post-Carve Out Amounts, until the Pre-Carve Out Amounts are indefeasibly paid in full. If the Pre-Carve Out Trigger Notice Reserve has not been reduced to zero, subject to paragraph 11(d)(iii) below, all remaining funds shall be distributed first to the DIP Agent for the benefit of itself and the other DIP Secured Parties, for application to the DIP Obligations in accordance with the DIP Term Sheet and other DIP Loan Documents, unless and until the DIP Obligations are indefeasibly paid in full, in which case, any remaining excess shall be paid to the Prepetition Secured Parties, as of |

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| | the Petition Date and as otherwise set forth in the Interim Order, (unless the DIP Agent, at the direction of the DIP Lenders, and the Prepetition Agent, at the direction of the Prepetition Secured Parties under the applicable Prepetition Loan Documents, respectively, have otherwise agreed in writing in respect of the applicable obligations owed to each of them).<br><br>(ii) (All funds in the Post-Carve Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clause (a)(iv) of the definition of Carve Out set forth above (the "Post Carve Out Amounts"). If the Post-Carve Out Trigger Notice Reserve has not been reduced to zero, subject to paragraph 11(d)(iii) below, all remaining funds shall be distributed to the DIP Agent for the benefit of itself and the other DIP Secured Parties, for application to the DIP Obligations in accordance with the DIP Term Sheet and other DIP Loan Documents, unless and until the DIP Obligations have been indefeasibly paid in full, in which case any remaining excess shall be paid to the Prepetition Secured Parties, as of the Petition Date (unless the DIP Agent, at the direction of the DIP Lenders, and the Prepetition Agent, at the direction of the Prepetition Secured Parties under the applicable Prepetition Loan Documents, respectively, have otherwise agreed in writing in respect of the applicable obligations owed to each of them).<br><br>(iii) Notwithstanding anything to the contrary in the DIP Loan Documents or the Interim Order, if either of the Carve Out Reserves is not funded in full in the amounts set forth in paragraph 11(c), then, any excess funds in one of the Carve Out Reserves following the payment of the Pre-Carve Out Amounts and Post-Carve Out Amounts, respectively (subject to the limits contained in the Post-Carve Out Trigger Notice Cap), shall be used to fund the other Carve Out Reserve, up to the applicable amount set forth in paragraph 11(c), prior to making any payments to the DIP Agent for the benefit of itself and the other DIP Secured Parties, or the Prepetition Secured Parties, or any of the Debtors' creditors, as applicable.<br><br>(iv) (Notwithstanding anything to the contrary in the DIP Loan Documents, the Prepetition Loan Documents, or the Interim Order, following delivery of a Carve Out Trigger Notice, the DIP Agent, and the Prepetition Agent shall not sweep or foreclose on cash (including cash received as a result of the sale or other disposition of any assets) of the Debtors until the Carve Out Reserves have been fully funded, but shall have a first-lien and automatically perfected security interest in any residual interest in the Carve Out Reserves, with any excess paid to the DIP Agent on behalf of the DIP Lenders for application in accordance with the DIP Loan Documents.<br><br>(v) Further, notwithstanding anything to the contrary in the Interim Order, (A) disbursements by the Debtors from the Carve Out Reserves shall not constitute DIP Loans or increase or reduce the DIP Obligations; (B) the failure of the Carve Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve Out with respect to any shortfall (as described below); and (C) in no way shall the |

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| | Initial DIP Budget, any subsequent Approved DIP Budget, Carve Out, Post-Carve Out Trigger Notice Cap or Carve Out Reserves, or any of the foregoing be construed as a cap or limitation on the amount of the Allowed Professional Fees due and payable by the Debtors. For the avoidance of doubt and notwithstanding anything to the contrary in the Interim Order or the DIP Loan Documents, the Carve Out shall be senior to all liens and claims securing the DIP Obligations, the Adequate Protection Obligations, the Prepetition Secured Obligations, the DIP Superpriority Claims, and any and all other forms of adequate protection, liens, or claims securing the DIP Obligations and the Prepetition Secured Obligations.<br><br>e. Payment of Allowed Professional Fees Prior to the Termination Declaration Date. Any payment or reimbursement made prior to the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall not reduce the Post Carve Out Trigger Notice Cap.<br><br>f. [Payment of Allowed Professional Fees on or After the Termination Declaration Date. Any payment or reimbursement made on or after the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall permanently reduce the Carve Out on a dollar-for-dollar basis.]<br><br>None of the DIP Secured Parties or the Prepetition Secured Parties shall be responsible for the payment or reimbursement of any fees or disbursements of any Professional Person incurred in connection with the Chapter 11 or any Successor Case. Nothing in the Interim Order or otherwise shall be construed to obligate the DIP Secured Parties or the Prepetition Secured Parties in any way, to pay compensation to, or to reimburse expenses of, any Professional Person or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement.<br><br>*See* Interim Order ¶ 11. |
| **Use of Funds to Investigate Prepetition Liens**<br><br>*Fed. R. Bankr. P. 4001(c)(1)(B); Local Rule 4001-2(a)(i)(L)* | Notwithstanding anything in the Interim Order to the contrary, no portion or proceeds of the Prepetition Collateral, the Collateral or the Carve-Out, and no disbursements set forth in the Approved DIP Budget shall be used for the payment of professionals fees, disbursements, costs, or expenses incurred in connection with: (a) objecting, contesting or raising any defense to the validity, perfection, priority, or enforceability of, or any amount due under, the Prepetition Loan Documents or any security interests, liens or claims granted under the Interim Order or the Prepetition Loan Documents to secure such amounts; (b) asserting any Challenges, claims, actions, or causes of action, including any of the Debtors' claims and causes of action arising under sections 544, 545, 547, 548, and 550 of the Bankruptcy Code or any other similar state or federal law, against any of the Prepetition Secured Parties or any of their respective agents, affiliates, subsidiaries, directors, officers, representatives, attorneys, or advisors; or (c) contesting the Debtors' admissions and releases contained in paragraphs C, D, E, F, G and H of the Interim Order; provided, that, no more than $25,000 in the aggregate of the proceeds of the Collateral, Prepetition Collateral, and the Carve-Out (which amount, for the avoidance of doubt, shall be credited against the aggregate amount allocated to Committee professionals under the Approved DIP Budget) may be used by the Committee, if any, solely to investigate (but not prosecute or Challenge) the Debtors' admissions and releases contained in paragraphs C, D, E, F, G and H of the Interim Order.<br><br>*See* Interim Order ¶ 24. |

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| **Liens on Avoidance Actions**<br><br>*Local Rule 4001-2(a)(i)(U)* | Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, enforceable, fully-perfected first-priority security interest in and lien upon and subject to and upon entry of the Final Order, Avoidance Actions Proceeds.<br><br>*See* Interim Order ¶ 6(a)(1). |
| **Waiver or Modification of the Automatic Stay**<br><br>*Fed. R. Bankr. P. 4001(c)(1)(B)(iv)* | The Debtors are authorized and directed to perform all acts and to make, execute and deliver any and all instruments as may be reasonably necessary to implement the terms and conditions of the Interim Order and the transactions contemplated hereby, including (a) the granting of the DIP Liens and the DIP Superpriority Claims, and to perform such acts as the DIP Secured Parties may reasonably request to assure the perfection and priority of the DIP Liens and the DIP Superpriority Claims, and (b) the DIP Loan Parties incurring all liability and obligations, including all the DIP Obligations, to the DIP Secured Parties as contemplated under the Interim Order and the DIP Loan Documents, and to enter into and perform under the DIP Loan Documents and any and all other instruments, certificates, agreements, and documents that may be reasonably required, necessary, or prudent for the performance by the DIP Loan Parties under the DIP Loan Documents and any transactions contemplated therein or in the Interim Order, in each case in accordance herewith or therewith. The stay of section 362 of the Bankruptcy Code is hereby modified to permit the parties to accomplish the transactions contemplated by the Interim Order.<br><br>*See* Interim Order ¶ 19. |
| **Repayment Features**<br><br>*Local Rule 4001-2(a)(i)(I)* | As will be more fully set forth in the DIP Loan Documentation, the DIP Facility will be repaid during the Chapter 11 Cases through (a) daily cash sweeps of all collections and cash on hand in each "Blocked Account" (as defined in the Prepetition Credit Agreement) constituting a collections account, and (b) the proceeds of the liquidation of the assets and/or any debt or equity raises. All DIP Obligations shall come due and on the Maturity Date.<br><br>The proceeds of the foregoing mandatory prepayments shall be applied first, to the New Money DIP Loans (and all interest and fees in respect thereof) until repaid in full; second, to the Roll-Up DIP Loans (and all interest and fees in respect thereof) until paid in full; and third, to the Prepetition Secured Obligations (and all interest and fees in respect thereof) to the extent remaining after giving effect to the Roll-Up, until paid in full, in each case in accordance with the terms of the DIP Term Sheet and other DIP Loan Documents.<br><br>*See* DIP Term Sheet p. 4-5. |
| **Emergency Default Hearing**<br><br>*Local Rule 4001-2(a)(i)(T)* | **Remedies After a DIP Termination Date.** The DIP Agent (acting at the direction of the DIP Lenders) shall deliver notice of the occurrence of any DIP Termination Event, and the DIP Agent shall deliver notice of a DIP Termination Event, to counsel for the Debtors, the Prepetition Agent, the U.S. Trustee, and any Committee. Following notice of a DIP Termination Event, any party in interest may file a motion with the Court and request an emergency hearing on the same (the "Emergency Default Hearing"). The Court shall conduct the Emergency Default Hearing within the Remedies Notice Period (as defined below). Each Debtor (a) may cure, to the extent that such Event of Default under the DIP Term Sheet is capable of cure, such Event of Default during the Remedies Notice Period (as defined below) and (b) hereby waives any right to seek relief, including without limitation under section 105 of the Bankruptcy Code, to the extent such relief would in any way impair or restrict the rights and remedies of the Prepetition Agent, the Prepetition Secured Parties, the DIP Agent, or the DIP Secured Parties set forth in the Interim Order; *provided*, that the foregoing does not modify the Remedies Notice Period. Subject to the Carve-Out, after five (5) business days following the delivery of a written notice of the occurrence of and during the |

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| | continuance of a DIP Termination Event or such later time at the Court may order during such five (5) business day period (the "Remedies Notice Period"), the automatic stay shall be deemed automatically lifted with respect to the Prepetition Collateral, the Cash Collateral, and the DIP Collateral and the Prepetition Secured Parties and the DIP Secured Parties shall have the right to exercise any other remedies customary for secured lenders, including set-off and foreclosure, in connection with the Prepetition Loan Documents and the DIP Loan Documents, respectively. In addition, after the Prepetition Agent or the DIP Agent delivers notice of a DIP Termination Event, but prior to the Emergency Default Hearing, except as may be otherwise ordered by the Court, subject to the Carve-Out, the DIP Loan Parties shall not use any Cash Collateral to pay any expenses except those which are (a) necessary to pay accrued and unpaid wages through the date of delivery of notice of a DIP Termination Event, (b) necessary to preserve the DIP Loan Party's going concern value (not to exceed the Approved DIP Budget under any circumstances absent the consent of the Prepetition Secured Parties or the DIP Secured Parties) or (c) necessary to contest in good faith whether a DIP Termination Event has occurred. Notwithstanding anything in this paragraph to the contrary, after notice and hearing, the Court may order such relief as it determines is appropriate following a DIP Termination Event. Any delay or failure of the Prepetition Secured Parties or the DIP Secured Parties to exercise rights under the Prepetition Loan Documents, the DIP Loan Documents, or the Interim Order shall not constitute a waiver of their respective rights hereunder, thereunder or otherwise. Notwithstanding anything to the contrary in the Interim Order, the entry of the Interim Order and the grant of adequate protection to the Prepetition Secured Parties pursuant to the terms hereof shall be without prejudice to the rights of the Debtors to, following the occurrence of the Termination Date, seek authority (at any time) to use Cash Collateral and the Prepetition Collateral without the consent of the Prepetition Secured Parties or the DIP Secured Parties, as applicable, and the Prepetition Secured Parties and the DIP Secured Parties reserve all of their respective rights with respect to contesting any such motion or request by the Debtors or any other person; provided that the Debtors may not utilize Cash Collateral to seek such authority.<br><br>*See* Interim Order ¶ 15. |

## BACKGROUND

### A. General Background

15. On the date hereof (the "Petition Date"), each of the Debtors filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code. The Debtors are operating their business and managing their properties as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made, and no official committees have been appointed, in these Chapter 11 Cases.

16. Additional factual background regarding the Debtors, including their business operations, corporate and capital structure, and the events leading to the filing of these Chapter 11 Cases is set forth in detail in the First Day Declaration.

**B. The Debtors' Prepetition Debt Obligations**

**a. The Prepetition Credit Agreement**

17. The Debtors are obligors with respect to approximately $17.8 million in funded debt obligations under a revolving credit facility (the "Prepetition Credit Facility"), governed by that certain Credit and Guaranty Agreement dated as of February 21, 2025 (as amended, restated, supplemented, or otherwise modified from time to time, the "Prepetition Credit Agreement"), among Simply Interior Homes Intermediate, LLC (f/k/a Soft Goods Intermediate, LLC), as Holdings, Simply Interior Homes AcquisitionCo, LLC (f/k/a Soft Goods, LLC) and Simply Interior Homes, LLC (f/k/a Soft Goods Operating, LLC), as Borrowers, the other Guarantors party thereto, Great Rock Capital Partners Management, LLC, as Administrative Agent (the "Prepetition Secured Agent"), and GRC SPV Investments, LLC and Wingspire Capital LLC as lenders under (the "Prepetition Secured Lenders" and together with the Prepetition Secured Agent, the "Prepetition Secured Parties").

18. The Prepetition Credit Facility provides for a revolving credit facility with aggregate revolving credit commitments of $30,000,000 and matures on February 21, 2029. The obligations under the Prepetition Credit Facility are secured by a first-priority lien (*i.e.*, the Prepetition Liens) on substantially all of the assets of the Debtors (*i.e.*, the Prepetition Collateral).

19. As of the Petition Date, the aggregate principal amount owing by the Debtors to the Prepetition Secured Parties under the Prepetition Credit Agreement is an aggregate principal amount of not less than $17,916,002.34 (plus accrued but unpaid interest, unused line fees, commitment termination fees and other fees due and payable under the Prepetition Loan

Documents, including the reasonable and documented fees, disbursements and other charges of counsel to the Prepetition Secured Parties).

**b. The Subordinated Sponsor Notes**

20. In connection with the formation of the Debtors and subsequent capital contributions, Centre Lane Partners ("CLP"), through its affiliated funds, provided capital to the Debtors structured in the form of two (2) subordinated notes held by Centre Lane Partners IV, L.P. (the "CLP IV Note") and 11th Lane Holdings SG, LLC (the "11th Lane Holdings Note" and together with the CLP IV Note, the "Subordinated Sponsor Notes"). The CLP IV Note is evidenced by the Fifth Amended and Restated Note, dated November 26, 2025, in the principal amount of $8,827,994.83, with unpaid principal and accrued interest due and payable on August 21, 2029. The Debtors' obligations under the CLP IV Note are allegedly secured by a second-priority lien on substantially all assets of the Debtors pursuant to a Second Lien Security Agreement. The 11th Lane Holdings Note is evidenced by an Amended and Restated Promissory Note, dated November 26, 2025, in the principal amount of $15,047,637.93, with the principal amount payable on September 19, 2028. The obligations under the 11th Lane Holdings Note are unsecured.

21. The Subordinated Sponsor Notes are subordinated in right of payment and lien priority to the obligations under the Prepetition Credit Agreement pursuant to a Subordination and Intercreditor Agreement, dated as of February 21, 2025. The Subordinated Sponsor Notes are governed by intercreditor arrangements providing that the obligations under each note are *pari passu* with each other in right of priority.

22. As of the Petition Date, the Debtors' aggregate obligations under the Subordinated Sponsor Notes are approximately $70 million, including accrued "payable-in-kind" interest.

**c. Other Unsecured Debt Obligations**

23. As of the Petition Date, the Debtors' unsecured liabilities primarily consist of trade payables owed to vendors, including approximately $12 million in aged payables owed to non-go-forward vendors. In addition, the Debtors' unsecured liabilities include: (a) amounts owed to go-forward trade vendors, the full scope of which the Debtors continue to assess; (b) disputed amounts asserted by Live Comfortably under that certain Transition Services Agreement, dated as of February 21, 2025 (the "TSA") by and among Debtor Simply Interior Homes AcquisitionCo, LLC and Live Comfortably LLC; (c) lease obligations relating to the Debtors' office, showroom, and other facility locations; and (d) employee-related obligations.[4]

**C. The Debtors' Need for Debtor-in-Possession Financing and Use of Cash Collateral**

24. The Debtors require access to the DIP Facility and authority to use Cash Collateral to ensure they have sufficient liquidity to operate their businesses and administer their estates during the Chapter 11 Cases. Access to the DIP Facility will provide the Debtors with immediate access to liquidity and to the Cash Collateral, which will (a) provide the Debtors with critical working capital for its businesses; (b) fund other general corporate purposes; (c) fund the payments authorized by the Court pursuant to the "first-day motions" filed contemporaneously with the Motion; (d) satisfy administrative costs and expenses incurred in the Chapter 11 Cases; and (e) permit the Debtors the runway necessary to consummate a value-maximizing sale transaction under section 363 of the Bankruptcy Code.

25. The Debtors have insufficient cash to fund their operations during the Chapter 11 Cases. Absent authority to enter into and access the DIP Facility, even for a limited period of time,

[4] The Debtors are continuing to analyze the full scope of their unsecured liabilities and will provide a more detailed description of their liabilities in the Schedules of Assets and Liabilities and Statements of Financial Affairs to be filed in these Chapter 11 Cases

the Debtors will be unable to continue operating their businesses, pursue a value-maximizing sale process, or administer the Chapter 11 Cases. Thus, denial of the authority sought by this Motion would result in a deterioration of value and immediate and irreparable harm to the Debtors' estates.

26. Immediate access to the DIP Facility is essential so the Debtors can assure their employees, vendors, and other interested parties that they have sufficient capital to continue operating during the pendency of these Chapter 11 Cases. Even with access to Cash Collateral, the Debtors do not believe it would be prudent, or even possible, to administer these Chapter 11 Cases solely on a "cash collateral" basis.

27. The DIP Facility, together with the relief in the Interim Order and the Final Order, will permit the Debtors to consensually use the Prepetition Secured Parties' Cash Collateral, which is a critical element of the Debtors' decision to enter into the DIP Facility. As explained above, absent the consent of the Prepetition Secured Parties, there would have likely been a dispute on the first day of these Chapter 11 Cases regarding the use of Cash Collateral. These issues would likely have been litigated on the first day of these Chapter 11 Cases and, had the Debtors not prevailed, could have caused a significant and value-destructive disruption to the Debtors' ability to operate in chapter 11 and administer these Chapter 11 Cases. Instead, the DIP Facility resolves these issues by providing for consensual use of Cash Collateral, which, in turn, allows the Debtors to preserve the going-concern value of the estate for the benefit of all stakeholders.

28. The Debtors have worked closely with their advisors to evaluate their cash requirements for their businesses. As part of such evaluation, the Debtors and their advisors reviewed and analyzed the Debtors' near-term weekly and long-term cash flow forecasts and prepared the Budget. These forecasts take into account anticipated disbursements during the projected periods and consider a number of factors, including, but not limited to, the effect of the

chapter 11 filing on the operations of the business, fees and interest associated with postpetition financing, professional fees, and vendor obligations, as well as the operational performance of the Debtors' business. The Debtors believe that the Budget provides an accurate reflection of the Debtors' funding requirements over the identified period and is reasonable and appropriate under the circumstances.

**D. Alternative Sources of Financing are Not Available on Better Terms**

29. The Debtors believe that the DIP Facility represents the best option currently available to the Debtors under the circumstances for financing, based on a financing process that revealed no viable alternatives. Ayers Decl. ¶ 13. As stated in the Ayers Declaration, Rock Creek Advisors, LLC ("Rock Creek"), the Debtors' proposed investment banker, conducted a marketing process to determine the availability of third-party financing sources that were willing to provide financing to the Debtors in their current financial situation. *Id.* ¶ 7. In consultation with the Debtors and their advisors, Rock Creek developed a list of parties that could be interested in providing financing to the Debtors to fund these Chapter 11 Cases. *Id.* Because substantially all of the Debtors' assets are encumbered and subject to validly perfected first priority liens, the strategy to obtain the best source of financing from the market was reflective of the practical realities of the Debtors' existing circumstances. *Id.* ¶ 8. Rock Creek solicited interest from four (4) third-party institutions that routinely provide debtor-in-possession financing. *Id.* ¶ 7. Rock Creek inquired whether any of these parties would be willing to extend financing to the Debtors on an unsecured or junior priority (or even priming) basis. *Id.*

30. Ultimately, no third party that the Debtors communicated with as part of the marketing process, and no other party that the Debtors are aware of, was willing to provide postpetition financing to the Debtors on an unsecured, junior lien, or even priming basis. *Id.* at 8. No party contacted, other than the DIP Lenders, was willing to provide postpetition financing. *Id.*

31. After extensive, arm's-length negotiations with the Prepetition Secured Parties and the DIP Lenders, the Debtors were able to secure the proposed DIP Facility. The DIP Facility is critical to the Debtors' ability to pay the administrative costs of these Chapter 11 Cases and should provide the Debtors with sufficient liquidity to operate their business. The DIP Facility provides a path to a transaction that the Debtors believe is necessary to continue critical technology development, reassure suppliers, protect operations, and maximize value for all stakeholders.

32. Based on the financing process described above, there are no alternative sources of financing reasonably available to the Debtors and no alternative sources of financing currently available under the circumstances on both better and executable terms than those being provided by the DIP Facility. Ayers Decl. ¶ 13. Accordingly, the DIP Facility is reasonable and appropriate under the circumstances and is the Debtors' best option currently available under the circumstances. *Id.*

33. For all the reasons set forth herein, the DIP Facility is in the best interests of the Debtors' estates, and the Debtors respectfully request that the Court approve the DIP Facility on the terms and conditions described herein.

## BASIS FOR RELIEF REQUESTED

### I. The Debtors Should Be Authorized to Obtain Secured, Superpriority DIP Financing

#### A. Entry into the DIP Facility Is an Exercise of the Debtors' Sound Business Judgment

34. The Court should authorize the Debtors, as a sound exercise of their business judgment, to enter into the DIP Facility. Section 364 of the Bankruptcy Code authorizes the Debtors to obtain secured or superpriority postpetition financing. As long as an agreement to obtain secured credit does not run afoul of the provisions of, and policies underlying, the Bankruptcy Code, courts grant debtors considerable deference to debtors' sound business

judgment in obtaining such credit. *See, e.g.*, *In re Trans World Airlines, Inc.*, 163 B.R. 964, 974 (Bankr. D. Del. 1994) (approving a postpetition loan and receivables facility because such facility "reflect[ed] sound and prudent business judgment"); *In re L.A. Dodgers LLC*, 457 B.R. 308, 313 (Bankr. D. Del. 2011) ("[C]ourts will almost always defer to the business judgment of a debtor in the selection of the lender."); *In re Barbara K. Enters., Inc.*, Case No. 08-11474, 2008 WL 2439649, at *14 (Bankr. S.D.N.Y. June 16, 2008) (explaining that courts defer to a debtor's business judgment "so long as a request for financing does not 'leverage the bankruptcy process' and unfairly cede control of the reorganization to one party in interest."); *In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) ("[C]ases consistently reflect that the court's discretion under section 364 [of the Bankruptcy Code] is to be utilized on grounds that permit [a debtor's] reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit a party-in-interest."); *In re Farmland Indus., Inc.*, 294 B.R. 855, 881 (Bankr. W.D. Mo. 2003) (noting that approval of postpetition financing requires, inter alia, an exercise of "sound and reasonable business judgment.").

35. To determine whether the business judgment standard is met, the Court need only "examine whether a reasonable business person would make a similar decision under similar circumstances." *In re Exide Techs.*, 340 B.R. 222, 239 (Bankr. D. Del. 2006); *see also In re Curlew Valley Assocs.*, 14 B.R. 506, 513–14 (Bankr. D. Utah 1981) (noting that courts should not second guess a debtor's business decision when that decision involves "a business judgment made in good faith, upon a reasonable basis, and within the scope of [the debtor's] authority under the [Bankruptcy] Code"). Bankruptcy courts will not generally second-guess a debtor's business decisions when those decisions involve "a business judgment made in good faith, upon a

reasonable basis, and within the scope of [its] authority under the [Bankruptcy] Code." *In re Curlew Valley Assocs.*, 14 B.R. 506, 513 (Bankr. D. Utah 1981) (footnote omitted). To determine whether the business judgment test is met, "the court 'is required to examine whether a reasonable business person would make a similar decision under similar circumstances.'" *In re Dura Auto. Sys. Inc.*, Case No. 06-11202 (KJC), 2007 Bankr. LEXIS 2764, at *272 (Bankr. D. Del. Aug. 15, 2007) (citation omitted). The Court should evaluate the soundness of a debtor's business judgment, "in context, and considering the relative circumstances of the parties." *Farmland Indus.*, 294 B.R. at 886 ("Viewed in isolation, several of the terms of the [postpetition financing] might appear to be extreme or even unreasonable. Certainly, many of them favor the DIP Lenders. But, taken in context, and considering the relative circumstances of the parties, the Court does not believe that the terms are unreasonable."); *see also Unsecured Creditors' Comm. Mobil Oil Corp. v. First Nat'l Bank & Trust Co. (In re Elingsen McLean Oil Co., Inc.)*, 65 B.R. 358, 365 n.7 (W.D. Mich. 1986) (recognizing that a debtor may have to enter into "hard bargains" to acquire funds for its reorganization).

36. Here, as described in the First Day Declaration and the Ayers Declaration, the Debtors' determination to enter into the DIP Facility was a business decision guided by the Debtors' financial and restructuring needs. Specifically, the Debtors and their advisors determined that the Debtors will require additional liquidity to continue operating "business as usual" while the Debtors pursue a value-maximizing transaction. The additional certainty of having an achievable and near-term exit path from chapter 11 on the Petition Date strongly weighed in favor of the Debtors' decision to enter into the DIP Facility. To maximize value for these Debtors' estates, maintaining positive ordinary course relations with its employees and vendors is crucial.

37. The Debtors' advisors attempted to find other parties that would be willing to provide financing on more favorable terms. After finding none, the Debtors ultimately selected the DIP Lenders' proposal as the best available option.

38. Accordingly, the Debtors submit that entry into the DIP Facility is in the best interests of the Debtors and their estates, is necessary to preserve the value of estate assets, and is an exercise of the Debtors' sound and reasonable business judgment.

**B. The Debtors Should Be Authorized to Obtain Postpetition Financing on a Secured and Superpriority Basis**

39. The Debtors satisfy the requirements for relief under section 364 of the Bankruptcy Code, which authorizes a debtor to obtain secured or superpriority financing under certain circumstances. Specifically, section 364(c) of the Bankruptcy Code provides that:

> If the trustee is unable to obtain unsecured credit allowable under section 503(b)(1) of this title as an administrative expense, the court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt:
>
> (1) with priority over any or all administrative expenses of the kind specified in section 503(b) or 507(b) of this title; [or]
>
> (2) secured by a lien on property of the estate that is not otherwise subject to a lien;
>
> (3) secured by a junior lien on property of the estate that is subject to a lien[.]

11 U.S.C. § 364(c).

40. To satisfy the requirements of section 364(c) of the Bankruptcy Code, a debtor need only demonstrate "by a good faith effort that credit was not available" to the debtor on an unsecured or administrative expense basis. *Bray v. Shenandoah Fed. Savs. & Loan Ass'n (In re Snowshoe Co.)*, 789 F.2d 1085, 1088 (4th Cir. 1986) ("The statute imposes no duty to seek credit from every possible lender before concluding that such credit is unavailable."); *see also Pearl-Phil*

*GMT (Far East) Ltd. v. Caldor Corp.*, 266 B.R. 575, 584 (S.D.N.Y. 2001) (superpriority administrative expenses authorized where debtor could not obtain credit as an administrative expense). When few lenders are likely to be able and willing to extend the necessary credit to a debtor, "it would be unrealistic and unnecessary to require [the debtor] to conduct such an exhaustive search for financing." *In re Sky Valley, Inc.*, 100 B.R. 107, 113 (Bankr. N.D. Ga. 1988), *aff'd sub nom., Anchor Savs. Bank FSB v. Sky Valley, Inc.*, 99 B.R. 117, 120 n. 4 (N.D. Ga. 1989); *see also Ames Dep't Stores*, 115 B.R. at 40 (approving financing facility and holding that the debtor made reasonable efforts to satisfy the standards of section 364(c) where it approached four lending institutions, was rejected by two, and selected the most favorable of the two offers it received).

41. The Debtors satisfy the standard. Despite efforts to obtain DIP financing proposals from third parties outside the capital structure, the Debtors were unable to obtain any competing financing proposals on any terms. In this process, Rock Creek contacted a number of third-party financial institutions in an effort to procure DIP financing. After reviewing their options, the Debtors determined the DIP Lenders' proposal was the best option currently available under the circumstances to the Debtors and that that could not obtain postpetition financing without granting the liens and claims in the priorities set forth in the DIP Documents and described herein.

42. Absent the DIP Facility, which will provide sufficient liquidity to administer these Chapter 11 Cases, the value of the Debtors' estates would be significantly impaired to the detriment of all stakeholders. Given the Debtors' dire circumstances, the Debtors believe that the terms of the DIP Facility, including the Roll Up DIP Loans and other economic provisions of the DIP Facility, as set forth in the DIP Credit Agreement, are reasonable under the circumstances. For these reasons, the Debtors have met the standard for obtaining postpetition financing under section 364 of the Bankruptcy Code.

### C. The DIP Facility Provides for Consensual Priming

43. Courts may authorize a debtor to obtain postpetition credit secured by a lien that is senior or equal in priority to existing liens on the encumbered property, without the consent of existing lien holders if the debtor cannot otherwise obtain such credit and the interests of existing lien holders are adequately protected. *See* 11 U.S.C. § 364(d)(1). Specifically, section 364(d)(1) of the Bankruptcy Code provides:

> (1) The court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt secured by a senior or equal lien on property of the estate that is subject to a lien only if:
>
> (A) the trustee is unable to obtain such credit otherwise; and
>
> (B) there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted.

11 U.S.C. § 364(d)(1).

44. When determining whether to authorize a debtor to obtain credit secured by senior liens as authorized by section 364(d) of the Bankruptcy Code, courts focus on whether the transaction will enhance the value of the debtor's assets. Courts consider a number of factors, including:

- whether the party subject to a priming lien has consented to such treatment;
- whether alternative financing is available on any other basis (*i.e.*, whether any better offers, bids, or timely proposals are before the court);
- whether the proposed financing is necessary to preserve estate assets and is necessary, essential and appropriate for continued operation of the debtors' businesses;
- whether the terms of the proposed financing are reasonable and adequate given the circumstances of both the debtors and proposed lender(s); and
- whether the proposed financing agreement was negotiated in good faith and at arms'-length and entry therein is an exercise of sound and reasonable business judgment and in the best interest of the debtor's estate and its creditors.

*See, e.g.*, *Ames Dep't Stores*, 115 B.R. at 37–39; *Bland v. Farmworker Creditors*, 308 B.R. 109, 113-14 (S.D. Ga. 2003); *Farmland Indus.*, 294 B.R. at 862–79; *In re Lyondell Chem. Co.*, Case No. 09-10023 (Bankr. S.D.N.Y. March 5, 2009); *Barbara K. Enters.*, 2008 WL 2439649 at *10. Here, the each of the Prepetition Secured Parties whose liens will be primed has consented or is deemed to have consented to the priming of its respective liens on the terms described herein and set forth in the proposed Interim Order. Therefore, the relief requested pursuant to section 364(d)(1) of the Bankruptcy Code is appropriate.

**D. The Liens Granted Under the DIP Facility Further Reflect a Sound Exercise of the Debtors' Business Judgment**

45. The Debtors believe that, after extensive arm's-length negotiations with the DIP Lenders, the DIP Documents reflect the most favorable terms on which the Debtors are currently able to obtain postpetition financing and that they could not obtain financing without granting the liens in the priority described herein. Accordingly, because the Debtors' judgment does not run afoul of the provisions of, and policies underlying, the Bankruptcy Code, the Court should grant the Debtors considerable deference in acting in accordance with its business judgment and approve the liens required by the DIP Facility. *See, e.g.*, *In re Ames Dept. Stores, Inc.*, 115 B.R. at 40 (courts have discretion under Bankruptcy Code section 364 to permit debtors to exercise reasonable business judgment so long as (a) the terms of the financing agreement do not "leverage the bankruptcy process and powers" and (b) the financing agreement's purpose is primarily to benefit the estate, and not a party in interest).

**E. The Roll Up DIP Loans Are Necessary and Appropriate**

46. As set forth herein, the Roll Up DIP Loans contemplate refinancing the Prepetition Secured Indebtedness outstanding as of the Petition Date. Specifically, the Roll Up DIP Loans roll up, on a $3.00 to $1.00 basis, up to an amount not to exceed $10 million of the Prepetition

Secured Indebtedness held by the DIP Lenders upon entry of the Interim Order. The Roll Up occurs as the DIP Lenders fund the New Money DIP Loans on a "roll as you fund" basis.

47. The DIP Lenders made it evident in their negotiations with the Debtors that the inclusion of roll-up loans was a required part of any DIP Facility. Given the thorough negotiations with the DIP Lenders and the Debtors' assessment, along with Rock Creek, that they were unlikely to find better currently available alternatives given the circumstances, agreeing to the Roll Up DIP Loans was a reasonable exercise of the Debtors' business judgment. Ayers Decl. ¶ 11. Moreover, the Roll Up DIP Loans are subject to challenge during the Challenge Period and are, therefore, not prejudicial to the rights of creditors in these Chapter 11 Cases.

48. Courts in this jurisdiction have approved similar features in debtor-in-possession financing packages, including on an interim basis. *See, e.g.*, *In re American Signature, Inc., et al.*, No. 25-12105 (JKS) (Bankr. D. Del. Jan 8, 2026 (authorizing a $50 million DIP facility, including a $39 million roll-up of prepetition secured obligations); *In re Synthego Corporation*, Case No. 25-10823 (MFW) (Bankr. D. Del. May 9, 2025) (interim order authorizing $5 million new money loans and $10 million in roll-up loans); *In re Molecular Templates, Inc.*, Case No. 25-10739 (BLS) (Bankr. D. Del. April 28, 2025) (authorizing an approximately $12 million DIP facility, including a $9 million roll-up of the prepetition secured obligations); *In re Sientra, Inc.*, Case No. 24-10245 (JTD) (Bankr. D. Del. Feb. 14, 2024) (interim order authorizing $22 million new money loans and $35 million in roll-up loans); *In re PGX Holdings, Inc.*, No. 23-10718 (CTG) (Bankr. D. Del. Jul. 31, 2023) (authorizing an approximately $63 million DIP Facility, including an approximately $43 million roll-up); *In re SiO2 Medical Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Apr. 26, 2023) (authorizing an approximately $120 million DIP facility, including a $60 million roll-up); *In re OSG Group Holdings, Inc.*, No 22-10718 (JTD) (Bankr. D. Del. Aug. 9, 2022) (authorizing

an approximately $25 million DIP facility including a $10.7 million roll-up); *In re True Religion Apparel, Inc.*, No. 20-10941 (CSS) (Bankr. D. Del. Apr. 15, 2020) (authorizing a DIP facility comprising (among other things) $1,700,000 in new money to be provided following the entry of an interim order, $6,700,000 of new money to be provided following the entry of the final order and a rollup of approximately $45 million in prepetition obligations pursuant to interim order).

49. For the Debtors to obtain the benefits of the DIP Facility, the Debtors and the DIP Lenders agreed to the terms of the DIP Roll-up Loans as incorporated into the DIP Facility. The DIP Lenders would not otherwise extend credit to the Debtors without such roll-up provisions. Accordingly, the proposed roll-up is an appropriate exercise of the Debtors' business judgment and should be approved.

## II. The Debtors Should Be Authorized to Use Postpetition Collateral, Including Cash Collateral

50. Section 363 of the Bankruptcy Code governs the Debtors' use of Cash Collateral. Under section 363(c)(2), a debtor may not use cash collateral unless "(A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes the use, sale or lease in accordance with the provisions of this section." 11 U.S.C. § 363(c)(2).

51. Here, the Debtors seek authority to use the Cash Collateral pursuant to the Approved DIP Budget and have sought approval of various forms of adequate protection in favor of the Prepetition Secured Parties, including adequate protection liens and superpriority claims to the extent of any diminution and reimbursement of reasonable professional fees incurred by the Prepetition Secured Parties. Importantly, the DIP Lenders and Prepetition Secured Parties consent to the use of Cash Collateral on the terms set forth in the Interim Order and Final Order.

32. The Prepetition Secured Parties' Cash Collateral will be used to sustain the Debtors' business operations, run an expedited sale process, and administer these Chapter 11

Cases, which will allow the Debtors to maximize the value of their estates. If the Debtors are unable to use Cash Collateral, they will be unable to fund payroll obligations, procure goods and services from vendors, run the necessary sale process, or administer these Chapter 11 Cases, thereby dissipating value to the detriment of the Debtors' estates and stakeholders.

52. Accordingly, based upon the foregoing, the Debtors respectfully request that the Court authorize the Debtors' proposed use of Cash Collateral to which the Prepetition Secured Parties have consented and with respect to which the Prepetition Secured Parties are adequately protected.

## III. The DIP Lenders Should Be Deemed Good Faith Lenders

53. Section 364(e) of the Bankruptcy Code protects a good faith lender's right to collect on loans extended to a debtor, and its right in any lien securing those loans, even if the authority of the debtor to obtain such loans or grant such liens is later reversed or modified on appeal. Section 364(e) provides that:

> The reversal or modification on appeal of an authorization under this section [364 of the Bankruptcy Code] to obtain credit or incur debt, or of a grant under this section of a priority or a lien, does not affect the validity of any debt so incurred, or any priority or lien so granted, to an entity that extended such credit in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and the incurring of such debt, or the granting of such priority or lien, were stayed pending appeal.

11 U.S.C. § 364(e).

54. Here, the DIP Documents embody the best terms on which the Debtors could currently obtain DIP Financing under the circumstances. *See* Ayers Decl. ¶ 13. All negotiations regarding the provision of the DIP Facility were conducted on an arm's-length basis. First Day Decl. ¶ 65. The terms and conditions of the DIP Facility are reasonable, and the proceeds of the DIP Facility will be used only for purposes that are permissible under the Bankruptcy Code. First

Day Decl. ¶ 65. Further, no consideration is being provided to any party to the DIP Facility other than as disclosed herein. Accordingly, the Court should find that the DIP Lenders are "good faith" lenders within the meaning of section 364(e) of the Bankruptcy Code and are entitled to all of the protections afforded by that section.

## IV. The Scope of the Carve-Out Is Necessary and Appropriate

55. The DIP Liens are subject to the Carve-Out (as described above). Without the Carve-Out, the Debtors and other parties-in-interest may be deprived of certain rights and powers because the services for which professionals may be paid in these Chapter 11 Cases would be restricted. *See In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) (observing that courts insist on carve-outs for professionals representing parties-in-interest because "[a]bsent such protection, the collective rights and expectations of all parties-in-interest are sorely prejudiced"). The Carve-Out does not directly or indirectly deprive the Debtors' estate or other parties-in-interest of possible rights and powers. Additionally, the Carve-Out ensures that assets will be available for the payment of fees of the Clerk of the Bankruptcy Court or the Office of the United States Trustee for the District of Delaware and professional fees of the Debtors and an unsecured creditors committee, if one is appointed. Accordingly, the Carve-Out is necessary and appropriate, and should be approved.

## V. Modification of the Automatic Stay

56. By this Motion, the Debtors are requesting modification of the automatic stay (to the extent applicable) as necessary to, *inter alia*, (a) implement the terms of the Interim Order; (b) permit the Debtors to grant the security interests and liens described above and to perform such acts as may be requested to assure the perfection and priority of such security interests and liens; and (c) permit the DIP Lenders to exercise certain remedies upon the occurrence of an event of

default under the DIP Documents—subject to the procedures set forth in the Interim Order. The Debtors believe that these provisions are required for the Debtors to obtain the DIP Facility and use Cash Collateral as provided in the Interim Order.

57. Stay modification provisions of this kind are ordinary and standard terms of postpetition use of collateral by debtors-in-possession, and, in the Debtors' business judgment, are reasonable and necessary under the present circumstances. *See, e.g., In re Freedom Forever LLC*, Case No. 26-10522 (BLS) (Bankr. D. Del. June 1, 2026) (modifying the automatic stay as necessary to effectuate the terms of the DIP order); *In re Impac Mortgage Holdings, Inc.*, Case No. 26-10593 (CTG) (Bankr. D. Del. May 20, 2026) (modifying automatic stay as necessary to effectuate the terms of the DIP order and following occurrence of an event of default); *In re Avenger Flight Group, LLC*, Case No. 26-10183-MFW (Bankr. D. Del. Mar. 11, 2026) (same); *In re SiO2 Medical Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Apr. 26, 2023) (same); *In re Enjoy Tech., Inc.*, Case No. 22-10580 (JKS) (Bankr. D. Del. July 26, 2022) (terminating automatic stay after occurrence of event of default and applicable notice).[5]

58. Accordingly, the Debtors respectfully request that the Court authorize the modification of the automatic stay in accordance with the terms set forth in the DIP Orders.

## VI. Interim Approval of the DIP Facility

59. Bankruptcy Rules 4001(b) and (c) provide that a final hearing on a motion to use cash collateral pursuant to Bankruptcy Code section 363 or to obtain credit under Bankruptcy Code section 364 be commenced no earlier than 14 days after the service of such motion. Upon request, however, a court is empowered to conduct a preliminary expedited hearing on the motion and to

[5] Because of the voluminous nature of the orders cited herein, such orders have not been attached to this Motion. Copies of these orders are available upon request to the Debtors' proposed counsel.

authorize the use of cash collateral and the obtaining of credit to the extent necessary to avoid immediate and irreparable harm to a debtor's estate.

60. As described above and in the First Day Declaration, denial of immediate use of Cash Collateral and access to the DIP Facility will cause immediate and irreparable harm to the value of Debtors to the detriment of its creditors and other stakeholders. *See* First Day Decl. ¶ 67.

61. Accordingly, the Debtors respectfully request that the Court conduct a preliminary hearing on the Motion and authorize the Debtors from the entry of the Interim Order until the Final Hearing to use Cash Collateral and obtain credit under the terms of the DIP Credit Agreement.

## VII. Request for a Final Hearing

62. Pursuant to Bankruptcy Rules 4001(b)(2), the Debtors request that the Court set a date for the Final Hearing that is no later than twenty-eight (28) days after the entry of the Interim Order and fix the date and time prior to the Final Hearing for parties to file objections to the relief requested by this Motion. The Debtors also requests authority to serve a copy of the signed Interim Order, which fixes the time and date for the filing of objections, if any, to entry of the Final Order, by first class mail upon the notice parties listed below, and further requests that the Court deem service thereof sufficient notice of the hearing on the Final Order under Bankruptcy Rule 4001(c)(2).

## IMMEDIATE RELIEF IS NECESSARY TO AVOID IMMEDIATE AND IRREPARABLE HARM

63. Bankruptcy Rule 6003 provides that the relief requested in this Motion may be granted if the "relief is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003. The Third Circuit has interpreted the language "immediate and irreparable harm" in the context of preliminary injunctions. In that context, the court has instructed that irreparable harm is a continuing harm which cannot be adequately redressed by final relief on the merits and for

which money damages cannot provide adequate compensation. *See, e.g.*, *Norfolk S. Ry. Co. v. City of Pittsburgh*, 235 Fed. App'x 907, 910 (3d Cir. 2007) (citing *Glasco v. Hills*, 558 F.2d 179, 181 (3d Cir. 1977)). Furthermore, the harm must be shown to be actual and imminent, not speculative or unsubstantiated. *See, e.g.*, *Acierno v. New Castle County*, 40 F.3d 645, 653-55 (3d Cir. 1994). The Debtors submit that for the reasons set forth herein, the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors and, accordingly, should be granted on an interim basis.

**WAIVER OF NOTICE AND STAY UNDER BANKRUPTCY RULE 6004**

64. To the extent that Bankruptcy Rule 6004(a) applies, the Debtors respectfully request a waiver of such notice requirement in order to implement the foregoing requested relief.

65. The Debtors also request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate their businesses without interruption and to preserve value for their estate. Accordingly, the Debtors respectfully request that the Court waive the fourteen-day stay imposed by Bankruptcy Rule 6004(h).

**NOTICE**

66. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee; (b) the holders of the thirty (30) largest unsecured claims against the Debtors on a consolidated basis; (c) counsel to the Prepetition Secured Parties and the DIP Secured Parties; (d) the Internal Revenue Service; (e) the United States Attorney's Office for the District of Delaware; (f) the Securities and Exchange Commission; (x) the Delaware Secretary of State; (g) the Delaware State Treasury; (h) any party that has requested notice pursuant to Bankruptcy

Rule 2002; and (i) all other parties entitled to notice pursuant to Local Rule 9013-1(m). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

**NO PRIOR REQUEST**

67. No prior request for the relief sought herein has been made to this or any other Court.

*[Remainder of Page Intentionally Left Blank]*

WHEREFORE, the Debtors respectfully requests that the Court enter the Interim Order, and following notice and the opportunity of parties-in-interest to be heard, the Final Order, granting the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: June 8, 2026
Wilmington, Delaware

*/s/ L. Katherine Good*

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*Proposed Counsel for Debtors and Debtors-in-Possession*

# EXHIBIT A

## Proposed Interim Order

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

| | | |
|---|---|---|
| In re: | : | Chapter 11 |
| Simply Interior Homes, LLC, *et al.*,[1] | : | Case No. 26-[●] (___) |
| Debtors. | : | (Joint Administration Pending) |

**INTERIM ORDER (I) AUTHORIZING EACH DEBTOR TO (A) OBTAIN POSTPETITION FINANCING AND (B) UTILIZE CASH COLLATERAL, (II) GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES, (III) MODIFYING THE AUTOMATIC STAY, (IV) SCHEDULING A FINAL HEARING, AND (V) GRANTING RELATED RELIEF**

Upon the motion (the "Motion") of the above-referenced debtors, as debtors in possession (collectively, the "Debtors" and individually, each a "Debtor") in the above-captioned case (the "Case"), pursuant to sections 105, 361, 362, 363, 364, 503 and 507 of title 11 of the United States Code, 11 U.S.C. §§101-1532 (the "Bankruptcy Code"), Rules 2002, 4001, 6003, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rules 2002-1, 4001-2 and 9013-1(m) of the Local Rules for the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), seeking, among other things,

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number include: Simply Interior Homes, LLC (8509); Simply Interior Homes AcquisitionCo, LLC (9643); SIH Beckham Buyer, LLC (5210); SIH-HSD Holdings, LLC (5402); SIH-BB Holdings, LLC (2303); SIH-DMD Holdings, LLC (2411); and SIH-SR Holdings, LLC (1835). The location of the Debtors' service address in these chapter 11 cases is 3042 Southcross Boulevard, Suite 102, Rock Hill, SC 29730.

a. authorization for each Debtor, pursuant to sections 105, 361, 362, 363, 364, 503 and 507 of the Bankruptcy Code, to (i) use cash collateral, as such term is defined in section 363(a) of the Bankruptcy Code ("Cash Collateral"), and all other Prepetition Collateral (as defined herein), solely in accordance with the terms of this interim order (this "Interim Order"), (ii) use the proceeds of the DIP Facility (as defined herein), solely in accordance with the Approved DIP Budget (as defined below) and other terms of this Interim Order, (iii) provide adequate protection to the Prepetition Secured Parties (as defined herein), and (iv) grant related relief, in each case as set forth on the terms of this Interim Order;

b. authorization for each of the Debtors (each a "DIP Borrower" or "DIP Loan Party") to obtain postpetition superpriority senior secured, asset-based debtor-in-possession financing and other financial accommodations (the "DIP Facility"), consisting of a (i) senior secured superpriority revolving credit facility in the aggregate principal amount of $5,000,000 (excluding fees, premiums and other amounts payable-in-kind, the "New Money DIP Commitments", and the loans made pursuant thereto, the "New Money DIP Loans") pursuant to and in accordance with the terms and conditions set forth in that certain ABL DIP Financing Term Sheet, by and among the DIP Loan Parties, GRC SPV Investments, LLC and Wingspire Capital, LLC as the lenders thereto (collectively, the "DIP Lenders") and Great Rock Capital Partners Management, LLC, in its capacity as administrative agent and collateral agent (in such capacities, the "DIP Agent" and, together with the DIP Lenders, the "DIP Secured Parties", together with the Prepetition Secured Parties (as defined herein), the "Secured Parties"), substantially in the form attached hereto as **Exhibit 2** (as it may be amended, restated, amended and restated, modified, supplemented, extended, waived or replaced from time to time, the "DIP Term Sheet", and together with all other agreements, schedules, exhibits, certificates and other definitive documentation entered into in connection therewith, the "DIP Loan Documents"), allocated and made available to the DIP Loan Parties upon entry of this Interim Order, subject to the terms and conditions set forth in the DIP Term Sheet, the other DIP Loan Documents, and this Interim Order, and (ii) second out roll-up tranche in the amount of $3.00 of Prepetition Secured Obligations (as defined below) for every $1.00 of the New Money DIP Loans funded with such rolled up loans not to exceed $10,000,000 in the aggregate (the "Roll-Up DIP Loans", and together with the New Money DIP Loans, the "DIP Loans" and the DIP Loans together with all other fees, premiums, expenses and charges arising under the DIP Loan Documents, the "DIP Obligations") in each case with such Roll-Up DIP Loans automatically deemed funded, exchanged and converted on a cashless basis into and immediately constituting legal, valid, binding and non-avoidable DIP Obligations upon each funding of New Money DIP Loans in accordance with the terms hereof (the "Roll-Up"), with a corresponding dollar-for-dollar reduction in the remaining Prepetition Secured Obligations; provided, that, such corresponding amount of the Prepetition Secured Obligations shall only be exchanged and converted into Roll-Up Loans for the first $3,333,333 of New Money DIP Loans funded and any further reborrowing of New Money DIP Loans shall not result in the roll up of any additional Prepetition Secured Obligations;

c. authorizing the DIP Borrower to (i) incur the principal, interest, fees, costs, expenses, obligations (whether contingent or otherwise), and all other amounts (including, without limitation, all DIP Obligations (as defined in the DIP Term Sheet)), as and when due and (ii) make repayments and payments from the daily sweep of collection, the proceeds of the liquidating DIP Collateral and any other proceeds received by the Debtors applied in the following priorities, *first*, to the New Money DIP Loans (and all interest and fees in respect thereof) until repaid in full; *second*, to the Roll-Up DIP Loans (and all interest and fees in respect thereof) until paid in full; and *third*, to the Prepetition Secured Obligations (and all interest and fees in respect thereof) to the extent remaining after giving effect to the Roll-Up, until paid in full, in each case in accordance with the terms of the DIP Term Sheet and other DIP Loan Documents;

d. authorizing each Debtor to execute, deliver, and perform under the DIP Term Sheet and all other DIP Loan Documents, and to perform such other and further acts as may be necessary or desirable in connection with this Interim Order, the DIP Loan Documents, and the transactions contemplated thereby;

e. granting to the DIP Agent, for the benefit of the DIP Secured Parties, and authorizing each Debtor to incur, the DIP Liens (as defined herein), as applicable, in all DIP Collateral (as defined herein), subject to the Carve-Out (as defined herein), which DIP Liens shall have the priority set forth in this Interim Order;

f. granting to the DIP Agent, for the benefit of the DIP Secured Parties, and authorizing each Debtor to incur, allowed superpriority administrative expense claims against each Debtor in respect of all DIP Obligations in accordance with and subject to the Carve-Out and the terms of this Interim Order;

g. authorizing each Debtor to grant the Prepetition Secured Parties, solely to the extent of any diminution in the value of, the Prepetition Collateral adequate protection in the form of: (i) Adequate Protection Liens (as defined herein), subject to any Permitted Prior Liens; (ii) Adequate Protection Payments (as defined herein); and (iii) payment of the fees and expenses of the Prepetition Secured Parties, including the Adequate Protection Payments, in accordance with the terms of the Prepetition Loan Documents;

h. modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of this Interim Order and the DIP Loan Documents;

i. waiving any applicable stay with respect to the effectiveness and enforceability of this Interim Order (including a waiver pursuant to Bankruptcy Rules 6003(b) and 6004(h));

j. subject to entry of a final order granting the relief requested in the Motion on a final basis (the "Final Order") granting such relief and to the extent set forth herein, waiving each Debtor's and its estate's right to surcharge against the Prepetition

Collateral pursuant to section 506(c) of the Bankruptcy Code;

k. subject to entry of a Final Order granting such relief and to the extent set forth herein, for the "equities of the case" exception under section 552(b) of the Bankruptcy Code to not apply to such parties with respect to the proceeds, products, offspring, or profits of any of the Prepetition Collateral or the DIP Collateral, as applicable;

and an interim hearing (the "Interim Hearing") having been held by the Court on June [_], 2026 at [_]; and a final hearing (the "Final Hearing") having been scheduled by the Court for July [_], 2026 at [_] pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2, and notice of the Motion and the relief sought therein having been given by each Debtor as set forth in this Interim Order; and the Court having considered the evidence adduced, and the statements of counsel at the Interim Hearing; and it appearing to the Court that granting the relief sought in the Motion on the terms and conditions herein contained is necessary and essential to enable each Debtor to preserve the value of each Debtor's businesses and assets and that such relief is fair and reasonable and that entry of this Interim Order is in the best interest of each Debtor and its estate and creditors; and due deliberation and good cause having been shown to grant the relief sought in the Motion,

**IT IS HEREBY FOUND AND DETERMINED THAT:**

A. **Petition Date.** On June 7, 2026 (the "Petition Date"), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware. Each Debtor has continued with the management and operation of its businesses and properties as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in this Case. To date, the office of the U.S. Trustee (as hereinafter defined) has not appointed an official committee of unsecured creditors in this Case (if any, the "Committee").

B. **Jurisdiction and Venue.** Consideration of the Motion constitutes a "core proceeding" as defined in 28 U.S.C. § 157(b)(2). This Court has jurisdiction over the Case, the Motion, and the parties and property affected hereby pursuant to 28 U.S.C. § 1334. Venue for the Case and the proceeding on the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

C. **Prepetition Credit Agreement.** Prior to the Petition Date, the Prepetition Lenders (as defined below) made certain loans and advances pursuant to and in accordance with the terms and conditions of that certain Credit Agreement, dated as of February 21, 2025 (as amended, restated, amended and restated or otherwise modified from time to time, the "Prepetition Credit Agreement," and together with all other documentation executed in connection therewith, including, without limitation, the Prepetition Collateral Documents (as defined herein) and all other Note Documents (as defined in the Prepetition Credit Agreement), the "Prepetition Loan Documents"), among certain Debtors, as the borrower and guarantors (in such capacity, the "Prepetition Loan Parties"), GRC SPV Investments, LLC and Wingspire Capital, LLC as lenders (the "Prepetition Lenders"), and Great Rock Capital Partners Management, LLC, acting as administrative agent and collateral agent for the Prepetition Lenders (in such capacity, the "Prepetition Agent," and together with the Prepetition Lenders, the "Prepetition Secured Parties").

D. **Debtors' Admissions With Respect to the Prepetition Secured Obligations.** Subject only to the rights of parties in interest specifically set forth in paragraph 23 of this Interim Order (and subject to the limitations thereon contained in such paragraph), in exchange for and as a material inducement for the Prepetition Secured Parties to agree to the relief sought herein, after consultation with its attorneys and financial advisors, each Debtor admits, stipulates, and

agrees that:

i. As of the Petition Date, each Prepetition Loan Party, was justly and lawfully indebted and liable, without defense, counterclaim, or offset of any kind, to the Prepetition Secured Parties in the aggregate principal amount of not less than $ 17,916,002.34 ((plus accrued but unpaid interest, unused line fees, commitment termination fees and other fees due and payable under the Prepetition Loan Documents, including the reasonable and documented fees, disbursements and other charges of counsel to the Prepetition Secured Parties, the "Prepetition Secured Obligations"). The Prepetition Secured Obligations, including the amounts specified in this paragraph, constitute the legal, valid, non-avoidable, and binding obligations of each Prepetition Loan Party, enforceable in accordance with their terms (other than in respect of the stay of enforcement arising under section 362 of the Bankruptcy Code), without offsets, recoupments, challenges, objections, defenses, counterclaims, or claims or causes of action of any kind or nature that could reduce the amount or ranking of the Prepetition Secured Obligations. Each Prepetition Loan Party does not have, nor shall it assert, any claim, counterclaim, setoff, or defense of any kind, nature, or description that would in any way affect the validity, enforceability, and non-avoidability of any of the Prepetition Secured Obligations. The Prepetition Secured Obligations and any amounts previously paid to any Prepetition Secured Party pursuant to the terms of the Prepetition Credit Agreement, on account thereof, or with respect thereto are not subject to avoidance, reduction, disallowance, impairment, recharacterization, or subordination or equitable subordination pursuant to the Bankruptcy Code or any other applicable non-bankruptcy law, except as provided in the Prepetition Loan Documents or this Interim Order.

E. **Debtors' Admissions With Respect to Prepetition Collateral and Prepetition Liens.** Subject only to the rights of parties in interest specifically set forth in paragraph 23 of this Interim Order (and subject to the limitations thereon contained in such paragraph), in exchange for and as a material inducement for the Prepetition Secured Parties to agree to the relief sought herein, after consultation with its attorneys and financial advisors, each Debtor admits, stipulates, and agrees that:

i. Pursuant to that certain Security Agreement, dated as of February 21, 2025, by and between the Prepetition Loan Parties and the Prepetition Agent, for the benefit of itself and the other Prepetition Secured Parties (the "Security Agreement", and collectively with all other "Collateral Documents", as such term is defined in the Prepetition Credit Agreement, the "Prepetition Collateral Documents"), each Prepetition Loan Party granted valid,

continuing, binding, enforceable and perfected first priority liens on and security interests in the "Collateral" as such term is defined in the Security Agreement (the "Prepetition Collateral") to and/or for the benefit of the Prepetition Secured Parties (the "Prepetition Liens"), subject only to Permitted Prior Liens (as defined below).

ii. The Prepetition Liens (a) are valid, binding, properly perfected, enforceable and non-avoidable liens on and security interests in the Prepetition Collateral; (b) are not subject to, pursuant to the Bankruptcy Code or other applicable law (foreign or domestic), avoidance, disallowance, reduction, recharacterization, recovery, subordination (whether equitable, contractual, or otherwise), attachment, offset, counterclaim, defense, "claims" (as defined in the Bankruptcy Code), impairment, or any other challenge of any kind by any person or entity; (c) subject to paragraph 23, entitle the Prepetition Lenders to credit bid the Prepetition Secured Obligations pursuant to section 363(k) of the Bankruptcy Code and applicable state or foreign law without further challenges from the Debtors or any other party and implemented by the Prepetition Lenders in their absolute discretion; and (d) are subject and subordinate only to (1) the Carve-Out, (2) the DIP Liens (as defined below), (3) the Adequate Protection Liens (as defined below), and (4) valid and enforceable liens and encumbrances in the Prepetition Collateral (if any) that were expressly permitted to be senior to the Prepetition Liens under the applicable Prepetition Loan Documents, that are valid, properly perfected, enforceable, and non-avoidable as of the Petition Date or perfected following the Petition Date pursuant to Section 546 of the Bankruptcy Code and that are not subject to avoidance, reduction, disallowance, disgorgement, counterclaim, surcharge, or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law (foreign or domestic) (collectively the "Permitted Prior Liens"), and the Debtors and their estates have no claims, objections, challenges, causes of action, and/or choses in action, including avoidance claims under chapter 5 of the Bankruptcy Code or applicable state law equivalents or actions for recovery or disgorgement, against any of the Prepetition Secured Parties or any of their respective affiliates, agents, attorneys, advisors, professionals, officers, directors, and employees arising out of, based upon or related to the Prepetition Loan Documents or the Debtors. The Prepetition Liens were granted to the Prepetition Secured Parties for fair consideration and reasonably equivalent value, and were granted contemporaneously with the making of loans, commitments, and/or other financial accommodations under the Prepetition Loan Documents. Pursuant to and as more particularly described in the Prepetition Loan Documents, the Prepetition Liens are valid, binding, properly perfected, enforceable, non-avoidable, first-priority liens and security interests in and against the Prepetition Collateral (including, without limitation, Cash Collateral), and are senior in right, priority, operation and effect to all other interests in the Prepetition Collateral and subject to the Permitted Prior

Liens, in all respects. The Prepetition Secured Obligations constitute allowed, secured claims within the meaning of sections 502 and 506 of the Bankruptcy Code.

iii. All cash of the Debtors and cash proceeds of the Prepetition Collateral, including all such cash and cash proceeds of such Prepetition Collateral held at any time and from time to time in any of the Debtors' securities accounts and banking, checking, or other deposit accounts with financial institutions (in each case, other than trust, payroll, and custodial funds held as of the Petition Date in properly established trust, payroll, and custodial accounts), are and will be Cash Collateral of the Prepetition Secured Parties.

F. **Subordinated Sponsor Notes**.

i. Debtor Soft Goods Operating, LLC, as borrower, is party to that certain (i) Amended and Restated Note, dated as of February 21, 2025, with Centre Lane Partners V, L.P. ("CLP V"), as lender, in the stated principal amount of $43,836,733.89 (the "CLP V Sponsor Note") and (ii) Amended and Restated Note, dated as of February 21, 2025, with Centre Lane Partners IV, L.P. ("CLP IV", and together with CLP V, the "Sponsor"), as lender, in the stated principal amount of $5,214,632.76 (the "CLP IV Sponsor Note", and together with the CLP V Sponsor Note, the "CLP Sponsor Notes", and the amounts owing thereunder, the "Subordinated Sponsor Note Obligations"); and

ii. the Subordinated Sponsor Note Obligations purport to be secured by subordinated liens on the "Collateral" as defined in the CLP Sponsor Notes (the "Subordinated Sponsor Liens") and the Subordinated Sponsor Note Obligations and Subordinated Sponsor Liens are expressly subordinated in right of payment and lien priority, respectively, to the Prepetition Liens and Prepetition Secured Obligations pursuant to the terms of that certain Subordination and Intercreditor Agreement, dated as of February 21, 2025 (the "Sponsor Notes Subordination Agreement"), by and among the Sponsor, the Prepetition Agent, Debtor Soft Goods, LLC and Debtor Soft Goods Operating, LLC and which is valid and in full force and effect as of the Petition Date, which Sponsor Notes Subordination Agreement constitutes a subordination agreement pursuant to section 510(a) of the Bankruptcy Code shall not be deemed to be amended, altered, or modified by the terms of this Interim Order. Nothing herein shall be deemed a stipulation that the Subordinated Sponsor Note Obligations are valid, binding debt obligations or the Subordinated Sponsor Liens (a) are valid, binding, properly perfected, enforceable and non-avoidable liens on and security interests in the Prepetition Collateral; or (b) are not subject to, pursuant to the Bankruptcy Code or other applicable law (foreign or domestic), avoidance, disallowance, reduction, recharacterization, recovery, subordination (whether equitable, contractual, or otherwise),

attachment, offset, counterclaim, defense, "claims" (as defined in the Bankruptcy Code), impairment, or any other challenge of any kind by any person or entity.

G. **Debtors' Admissions With Respect to Cash Collateral**. Subject only to the rights of parties in interest specifically set forth in paragraph 23 of this Interim Order (and subject to the limitations thereon contained in such paragraph), in exchange for and as a material inducement for the Prepetition Secured Parties to agree to the relief sought herein, after consultation with their attorneys and financial advisors, each Debtor admits, stipulates, and agrees that all of each Prepetition Loan Party's cash, including all cash proceeds of the Prepetition Collateral, each Prepetition Loan Party's banking, checking or other deposit accounts with financial institutions (in each case, other than trust, escrow and custodial funds held in properly established trust, payroll, and custodial accounts) as of the Petition Date or deposited into each Prepetition Loan Party's banking, checking or other deposit accounts with financial institutions after the Petition Date that is property of each Prepetition Loan Party constitutes Cash Collateral of the Prepetition Agent, for the benefit of the Prepetition Secured Parties, within the meaning of section 363(a) of the Bankruptcy Code. The Prepetition Agent, for the benefit of the Prepetition Secured Parties, is entitled, pursuant to sections 105, 361, 362 and 363(e) of the Bankruptcy Code, to adequate protection of its interests in the Prepetition Collateral, including the Cash Collateral, to the extent of any diminution in value of its interests in the Prepetition Collateral as of the Petition Date resulting from the use of Cash Collateral, the postpetition use, sale or lease of the Prepetition Collateral and/or the imposition of the automatic stay pursuant to section 362(a) of the Bankruptcy Code. The foregoing shall not, nor shall any other provision of this Interim Order be construed as, a determination or finding that there has been or will be any diminution in value

of Prepetition Collateral (including Cash Collateral) and the rights of all parties as to such issues are hereby preserved.

H. **Releases; Investigation**. Subject only to the rights of parties in interest specifically set forth in paragraph 23 of this Interim Order (and subject to the limitations thereon contained in such paragraph), upon entry of this Interim Order, each of the Debtors and the Debtors' estates on its own behalf and on behalf of its past, present, and future predecessors, successors, heirs, subsidiaries and assigns or any person acting for and on behalf of, or claiming through them, hereby unconditionally, irrevocably, and fully forever release, remise, acquit, relinquish, irrevocably waive, and discharge the DIP Secured Parties and the Prepetition Secured Parties, and each of their respective affiliates, former, current, or future officers, employees, directors, servants, agents, representatives, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates, assigns, heirs, predecessors in interest and each person acting for on behalf of any of them, each in their capacity as such, of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, rights, assertions, allegations, actions, suits, controversies, proceedings, losses, damages, injuries, attorneys' fees, costs, expenses, or judgments of every type, whether known, unknown, asserted, unasserted, suspected, unsuspected, accrued, unaccrued, fixed, contingent, pending, or threatened, including, without limitation, all legal and equitable theories of recovery, arising under common law, statute, or regulation or by contract, of every nature and description in each case that exist on the date hereof and in each case that the Debtors at any time had, now have or may have, or that their successors or assigns hereafter can or may have with respect to, relating to or arising from the DIP Obligations, the DIP Liens, the DIP Loan Documents, the Prepetition Loan Documents, the Prepetition Secured

Obligations or the Prepetition Liens, including, without limitation, (i) any so-called "lender liability" or equitable subordination claims or defenses or recharacterization claims or defenses, (ii) any and all claims and causes of action arising under the Bankruptcy Code in connection with actions or events occurring prior to the Petition Date (iii) any and all claims and causes of action regarding the validity, priority, extent, enforceability, perfection, or avoidability of the liens or claims of the DIP Secured Parties or the Prepetition Secured Parties and (iv) any and all claims and causes of action related to other carrying costs, penalties, legal, accounting and other professional costs, and consequential and punitive damages payable to third parties.

I. **Corporate Authority.** Subject to entry of this Interim Order, each DIP Loan Party has all requisite power and authority to execute and deliver the DIP Loan Documents to which it is a party and to perform its obligations thereunder.

J. **Need for Postpetition Financing and Use of Cash Collateral.** The Debtors have requested entry of this Interim Order pursuant to Bankruptcy Rule 4001(b)(2) and Local Rule 4001-2 and has an immediate need to enter into the DIP Facility and obtain use of the Prepetition Collateral, including the Cash Collateral (in the amount and in the manner set forth in the Approved DIP Budget (as defined herein) and this Interim Order) in order to, among other things, preserve and maintain the value of their assets and businesses while liquidating certain inventory to in each case maximize the return to all creditors. An immediate and critical need exists for the Debtors to use the Cash Collateral, consistent with the Approved DIP Budget and this Interim Order, for working capital purposes, to pay costs and fees under the DIP Facility and this Interim Order, for other general corporate purposes, and the satisfaction of costs and expenses of administering the Case. The ability of the Debtors to obtain liquidity through the use of the proceeds of the DIP Facility and the Cash Collateral is vital to the Debtors and their efforts to

pursue an orderly liquidation of certain of its assets and a going concern sale to in each case maximize the value of their assets. Absent entry of this Interim Order, the Debtors' estates and reorganization efforts will be immediately and irreparably harmed. The terms of the proposed DIP Facility pursuant to the DIP Loan Documents and this Interim Order are fair and reasonable, reflect each Debtor's exercise of its sound business judgment, and are supported by reasonably equivalent value and fair consideration.

K. **No Credit Available on More Favorable Terms.** The Debtors have been unable to obtain financing and other financial accommodations from sources other than the DIP Lenders on terms more favorable than those provided under the DIP Facility and the DIP Loan Documents. The Debtors have been unable to obtain adequate unsecured credit allowable as an administrative expense under section 503(b)(1) of the Bankruptcy Code. The Debtors also have been unable to obtain adequate credit for money borrowed (a) having priority over administrative expenses of the kind specified in sections 503(b), 507(a), and 507(b) of the Bankruptcy Code or (b) secured only by a lien on property of the Debtors and their estates that is not otherwise subject to a lien. Postpetition financing is not otherwise available to the Debtors without the Debtors granting the DIP Agent, for the benefit of the respective DIP Secured Parties (and subject to the Carve-Out): (1) the DIP Liens on all DIP Collateral, as set forth herein, (2) the DIP Superpriority Claims (as defined below), and (3) the other protections set forth in this Interim Order. After considering all alternatives, the Debtors have properly concluded, in the exercise of their sound business judgment, that the DIP Facility represents the best financing available to the Debtors at this time, and is in the best interests of all of their stakeholders.

L. **Roll-Up.** The Roll-Up shall be authorized as compensation for, in consideration for, and solely on account of, the agreement of the Prepetition Secured Parties (each of whom are

DIP Lenders), to fund amounts and provide other consideration to each Debtor under the DIP Facility. The Prepetition Secured Parties would not otherwise consent to the use of their Cash Collateral and the DIP Agent and the DIP Lenders would not be willing to provide the DIP Facility or extend credit to the Debtors thereunder, without the inclusion of the Roll-Up occurring (i) upon each funding of New Money DIP Loans up to the first $3,333,333 drawn and (ii) on a $3.00 of Prepetition Secured Obligations for every $1.00 of New Money DIP Loans basis with a corresponding reduction on a dollar for dollar basis to the Prepetition Secured Obligations remaining. The Roll-Up of the Prepetition Secured Obligations into DIP Obligations will enable each Debtor to obtain urgently needed financing to administer this Case to fund its operations, the orderly liquidation of certain assets and maximize value for all parties in interest.

M. **Use of Proceeds of the DIP Facility and Cash Collateral.** As a condition to entry into the DIP Loan Documents, the extension of credit and other financial accommodations made under the DIP Facility and the consent to use Cash Collateral (including, without limitation, the proceeds of the DIP Facility), each Debtor and each of the DIP Secured Parties and the Prepetition Secured Parties have agreed that Cash Collateral, the proceeds of the DIP Facility, and all other cash or funds of each Debtor, shall be used solely in accordance with the terms and conditions of this Interim Order, the DIP Loan Documents and the Approved DIP Budget (as defined below) (subject to permitted variances pursuant to paragraph 7 of this Interim Order) as provided for hereunder and as follows: (1) to provide ongoing operations and working capital for each Debtor and to pay budgeted expenses of each Debtor during the Case in accordance with the Approved DIP Budget, (2) to provide for other general corporate purposes of each Debtor during the Case, including the payment of professional fees of the Debtors on the terms hereof, (3) to pay transaction fees and expenses, (4) to pay the costs of administration of the Case, including to fund

the Carve-Out (as defined below) consistent with paragraph 11 and (5) as otherwise contemplated in the Approved DIP Budget or permitted by the DIP Lenders, and for no other purpose.

N. **Business Judgment and Good Faith Pursuant to Section 364(e).** Based on the DIP Motion, the First Day Declaration, and the record presented to the Court at the Interim Hearing, (i) the extension of credit and other financial accommodations made under the DIP Facility and the DIP Loan Documents, (ii) the terms of the DIP Facility, (iii) the fees and other amounts paid and to be paid thereunder, (iv) the terms of adequate protection granted to the Prepetition Secured Parties, (v) the terms on which each Debtor may continue to use Prepetition Collateral (including Cash Collateral), and (vi) the Cash Collateral arrangements described therein and herein, in each case, pursuant to this Interim Order and the DIP Loan Documents: (a) are fair, reasonable, and the best available to each Debtor under the circumstances; (b) reflect each Debtor's exercise of prudent business judgment consistent with its fiduciary duties; (c) are supported by reasonably equivalent value and fair consideration; and (d) represent the best financing available under the circumstances. The DIP Facility and the use of Prepetition Collateral (including Cash Collateral) were negotiated in good faith and at arm's length among each Debtor, the DIP Secured Parties, and the Prepetition Secured Parties. The use of Prepetition Collateral (including Cash Collateral) and the credit to be extended under the DIP Facility shall be deemed to have been so allowed, advanced, made, used, and/or extended in good faith, and for valid business purposes and uses, within the meaning of section 364(e) of the Bankruptcy Code, and the DIP Secured Parties and the Prepetition Secured Parties are therefore entitled to the protection and benefits of section 364(e) of the Bankruptcy Code and this Interim Order.

O. **Notice.** Notice of the requested relief sought at the Interim Hearing was provided by each Debtor to: (i) the Office of the United States Trustee; (ii) the holders of the thirty (30)

largest unsecured claims against each Debtor on a consolidated basis; (iii) counsel to the Prepetition Secured Parties and the DIP Secured Parties; (iv) the Sponsor; (v) the Internal Revenue Service; (vi) the United States Attorney's Office for the District of Delaware; (vii) the Securities and Exchange Commission; (viii) the Delaware Secretary of State; (ix) the Delaware State Treasury; and (x) any party that has requested notice pursuant to Bankruptcy Rule 2002. Given the nature of the relief sought, the foregoing notice of the Interim Hearing was, in each Debtor's good faith belief, the best available under the circumstances and complies with Bankruptcy Rules 2002, 4001(b) and (d) and 9014, section 102(1) of the Bankruptcy Code as required by sections 361, 363 and 364 of the Bankruptcy Code, and Local Rule 9013-1(m). No further notice of, or hearing on, the relief sought at the Interim Hearing and the relief granted herein is necessary or required.

I. **Consent by Prepetition Secured Parties.** The Prepetition Agent, as collateral agent for and at the direction of the Prepetition Secured Parties, consents to the Debtors' use of Cash Collateral and the entry into the DIP Facility and the DIP Loan Documents, solely in accordance with and subject to the Approved DIP Budget and the terms and conditions provided for in this Interim Order.

**NOW, THEREFORE, UPON THE RECORD OF THE PROCEEDINGS HERETOFORE HELD BEFORE THIS COURT WITH RESPECT TO THE MOTION, THE EVIDENCE ADDUCED AT THE INTERIM HEARING, AND THE STATEMENTS OF COUNSEL THEREAT, IT IS HEREBY ORDERED THAT:**

1. **Motion Granted.** The Motion is granted in accordance with the terms of this Interim Order. Any objections to the Motion with respect to the entry of this Interim Order that have not been withdrawn, waived or settled and all reservations of rights included therein, are hereby denied and overruled with prejudice.

2. **Final Hearing.** A final hearing on the relief requested in the Motion shall

be held on [_], 2026, at [_] (prevailing Eastern Time). Any party in interest objecting to the relief sought at the Final Hearing shall file written objections no later than [_], 2026 at [_] (prevailing Eastern Time).

3. **Authorization of DIP Facility.**

(a) Subject to the terms and conditions of this Interim Order, each of the Debtors, and each officer and director of the Debtors, is hereby authorized to execute, enter into, and perform all obligations under the DIP Facility and the DIP Loan Documents to which it is party. The DIP Loan Documents and this Interim Order govern the financial and credit accommodations to be provided to the DIP Loan Parties by the DIP Lenders in connection with the DIP Facility.

(b) Each Debtor is authorized to enter into the DIP Loan Documents, including a credit agreement on substantially the same terms as set forth in the DIP Term Sheet that upon effectiveness shall supersede the DIP Term Sheet; provided, that, if any term of the credit agreement or other DIP Loan Document should conflict with this Interim Order, the terms of the Interim Order shall control.

(c) From the entry of this Interim Order through the entry of the Final Order, the DIP Loan Party is authorized to (i) incur all of its DIP Obligations on account of such incurrence under the DIP Facility, up to an aggregate principal amount of the New Money DIP Commitments on an interim basis, together with applicable interest, protective advances, expenses, fees, and other charges payable in connection with the DIP Facility, as applicable, in each case, subject to the terms and conditions set forth in this Interim Order and the DIP Loan Documents and (ii) make repayments and payments from the daily sweep of collection, the proceeds of the liquidation of DIP Collateral and any other proceeds received by the Debtors applied in the

following priorities, *first*, to the New Money DIP Loans (and all interest and fees in respect thereof) until repaid in full; *second*, to the Roll-Up DIP Loans (and all interest and fees in respect thereof) until paid in full; and *third*, to the Prepetition Secured Obligations (and all interest and fees in respect thereof) to the extent remaining after giving effect to the Roll-Up, until paid in full, in each case in accordance with the terms of the DIP Term Sheet and other DIP Loan Documents.

(d) Without limiting the foregoing, and without the need for further approval of this Court, the DIP Loan Party is authorized to perform all acts to make, execute, and deliver all instruments and documents (including, without limitation, the execution or recordation of pledge and security agreements, mortgages or deeds of trust, and financing statements), and to pay all principal, fees or expenses that may be required, necessary, or desirable for the DIP Loan Party to implement the terms of, performance of its obligations under, or effectuate the purposes of and transactions contemplated by this Interim Order, the DIP Facility, and the DIP Loan Documents (as applicable) in accordance herewith and therewith, including, without limitation:

(1) the execution and delivery of, and performance under, the DIP Loan Documents;

(2) the execution and delivery of, and performance under, one or more amendments, waivers, consents, or other modifications to and under the DIP Loan Documents, in each case, as the DIP Loan Party and the requisite DIP Secured Parties (in accordance with and subject to the terms of the applicable DIP Loan Documents) may agree, it being understood that no further approval of the Court shall be required for non-material authorizations, amendments, waivers, consents, or other modifications to and under the DIP Loan Documents (and any fees and other expenses (including any attorneys', accountants', appraisers', and financial advisors' fees), amounts, charges, costs, indemnities, and other obligations paid in accordance and connection therewith;

(3) the non-refundable and irrevocable payment of any and all fees, costs, and expenses payable pursuant to the DIP Loan Documents, including, without limitation, (a) the Closing Fee (as defined in the DIP Term Sheet) and any amounts due (or that may become due) in respect of the indemnification obligations, in each case referred to in the DIP Loan Documents, and (b) the reasonable and documented invoiced out-of-pocket fees, costs, and expenses as may be due from time to time of the DIP Agent and DIP Lenders, including, without limitation, the reasonable and documented fees and expenses of (A) the following professionals (whether or not

such fees arose before or after the Petition Date, and whether or not the transactions contemplated hereby are consummated): Paul Hastings LLP, Parker, Hudson, Rainer & Dobbs LLP and Young Conaway Stargatt & Taylor, LLP (collectively, each of the fees and expenses described in the foregoing clauses, the "DIP Fees and Expenses"), in each case, without the need to file retention or fee applications, and without the need to provide notice to any party or obtain further Court approval;

(4) subject only to the Carve-Out, the granting and perfection of the DIP Liens (as defined below), and the granting of the DIP Superpriority Claims (as defined below), in each case, as set forth herein and in the DIP Loan Documents;

(5) deposit and apply, as required by this Interim Order and the DIP Loan Documents, all collections, consideration and proceeds, whether from ordinary course collections, asset sales, debt or equity issuances, insurance recoveries, condemnations or otherwise; and

(6) the performance of all other acts necessary, required, or desirable to implement the DIP Facility and to facilitate the transactions contemplated by the DIP Loan Documents and this Interim Order in accordance therewith and herewith.

(e) No DIP Secured Party shall have any obligation or responsibility to monitor the DIP Loan Party's use of the DIP Facility, and each DIP Secured Party may rely upon the DIP Loan Party's representations that the amount of the DIP Facility requested at any time and the use thereof are in accordance with the requirements of this Interim Order, the DIP Loan Documents, and Bankruptcy Rule 4001(c)(2).

4. **DIP Obligations.** Subject only to the rights of parties in interest specifically set forth in paragraph 23 of this Interim Order (and subject to the limitations thereon contained in such paragraph), upon entry of this Interim Order and execution and delivery of the DIP Loan Documents, the DIP Loan Documents shall constitute valid, binding, enforceable, and non-avoidable obligations of the DIP Loan Party, and shall be fully enforceable against the DIP Loan Parties, their estates, and any successors thereto, including, without limitation, any estate representative or trustee appointed in any of the Cases, or in any other proceedings superseding or relating to any of the foregoing and/or upon the dismissal of any of the Cases (collectively, the "Successor Cases"), and their creditors and other parties in interest, in each case, in

accordance with the terms thereof and this Interim Order. Upon execution and delivery of the DIP Loan Documents, the DIP Obligations will include all loans and any other indebtedness or obligations, contingent or absolute, now existing or hereafter arising, which may from time to time be or become owing by the DIP Loan Parties to any of the DIP Agent or DIP Lenders, in each case, under, or secured by, and in accordance with, the DIP Loan Documents or this Interim Order, including all principal, interest, costs, fees, expenses, and other amounts under the DIP Loan Documents (including this Interim Order). Subject to paragraph 15 of this Interim Order, the DIP Obligations shall be due and payable, without notice or demand, and the use of Cash Collateral shall automatically cease during the continuation of a DIP Termination Event (as defined herein) or the occurrence and continuance of any event or condition set forth in paragraph 15 of this Interim Order. No obligation, payment, transfer, or grant of security under the DIP Loan Documents or this Interim Order to the DIP Secured Parties shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under sections 362, 502(d), 544, 548, or 549 of the Bankruptcy Code, any applicable Uniform Voidable Transfer Act, Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, or other similar state statute or common law), or subject to any defense, reduction, recoupment, recharacterization, subordination, disallowance, impairment, cross-claim, claim, counterclaim, offset, or any other challenge under the Bankruptcy Code or any applicable law unless in accordance with paragraph 15 of this Interim Order; *provided, however*, that the Roll-Up shall be subject to paragraph 23 of this Interim Order.

5. **No Obligation to Extend Credit.** The DIP Secured Parties shall have no obligation to make any loan or advance under the applicable DIP Loan Documents unless all of the conditions precedent to the making of such extension of credit by the applicable DIP Secured

Parties under the DIP Loan Documents and this Interim Order have been satisfied in full or waived by the DIP Secured Parties in accordance with the terms of the DIP Loan Documents.

6. **DIP Liens.**

(a) As security for the DIP Obligations, effective immediately upon the date of this Interim Order and closing of the DIP Facility, as set forth more fully in this Interim Order, the DIP Agent, for the benefit of the DIP Secured Parties, is hereby granted (without the necessity of the execution by the DIP Loan Parties or the filing or recordation of mortgages, security agreements, lockbox or control agreements, financing statements, or any other instruments or otherwise by the DIP Agent or the DIP Lenders) valid, binding, enforceable, non-avoidable, and automatically and properly perfected liens and security interests (collectively, the "DIP Liens") in the property and interests identified in clauses (i) and (ii) below (collectively, the "DIP Collateral"), as collateral security for the prompt and complete performance and payment when due (whether at the stated maturity, by acceleration or otherwise) of all DIP Obligations:

(1) *Liens on Unencumbered Property*. Pursuant to section 364(c)(2) of the Bankruptcy Code, a valid, binding, enforceable, fully-perfected first-priority security interest in and lien upon (x) all of the DIP Loan Parties' right, title, and interest in, to, and under all tangible and intangible pre- and postpetition property of the Debtors, including commercial tort claims, whether existing on the Petition Date or thereafter acquired that, on or as of the Petition Date, was not subject to valid, perfected and non-avoidable liens, and (y) subject to and upon entry of the Final Order granting such relief, the DIP Collateral shall include the proceeds of Claims and Causes of Action[2] under chapter 5 of the Bankruptcy Code, whether pursuant

[2] As used in this Interim Order, "Causes of Action" means any action, Claim, cause of action, controversy, demand, right, action, lien, indemnity, interest, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, and license of any kind or character whatsoever, whether known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Closing Date, in contract or in tort, in law (whether local, state, or federal U.S. or non-U.S. law) or in equity, or pursuant to any other theory of local, state, or federal U.S. or non-U.S. law. For the avoidance of doubt, "Cause of Action" includes: (a) any right of setoff, counterclaim, or recoupment and any Claim for breach of contract or for breach of duties imposed by law or in equity; (b) any Claim based on or relating to, or in any manner arising from, in whole or in part, tort, breach of contract, breach of fiduciary duty, fraudulent transfer or fraudulent conveyance or voidable transaction law, violation of local, state, or federal or non-U.S. law or breach of any duty imposed by law or in equity, including securities laws, negligence, and gross negligence; (c) any Claim pursuant to section 362 or chapter 5 of the Bankruptcy Code

to federal law or applicable state law, of the DIP Loan Party or its estates and avoidance actions proceeds (collectively, the "Avoidance Actions Proceeds") (all of the foregoing property, collectively, the "Unencumbered Property");

(2) *Priming DIP Liens*. Pursuant to section 364(d)(1) of the Bankruptcy Code, and subject and subordinate only to the Permitted Prior Liens (solely to the extent such liens are expressly permitted to be senior to the respective DIP Liens under the DIP Loan Documents) and the Carve-Out, a valid, perfected, first priority, senior priming lien upon all of the DIP Loan Parties' right, title, and interest in, to, and under any tangible and intangible, real and personal prepetition and postpetition property of the DIP Loan Parties, other than the Unencumbered Property, whether existing on the Petition Date or thereafter acquired, and wherever located, and the proceeds, products, rents, and profits of the foregoing, whether arising under section 552(b) of the Bankruptcy Code or otherwise;

(3) *DIP Liens Junior to Certain Other Liens*. Subject only to the Carve-Out, pursuant to section 364(c)(3) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully- perfected junior security interest in and lien upon all tangible and intangible pre- and postpetition property of the Debtors subject to Permitted Prior Liens on the Petition Date or subject to a Permitted Prior Liens in existence on the Petition Date that is perfected subsequent thereto pursuant to the Bankruptcy Code;

(b) For the avoidance of doubt, the term "DIP Collateral" shall include all assets and properties of the DIP Loan Parties of any kind or nature whatsoever, whether tangible or intangible, real, personal or mixed, whether now owned by or owing to, or hereafter acquired by, or arising in favor of, the DIP Loan Parties, whether prior to or after the Petition Date, whether owned by or to, or leased from or to, the DIP Loan Parties, and wherever located, including, without limitation, the DIP Loan Parties' rights, title and interests in (i) all Prepetition Collateral, (ii) all "DIP Collateral" as defined in the DIP Loan Documents, and (iii) all proceeds, products, offspring, and profits of each of the foregoing and all accessions to, substitutions, and replacements

or similar local, state, or federal U.S. or non-U.S. law; (d) any Claim or defense including fraud, mistake, duress, and usury, and any other defenses set forth in section 558 of title 11 of the United States Code; (e) any state or foreign law pertaining to actual or constructive fraudulent transfer, fraudulent conveyance, and (f) any "lender liability" or equitable subordination claims or defenses.

for, each of the foregoing, including any and all proceeds of any insurance, indemnity, warranty, or guaranty payable to the DIP Loan Parties from time to time with respect to any of the foregoing.

(c) Except as set forth in paragraph 6(a) of this Interim Order, the DIP Liens (i) shall not be made subject to or *pari passu* with (A) any lien or security interest heretofore or hereinafter granted in the Cases or any Successor Cases, and shall be valid and enforceable against the DIP Loan Parties, their estates, any trustee, or any other estate representative appointed or elected in the Cases or any Successor Cases and/or upon the dismissal of the Cases or any Successor Cases, (B) any lien that is avoided and preserved for the benefit of the DIP Loan Parties and their estates under section 551 of the Bankruptcy Code or otherwise, or (C) any intercompany or affiliate lien, and (ii) shall not be subject to sections 506(c) (subject to and pending entry of the Final Order granting such relief), 510, 549, 550, or 551 of the Bankruptcy Code.

(d) Subject to entry of a Final Order granting such relief, any provision of any lease, loan document, easement, use agreement, proffer, covenant, license, contract, organizational document, or other instrument or agreement that requires the consent, or the payment of any fees or obligations to, any governmental entity or non-governmental entity in order for the DIP Loan Party to pledge, grant, mortgage, sell, assign, or otherwise transfer any fee or leasehold interest in any property or the proceeds thereof, is and shall hereby be deemed to be inconsistent with the provisions of the Bankruptcy Code, and shall have no force or effect with respect to the DIP Liens or Adequate Protection Liens on such leasehold interests or other applicable DIP Collateral or the proceeds of any assignment and/or sale thereof by the DIP Loan Party, in favor of the DIP Secured Parties or the Prepetition Secured Parties in accordance with the terms of the DIP Loan Documents and this Interim Order.

(e) **DIP Superpriority Claims**. Effective immediately upon entry of this Interim Order, the DIP Agent (on behalf of the DIP Secured Parties) is hereby granted, pursuant to section 364(c)(1) and 364(e) of the Bankruptcy Code, an allowed superpriority administrative expense claim in the DIP Loan Party's Case and any Successor Cases thereof on account of the DIP Obligations, with priority over (except for the Carve-Out) the Adequate Protection Claims, any and all administrative expenses of the kind that are specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 364(c)(1), 365, 503(a), 503(b), 506(c) (subject to entry of the Final Order granting such relief), 507(a), 507(b), 546(c), 1113, 1114, or any other provisions of the Bankruptcy Code and any other claims against the DIP Loan Party (the "DIP Superpriority Claims"). The DIP Superpriority Claims shall, for purposes of section 1129(a)(9)(A) of the Bankruptcy Code, be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code. The DIP Superpriority Claims shall have recourse against the DIP Loan Parties.

(f) **DIP Roll-Up Amounts.** Upon entry of the Interim Order, and subject to paragraph 23 of this Interim Order, the Prepetition Secured Obligations shall, upon each funding of New Money DIP Loans up to the first $3,333,333 funded, on a $3.00 of Prepetition Secured Obligations for every $1.00 of New Money DIP Loans basis, be automatically deemed funded pursuant to the DIP Term Sheet on a cashless basis and shall constitute DIP Obligations, without any further action by each Debtor or any other party, and shall exchange and convert an equal amount of Prepetition Secured Obligations as if a payment in such amount had been made under the Prepetition Loan Documents on such date, as applicable. Subject to paragraph 23 of this Interim Order, the Roll-Up shall be deemed to be made by each DIP Lender (the "Roll-Up Lenders") in an amount equal to such DIP Lender's pro rata share of the aggregate amount of the Prepetition Secured Obligations owing to all Roll-Up Lenders and the outstanding aggregate

amount of the Prepetition Secured Obligations held by any such Roll-Up Lender shall be automatically and irrevocably deemed exchanged and converted by the amount of the Roll-Up.

7. **Authorization to Use Proceeds of the DIP Facility and Cash Collateral; Budget Testing.**

(a) Subject to the terms and conditions of this Interim Order, the Court hereby authorizes the DIP Loan Party's use of Cash Collateral during the period beginning with the Petition Date and ending on 5:00 p.m. prevailing Eastern Time on [_], 2026 (the "Interim Period"), solely and exclusively in a manner consistent with this Interim Order and the Approved DIP Budget (subject to the variances permitted pursuant to the Budget Covenant (as defined below)) and to fund the Professional Fee Account (as defined below) as and to the extent set forth herein, and for no other purposes.

(b) As used in this Interim Order: (i) "Initial DIP Budget" means the 13-week budget attached as **Exhibit 1** hereto and (ii) "Approved DIP Budget" means the 13-week cash flow budget that is then in effect as set forth in paragraph 7(d) below, in the case of each of (i) and (ii), in form, substance and detail satisfactory to the DIP Lenders in their sole discretion.

(c) By 5:00 p.m. prevailing Eastern Time on June 18, 2026, and on Thursday of each one-week anniversary thereafter, the DIP Loan Parties will provide a rolling thirteen-week cash flow forecast, certified by Adam Zalev in his capacity as the chief restructuring officer (the "CRO") of the DIP Borrowers and detailing, on a line item basis, the DIP Loan Parties' (i) operating cash receipts (the "Cash Operating Receipts"), (ii) operating cash disbursements (excluding professional fees, the "Cash Operating Disbursements"), (iii) inventory levels, (iv) accounts receivable, and (v) professional fees forecasted to be incurred by each Professional Person (as defined below), and other details on a weekly basis for the following 13--week period

(the "Budget Update") to the DIP Agent for distribution to the DIP Lenders. Within two (2) Business Days of the DIP Agent's receipt of the Budget Update (or on such more frequent dates as may be requested by the DIP Agent), the CRO and the Debtors' financial advisor will attend a teleconference with the DIP Secured Parties to update them regarding compliance with the Budget Update and any other matters reasonably requested by any DIP Secured Party.

(d) By 5:00 p.m. prevailing Eastern Time on the date that is three (3) days after delivery of the Budget Update, the DIP Loan Parties must seek and obtain the written consent of the DIP Lenders to the revised Budget Update. If the Budget Update receives the written consent of the DIP Lenders, then such Budget Update shall become the "Approved DIP Budget" then in effect. In the event the DIP Loan Parties do not obtain the consent of the DIP Lenders with respect to the Budget Update, the Approved DIP Budget (which may be the Initial DIP Budget) for the then-existing Testing Period (as defined below) shall apply for the immediately following Testing Period, and any Testing Period thereafter, unless the Bankruptcy Court orders alternative relief upon a motion filed by the DIP Loan Parties after notice and a hearing.

(e) Beginning on June 18, 2026, and on every Thursday thereafter (each such date, a "Variance Testing Date"), in each case on or before 5:00 p.m. prevailing Eastern Time on such Variance Testing Date, the DIP Borrower will provide to the DIP Agent and the DIP Lenders a budget variance report tested on a trailing (i) one (1) week cumulative basis for the first Variance Testing Date, (ii) two (2) week cumulative basis for the second Variance Testing Date, (iii) three (3) week cumulative basis for the third Variance Testing Date, and (iv) four (4) week cumulative basis for the fourth Variance Testing Date and each Variance Testing Date thereafter (each such period, a "Testing Period" and each such variance report, a "Variance Report", which shall include (x) budget variances related to line item "Cash Operating Receipts", line item "Cash

Operating Disbursements" and line item "Total Professional Disbursements" of the DIP Borrowers, and (y) any variances between the actual amounts and those set forth in the Approved DIP Budget, in each case of the foregoing clauses, with a detailed explanation of any such variance in form, substance and detail satisfactory to the DIP Agent in its reasonable discretion), and weekly bank account statements as of the reporting date from each account maintained by the DIP Borrowers.

(f) As of any Variance Testing Date, for the Testing Period ending on the Friday preceding such Variance Testing Date, the cumulative (i) Cash Operating Receipts (as reported in the Variance Report) shall not decrease by more than, with respect to the "Total Receipts" line item in the (i) first Testing Period looking back one week, 15%, (i) second Testing Period looking back two (2) weeks, 15%, (ii) third Testing Period looking back three (3) weeks, 12.5% and (iii) fourth Testing Period, and each Testing Period thereafter, looking back four (4) weeks, 10%; and (ii) Cash Operating Disbursements (as reported in the Variance Report) shall not exceed the Cash Operating Disbursements forecasted in the Approved DIP Budget by an amount greater than ten percent (10%) (the foregoing clauses (i) and (ii), the "Variance Limits"). It shall be an event of default under the DIP Loan Documents if the Cash Operating Disbursements or Cash Operating Receipts as tested in accordance with the terms hereof exceed the Approved DIP Budget by an amount greater than the applicable Variance Limit. Additional variances to Cash Operating Disbursements and Cash Operating Receipts, if any, from the Approved DIP Budget, and any proposed changes to the Approved DIP Budget, shall be subject to the written consent of the DIP Lenders in their sole discretion. For the avoidance of doubt, any reference to "written consent" hereunder shall include consent granted by email by the counsel to the DIP Agent. The covenant described in this paragraph 7(f) shall be referred to herein as the

"Budget Covenant" and failure to comply with the Budget Covenant shall constitute an event of default (the "Budget Covenant Default"). A Budget Covenant Default will constitute an event of default under the DIP Loan Documents.

8. **Adequate Protection for the Prepetition Secured Parties.** In addition to all the existing security interests and liens granted to or for the benefit of the Prepetition Secured Parties in and with respect to their respective Prepetition Collateral, including the Cash Collateral, as adequate protection for, and to secure payment of an amount equal to, the Collateral Diminution (as defined herein), and as an inducement to the Prepetition Secured Parties to permit each Prepetition Loan Party's use of the Cash Collateral as provided for in this Interim Order, each Prepetition Loan Party hereby grants the following adequate protection to the extent of any Collateral Diminution:

(a) **Adequate Protection Liens.** Pursuant to sections 361(2) and 363(c)(2) of the Bankruptcy Code, and subject in all cases to the Carve-Out (as defined herein), effective as of the Petition Date and in each case perfected without the necessity of the execution by each Prepetition Loan Party (or recordation or other filing) of security agreements, control agreements, pledge agreements, financing statements, mortgages or other similar documents, or by possession or control, the Prepetition Agent is hereby granted, for the benefit of the Prepetition Secured Parties, to secure payment of an amount equal to the Collateral Diminution, a valid, binding, continuing, enforceable, fully-perfected first priority senior (except as otherwise provided in this paragraph 8(a) below with respect to the Permitted Prior Liens) security interest in and lien on (all such liens and security interests, the "Adequate Protection Liens") the DIP Collateral including all Unencumbered Property upon the date of this Interim Order and, upon entry of a Final Order, including the Avoidance Actions Proceeds, in each case subject and subordinate only

to (i) the DIP Liens and any liens to which the DIP Liens are junior, including the Permitted Prior Liens, if any, and (ii) the Carve-Out.

(b) **Adequate Protection Claims.** Effective as of the Petition Date, the Prepetition Secured Parties are hereby granted, subject to the DIP Superpriority Claims and the Carve-Out, an allowed superpriority administrative expense claim in each of the Cases and any Successor Cases as provided for in section 507(b) of the Bankruptcy Code in the amount of the Adequate Protection Claim with, except as set forth in this Interim Order, priority in payment over any and all administrative expenses of the kind specified or ordered pursuant to any provision of the Bankruptcy Code (other than the DIP Superpriority Claims) (the "Adequate Protection Claims"), which Adequate Protection 507(b) Claim shall be payable from all of the DIP Collateral (including Unencumbered Property) in accordance with the priorities set forth herein, including, upon entry of a Final Order, the Avoidance Actions Proceeds. Except to the extent expressly set forth in this Interim Order or the DIP Loan Documents, the Prepetition Secured Parties shall not receive or retain any payments, property or other amounts in respect of the Adequate Protection Claims unless and until the DIP Obligations (other than contingent indemnification obligations as to which no claim has been asserted) and any claims having a priority superior to or *pari passu* with the DIP Superpriority Claims, including claims that benefit from the Carve-Out, have been paid in full and all New Money DIP Commitments have been terminated.

(c) **Adequate Protection Payments.** Subject to the Carve-Out, as further adequate protection, the Debtors are authorized and directed to pay (i) in accordance with the terms of paragraph 29 of this Interim Order, all reasonable and documented out-of-pocket fees and expenses of the Prepetition Secured Parties (the "Adequate Protection Fees"), whether incurred before or after the Petition Date, including all reasonable and documented out-of-pocket

fees and expenses of the Prepetition Secured Parties and for the counsel and other professionals retained as provided for in the Prepetition Loan Documents and this Interim Order; provided, that, immediately upon entry of this Interim Order, the Debtors are authorized and directed to pay all such Adequate Protection Fees incurred prior to and through the Petition Date that remain outstanding upon entry of this Interim Order to the Prepetition Secured Parties, as applicable ("Adequate Protection Payments") and (ii) to the extent payable under paragraph 3(c) hereof, any proceeds of the Liquidation after payment in full of the DIP Obligations.

(d) **Other Covenants.** Each Prepetition Loan Party shall (i) maintain its cash management arrangements in a manner consistent with this Court's interim or final order, as applicable, approving each Debtor*'s Debtors' Motion for Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate the Cash Management System, (B) Honor Certain Prepetition Obligations Related thereto, (C) Continue Intercompany Transactions, and (D) Maintain Existing Business Forms; (II) Authorizing the Debtors' Banks to Honor All Related Payment Requests; and (Iii) Granting Related Relief* and (ii) (A) give the Prepetition Secured Parties and their advisors reasonable access to the offices, properties, assets, officers, employees, accountants, liquidator, auditors, counsel, financial advisors, consultants and other representatives, books and records of the Prepetition Loan Parties, (b) furnish to the Prepetition Secured Parties such financial, operating and property related data and other information as such persons reasonably request, including any status updates or reports on the Liquidation that are furnished to the Debtors and (c) instruct Debtors' employees, financial advisors, liquidators, consultants, bankers and other advisors to cooperate with the Prepetition Secured Parties in respect of the aforementioned clauses (a) and (b)

9. **Collateral Diminution.** For purposes of this Interim Order, "Collateral Diminution" shall mean an amount equal to the diminution of the value from and after the Petition Date of the Prepetition Secured Parties' interests in the Prepetition Collateral including from the use, sale, or lease of the Prepetition Collateral, including Cash Collateral (whether in accordance with the terms and conditions of this Interim Order or otherwise), or the imposition of the automatic stay.

10. **Priority of Adequate Protection Liens and Adequate Protection Claims.** Except for the Carve-Out and as otherwise provided in paragraph 8 of this Interim Order, the Adequate Protection Liens and Adequate Protection Claims granted to the Prepetition Secured Parties pursuant to paragraph 8 of this Interim Order shall not be subject or junior to any lien or security interest that is avoided and preserved for the benefit of each Debtor's estates under section 551 of the Bankruptcy Code and shall not be subordinated to or made *pari passu* with any lien, security interest or administrative claim under section 364 of the Bankruptcy Code or otherwise.

11. **Carve-Out**.

(a) As used in this Interim Order, the "Carve Out" means an amount equal to the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the U.S. Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate pursuant to 31 U.S.C. § 3717 (without regard to the notice set forth in clause (iii) below); (ii) all reasonable fees and expenses up to $25,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent (x) allowed at any time, whether by interim order, procedural order, or otherwise, and (y) not exceeding the aggregate amounts set forth in the Approved DIP Budget for the relevant Professional Person (as defined below) (provided, that Professional

Persons may carry forward budgeted but unused disbursements set forth in the Approved DIP Budget for any week for use in a subsequent week), all unpaid fees and expenses (the "Allowed Professional Fees") incurred by (A) persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "Debtor Professionals"), and (B) the Committee (if any) pursuant to section 328 or 1103 of the Bankruptcy Code (the "Committee Professionals" and, together with the Debtor Professionals, the "Professional Persons"), in each case to the extent such fees and expenses were incurred at any time before or on the first business day following the date of delivery by the DIP Agent of a Carve Out Trigger Notice (as defined herein), whether allowed by the Court prior to or after delivery of a Carve Out Trigger Notice; and (iv) Allowed Professionals Fees of the Debtor Professional in an aggregate amount not to exceed $200,000 incurred after the first business day following the date of delivery by the DIP Agent of the Carve Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the "Post-Carve Out Trigger Notice Cap"). Nothing herein shall be construed to impair the ability of any party in interest to object to the fees, expenses, reimbursement, or compensation described in clauses (i) through (iv) of this paragraph 11(a) on any grounds. For purposes of the foregoing, "Carve Out Trigger Notice" shall mean a written notice delivered by email (or other electronic means) by the DIP Agent, acting at the direction of the DIP Lenders, to the Debtors, their lead restructuring counsel, the U.S. Trustee, and counsel to the Committee (if any), which notice may be delivered following the occurrence and during the continuation of a DIP Termination Event (as defined herein), and acceleration of the DIP Obligations under the DIP Facility or termination of the Debtors' right to use Cash Collateral, as applicable, stating that the Post-Carve Out Trigger Notice Cap has been invoked.

(b) Delivery of Weekly Fee Estimates. Not later than 7:00 p.m. (New York time) on the Wednesday of each week starting with the first full calendar week following the Petition Date, each Professional Person shall deliver to the Debtors a statement setting forth a good-faith estimate of the amount of fees and expenses (collectively, "Estimated Fees and Expenses") incurred during the preceding week by such Professional Person (through Saturday of such week, the "Calculation Date"), along with a good-faith estimate of the cumulative total amount of unreimbursed fees and expenses incurred through the applicable Calculation Date and a statement of the amount of such fees and expenses that have been paid to date by the Debtors (each such statement, a "Weekly Statement"); provided that, within three (3) business days of the occurrence of the Termination Declaration Date (as defined below), each Professional Person shall deliver one additional statement (the "Final Statement") setting forth a good-faith estimate of the amount of fees and expenses incurred during the period commencing on the calendar day after the most recent Calculation Date for which a Weekly Statement has been delivered and concluding on the Termination Declaration Date (and the Debtors shall cause each such Weekly Statement and Final Statement to be delivered on the same day received to the DIP Agent). If any Professional Person fails to deliver a Weekly Statement or Final Statement within three (3) calendar days after such Weekly Statement is due, such Professional Person's entitlement (if any) to any funds in the Pre-Carve Out Trigger Notice Reserve (as defined below) with respect to the aggregate unpaid amount of Allowed Professional Fees for the applicable period(s) for which such Professional Person failed to deliver a Weekly Statement or Final Statement covering such period shall be limited to the aggregate unpaid amount of Allowed Professional Fees included in the Approved DIP Budget for such period for such Professional Person.

(c) Carve Out Reserves.

(i) Commencing with the week ended June 12, 2026, and on or before the Thursday of each week thereafter, the Debtors shall utilize all cash on hand as of such date and, to the extent insufficient, any available cash thereafter held by any Debtor, to fund an escrow or a reserve in an amount equal to the greater of (1) the aggregate unpaid amount of all Estimated Fees and Expenses reflected in the Weekly Statements delivered on the immediately prior Wednesday to the Debtors and the DIP Agent, and (2) the aggregate amount of all fees and expenses of Professional Persons contemplated to be incurred in the Approved DIP Budget during such week (the "Professional Fee Estimated Amount"). The Debtors shall fund the Professional Fee Estimated Amount, in escrow or deposit and hold such amounts in a segregated account maintained by the Debtors in trust (the "Funded Reserve Account") to pay Allowed Professional Fees (the "Funded Reserves") prior to any and all other claims, and all payments of Allowed Professional Fees incurred prior to the Termination Declaration Date shall be paid first from such Funded Reserve Account.

(ii) On the day on which a Carve Out Trigger Notice is delivered in accordance with this paragraph 11 of this Interim Order (the "Termination Declaration Date"), the Carve Out Trigger Notice shall constitute a demand to the Debtors to, and the Debtors shall utilize all cash on hand as of such date, including cash in the Funded Reserve Account, and any available cash thereafter held by any Debtor to fund an escrow or a reserve in an amount equal to the then cumulative Professional Fee Estimated Amounts, minus any amounts actually paid to Professional Persons (the "Professional Fee Unpaid Amount"). The Debtors shall fund the Professional Fee Unpaid Amount in escrow or deposit and hold such amount in a segregated account maintained by the Debtors in trust to pay unpaid Allowed Professional Fees (the "Pre-Carve Out Trigger Notice

Reserve") senior and prior to any other claims. On the Termination Declaration Date, the Carve Out Trigger Notice shall also constitute a demand to the Debtors to utilize all cash on hand as of such date, including cash in the Funded Reserve Account, and any available cash thereafter held by any Debtor, after funding the Pre-Carve Out Trigger Notice Reserve, to fund a reserve in an amount equal to the Post-Carve Out Trigger Notice Cap. The Debtors shall deposit and hold such amounts in a segregated account maintained by the Debtors in trust to pay Allowed Professional Fees benefiting from the Post-Carve Out Trigger Notice Cap (the "Post-Carve Out Trigger Notice Reserve" and, together with the Pre-Carve Out Trigger Notice Reserve, the "Carve Out Reserves") prior to any and all other claims.

(d) Application of Carve Out Reserves.

(i) All funds in the Pre-Carve Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clauses (a)(i) through (a)(iii) of the definition of Carve Out set forth above (the "Pre-Carve Out Amounts"), but not, for the avoidance of doubt, the Post-Carve Out Amounts, until the Pre-Carve Out Amounts are indefeasibly paid in full. If the Pre-Carve Out Trigger Notice Reserve has not been reduced to zero, subject to paragraph 11(d)(iii) below, all remaining funds shall be distributed first to the DIP Agent for the benefit of itself and the other DIP Secured Parties, for application to the DIP Obligations in accordance with the DIP Term Sheet and other DIP Loan Documents, unless and until the DIP Obligations are indefeasibly paid in full, in which case, any remaining excess shall be paid to the Prepetition Secured Parties, as of the Petition Date and as otherwise set forth in this Interim Order, (unless the DIP Agent, at the direction of the DIP Lenders, and the Prepetition Agent, at the direction of the Prepetition Secured Parties under the applicable Prepetition Loan Documents, respectively, have otherwise agreed in writing in respect of the applicable obligations owed to each of them).

(ii) All funds in the Post-Carve Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clause (a)(iv) of the definition of Carve Out set forth above (the "Post Carve Out Amounts"). If the Post-Carve Out Trigger Notice Reserve has not been reduced to zero, subject to paragraph 11(d)(iii) below, all remaining funds shall be distributed to the DIP Agent for the benefit of itself and the other DIP Secured Parties, for application to the DIP Obligations in accordance with the DIP Term Sheet and other DIP Loan Documents, unless and until the DIP Obligations have been indefeasibly paid in full, in which case any remaining excess shall be paid to the Prepetition Secured Parties, as of the Petition Date (unless the DIP Agent, at the direction of the DIP Lenders, and the Prepetition Agent, at the direction of the Prepetition Secured Parties under the applicable Prepetition Loan Documents, respectively, have otherwise agreed in writing in respect of the applicable obligations owed to each of them).

(iii) Notwithstanding anything to the contrary in the DIP Loan Documents or this Interim Order, if either of the Carve Out Reserves is not funded in full in the amounts set forth in paragraph 11(c), then, any excess funds in one of the Carve Out Reserves following the payment of the Pre-Carve Out Amounts and Post-Carve Out Amounts, respectively (subject to the limits contained in the Post-Carve Out Trigger Notice Cap), shall be used to fund the other Carve Out Reserve, up to the applicable amount set forth in paragraph 11(c), prior to making any payments to the DIP Agent for the benefit of itself and the other DIP Secured Parties, or the Prepetition Secured Parties, or any of the Debtors' creditors, as applicable.

(iv) Notwithstanding anything to the contrary in the DIP Loan Documents, the Prepetition Loan Documents, or this Interim Order, following delivery of a Carve Out Trigger Notice, the DIP Agent, and the Prepetition Agent shall not sweep or foreclose on cash (including cash received as a result of the sale or other disposition of any assets) of the Debtors

until the Carve Out Reserves have been fully funded, but shall have a first-lien and automatically perfected security interest in any residual interest in the Carve Out Reserves, with any excess paid to the DIP Agent on behalf of the DIP Lenders for application in accordance with the DIP Loan Documents.

(v) Further, notwithstanding anything to the contrary in this Interim Order, (A) disbursements by the Debtors from the Carve Out Reserves shall not constitute DIP Loans or increase or reduce the DIP Obligations; (B) the failure of the Carve Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve Out with respect to any shortfall (as described below); and (C) in no way shall the Initial DIP Budget, any subsequent Approved DIP Budget, Carve Out, Post-Carve Out Trigger Notice Cap or Carve Out Reserves, or any of the foregoing be construed as a cap or limitation on the amount of the Allowed Professional Fees due and payable by the Debtors. For the avoidance of doubt and notwithstanding anything to the contrary in this Interim Order or the DIP Loan Documents, the Carve Out shall be senior to all liens and claims securing the DIP Obligations, the Adequate Protection Obligations, the Prepetition Secured Obligations, the DIP Superpriority Claims, and any and all other forms of adequate protection, liens, or claims securing the DIP Obligations and the Prepetition Secured Obligations.

(e) Payment of Allowed Professional Fees Prior to the Termination Declaration Date. Any payment or reimbursement made prior to the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall not reduce the Post Carve Out Trigger Notice Cap.

(f) Payment of Allowed Professional Fees on or After the Termination Declaration Date. Any payment or reimbursement made on or after the occurrence of the

Termination Declaration Date in respect of any Allowed Professional Fees shall permanently reduce the Carve Out on a dollar-for-dollar basis.

(g) No Direct Obligation To Pay Allowed Professional Fees. None of the DIP Secured Parties or the Prepetition Secured Parties shall be responsible for the payment or reimbursement of any fees or disbursements of any Professional Person incurred in connection with the Chapter 11 or any Successor Case. Nothing in this Interim Order or otherwise shall be construed to obligate the DIP Secured Parties or the Prepetition Secured Parties in any way, to pay compensation to, or to reimburse expenses of, any Professional Person or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement.

12. **Postpetition Lien Perfection.** Without the necessity of the filing of financing statements, security agreements, federal or state notices, pledge agreements, recordings, mortgages or other documents or taking possession or control of any Collateral, this Interim Order shall be sufficient evidence of the Prepetition Agent's and the DIP Agent's perfected security interests and liens granted in the Collateral pursuant to this Interim Order. All such documents shall be deemed to have been recorded and filed as of the Petition Date.

13. **Inspection Rights**. In addition to, and without limiting, whatever rights to access the Prepetition Secured Parties have under the Prepetition Credit Agreement, upon reasonable prior written notice (including via acknowledged electronic mail) during normal business hours, each Debtor shall permit representatives, agents and employees of the Prepetition Agent, the holders of the Prepetition Liens, and/or the DIP Agent to (i) have reasonable access to and inspect and copy each Debtor's books and records (subject to all privileges), including all records and files of each Debtor pertaining to the Prepetition Collateral, the Collateral and the DIP Collateral, (ii) have reasonable access to and inspect each Debtor's properties and (iii)

discuss each Debtor's affairs, finances, and condition with each Debtor's officers and financial advisors.

14. **DIP Termination Events**. Subject to paragraphs 11 and 15 of this Interim Order, the occurrence and continuance of any "Event of Default" (as defined in the DIP Term Sheet) shall constitute a "DIP Termination Event" under this Interim Order (the date upon which such DIP Termination Event occurs, the "DIP Termination Date") unless waived in writing by the DIP Lenders. On the DIP Termination Date, (a) the maturity of the DIP Facility shall be accelerated to the DIP Termination Date and (b) subject to the Carve-Out, the consent of the Prepetition Secured Parties' to the DIP Loan Parties' use of the Cash Collateral pursuant to this Interim Order shall automatically terminate.

15. **Remedies After a DIP Termination Date.** The DIP Agent (acting at the direction of the DIP Lenders) shall deliver notice of the occurrence of any DIP Termination Event, and the DIP Agent shall deliver notice of a DIP Termination Event, to counsel for the Debtors, the Prepetition Agent, the U.S. Trustee, and any Committee. Following notice of a DIP Termination Event, any party in interest may file a motion with the Court and request an emergency hearing on the same (the "Emergency Default Hearing"). The Court shall conduct the Emergency Default Hearing within the Remedies Notice Period (as defined below). Each Debtor (a) may cure, to the extent that such Event of Default under the DIP Term Sheet is capable of cure, such Event of Default during the Remedies Notice Period (as defined below) and (b) hereby waives any right to seek relief, including without limitation under section 105 of the Bankruptcy Code, to the extent such relief would in any way impair or restrict the rights and remedies of the Prepetition Agent, the Prepetition Secured Parties, the DIP Agent, or the DIP Secured Parties set forth in this Interim Order; *provided*, that the foregoing does not modify the Remedies Notice

Period. Subject to the Carve-Out, after five (5) calendar days following the delivery of a written notice of the occurrence of and during the continuance of a DIP Termination Event or such later time at the Court may order during such five (5) calendar day period (the "Remedies Notice Period"), the automatic stay shall be deemed automatically lifted with respect to the Prepetition Collateral, the Cash Collateral, and the DIP Collateral and the Prepetition Secured Parties and the DIP Secured Parties shall have the right to exercise any other remedies customary for secured lenders, including set-off and foreclosure, in connection with the Prepetition Loan Documents and the DIP Loan Documents, respectively. In addition, after the Prepetition Agent or the DIP Agent delivers notice of a DIP Termination Event, but prior to the Emergency Default Hearing, except as may be otherwise ordered by the Court, subject to the Carve-Out, the DIP Loan Parties shall not use any Cash Collateral to pay any expenses except those which are (a) necessary to pay accrued and unpaid wages through the date of delivery of notice of a DIP Termination Event, (b) necessary to preserve the DIP Loan Party's going concern value (not to exceed the Approved DIP Budget under any circumstances absent the consent of the Prepetition Secured Parties or the DIP Secured Parties) or (c) necessary to contest in good faith whether a DIP Termination Event has occurred. Notwithstanding anything in this paragraph to the contrary, after notice and hearing, the Court may order such relief as it determines is appropriate following a DIP Termination Event. Any delay or failure of the Prepetition Secured Parties or the DIP Secured Parties to exercise rights under the Prepetition Loan Documents, the DIP Loan Documents, or this Interim Order shall not constitute a waiver of their respective rights hereunder, thereunder or otherwise. Notwithstanding anything to the contrary in this Interim Order, the entry of this Interim Order and the grant of adequate protection to the Prepetition Secured Parties pursuant to the terms hereof shall be without prejudice to the rights of the Debtors to, following the

occurrence of the Termination Date, seek authority (at any time) to use Cash Collateral and the Prepetition Collateral without the consent of the Prepetition Secured Parties or the DIP Secured Parties, as applicable, and the Prepetition Secured Parties and the DIP Secured Parties reserve all of their respective rights with respect to contesting any such motion or request by the Debtors or any other person; provided that the Debtors may not utilize Cash Collateral to seek such authority.

16. **Payments Free and Clear.** Any and all payments or proceeds remitted to the Prepetition Agent on behalf of the Prepetition Secured Parties or to the DIP Agent on behalf of the DIP Secured Parties pursuant to the provisions of this Interim Order or any subsequent order of this Court shall be irrevocable (subject to paragraph 22 of this Interim Order), received free and clear of any claim, charge, assessment or other liability, including without limitation, subject to entry of the Final Order granting such relief, any such claim or charge arising out of or based on, directly or indirectly, sections 506(c) (whether asserted or assessed by, through, or on behalf of each Debtor) or 552(b) of the Bankruptcy Code.

17. **Limitation on Charging Expenses Against Collateral**. Subject to entry of the Final Order granting such relief, all rights to surcharge the interests of the Prepetition Secured Parties in any Prepetition Collateral or Collateral under section 506(c) of the Bankruptcy Code or any other applicable principle of equity or law shall be and are hereby finally and irrevocably waived, and such waiver shall be binding upon each Debtor and all parties in interest in the Case. No action, inaction or acquiescence by the DIP Secured Parties or Prepetition Secured Parties shall be deemed to be or shall be considered evidence of any alleged consent to a surcharge against the DIP Secured Parties or Prepetition Secured Parties, any of its respective claims, the Carve-Out, or the DIP Collateral or Prepetition Collateral.

18. **Reservation of Rights of the Prepetition Secured Parties**. This Interim Order and the transactions contemplated hereby shall be without prejudice to (i) the rights of the Prepetition Secured Parties to seek additional or different adequate protection, move to vacate the automatic stay, move for the appointment of a trustee or examiner, move to dismiss or convert the Case, or to take any other action in the Case and to appear and be heard in any matter raised in the Case, or any party in interest from contesting any of the foregoing, and (ii) any and all rights, remedies, claims and causes of action which the Prepetition Agent, and the Prepetition Secured Parties may have against any non-Debtor party liable for the Prepetition Secured Obligations. For all adequate protection purposes throughout the Case, the Prepetition Secured Parties shall be deemed to have requested relief from the automatic stay and adequate protection for any Collateral Diminution from and after the Petition Date. For the avoidance of doubt, such request will survive termination of this Interim Order.

19. **Modification of Automatic Stay**. Each Debtor is authorized and directed to perform all acts and to make, execute and deliver any and all instruments as may be reasonably necessary to implement the terms and conditions of this Interim Order and the transactions contemplated hereby, including (a) the granting of the DIP Liens and the DIP Superpriority Claims, and to perform such acts as the DIP Secured Parties may reasonably request to assure the perfection and priority of the DIP Liens and the DIP Superpriority Claims, and (b) the DIP Loan Party incurring all liability and obligations, including all the DIP Obligations, to the DIP Secured Parties as contemplated under this Interim Order and the DIP Loan Documents, and to enter into and perform under the DIP Loan Documents and any and all other instruments, certificates, agreements, and documents that may be reasonably required, necessary, or prudent for the performance by the DIP Loan Party under the DIP Loan Documents and any transactions

contemplated therein or in this Interim Order, in each case in accordance herewith or therewith. The stay of section 362 of the Bankruptcy Code is hereby modified to permit the parties to accomplish the transactions contemplated by this Interim Order.

20. **Survival of Interim Order**. The provisions of this Interim Order shall be binding upon any trustee appointed during the Case or any Successor Cases, and any actions taken pursuant hereto shall survive entry of any order which may be entered converting the Case to a chapter 7 case or any other Successor Cases, dismissing the Case under section 1112 of the Bankruptcy Code or otherwise, or confirming or consummating any plan(s) of reorganization. The terms and provisions of this Interim Order, as well as the priorities in payments, liens, and security interests granted pursuant to this Interim Order shall continue notwithstanding any conversion of the Case to a chapter 7 case or any other Successor Cases under the Bankruptcy Code, dismissal of the Case or confirmation or consummation of any plan(s) of reorganization. Subject to the limitations described in paragraph 23 of this Interim Order, the adequate protection payments made pursuant to this Interim Order shall not be subject to counterclaim, setoff, subordination, recharacterization, defense or avoidance in the Case or any Successor Cases (other than a defense that the payment has actually been made); *provided*, recharacterization will be allowed to the extent otherwise provided in this Interim Order. The terms of this Interim Order shall be valid and binding upon each Debtor, all creditors of each Debtor and all other parties in interest from and after the entry of this Interim Order by this Court.

21. **No Liability to Third Parties**. With respect to the use of Cash Collateral, the entry into the DIP Facility or the providing of the DIP Loans, or any approval or disapproval of the DIP Budget including, without limitation, any permitted variance allowed pursuant to paragraph 7 of this Interim Order, the DIP Agent and the other DIP Secured Parties shall not: (i)

be deemed to be in "control" of the operations of each Debtor; (ii) owe any fiduciary duty to each Debtor, its respective creditors, shareholders or estates; or (iii) be deemed to be acting as a "Responsible Person" or "Owner" or "Operator" with respect to the operation or management of each Debtor (as such terms or similar terms are used in the United States Comprehensive Environmental Response, Compensation and Liability Act of 1980 or any similar federal or state statute).

22. **Good Faith under Section 364(e) of the Bankruptcy Code; No Modification or Stay of this Interim Order.** The DIP Secured Parties and the Prepetition Secured Parties have acted in good faith in connection with the DIP Facility, the DIP Loan Documents, the DIP Loans, and this Interim Order, and their reliance on this Interim Order is in good faith. Based on the findings set forth in this Interim Order and the record made during the Interim Hearing, and in accordance with section 364(e) of the Bankruptcy Code, the DIP Secured Parties and the Prepetition Secured Parties are entitled to the protections provided in section 364(e) of the Bankruptcy Code, this Interim Order and the DIP Loan Documents. If any or all of the provisions of this Interim Order are hereafter reversed or modified, such reversal or modification shall not affect the validity, priority, or enforceability of the DIP Obligations, the DIP Liens, the Adequate Protection Liens, the Adequate Protection Claims, the Prepetition Liens, or the Prepetition Secured Obligations. Notwithstanding any such reversal or modification of this Interim Order, any DIP Obligations, DIP Liens, or Adequate Protection Liens incurred by the DIP Loan Party to the DIP Secured Parties or the Prepetition Secured Parties, as the case may be, prior to the actual receipt of written notice by the DIP Agent and the Prepetition Agent of the effective date of such reversal or modification shall be governed in all respects by the original provisions of this Interim Order.

23. **Reservation of Certain Third-Party Rights and Bar of Challenge and Claims**. Subject to this paragraph 23, each Debtor's admissions and releases contained in paragraphs C, D, E, F, G and H of this Interim Order (i) shall be binding upon each Debtor for all purposes and (ii) shall be binding upon all other parties in interest, including any Committee and any chapter 7 trustee, for all purposes unless (1) a party with requisite standing (subject in all respects to any party in interest's right to raise an argument that any agreement or applicable law may limit or affect such party's right or ability to do so) has timely and properly filed an adversary proceeding or contested matter by the date that is no later than seventy-five (75) calendar days from the date that this Interim Order is entered asserting a Challenge (as defined herein) (the "Challenge Deadline"), (x) challenging the amount, validity, perfection, enforceability, priority or extent of the Prepetition Secured Obligations, the Prepetition Liens, or (y) otherwise asserting or prosecuting any action for preference, fraudulent transfers or conveyances, other avoidance power claims or any other claims, counterclaims or causes of action, objections, contests and defenses against the Prepetition Secured Parties on behalf of each Debtor's estate (each, a "Challenge," and collectively, "Challenges"). If no such Challenge is properly filed as of such dates or the plaintiff's claims are dismissed or denied by final and unappealable order in any such proceeding or matter, then: (a) each Debtor's admissions and releases contained in paragraphs C, D, E, F, G and H of this Interim Order shall be binding on all parties in interest, including any Committee; (b) the obligations of each Debtor under the Prepetition Loan Documents shall constitute allowed claims for all purposes in the Case or any Successor Cases; (c) the Prepetition Secured Parties' security interests in and liens upon the Prepetition Collateral and the Collateral shall be deemed to have been, as of the Petition Date a legal, valid, binding, perfected, first priority security interests and liens, subject only to Permitted Prior Liens, and not subject to

recharacterization, subordination or otherwise avoidable; and (d) the Prepetition Secured Obligations and the Prepetition Liens on the Prepetition Collateral and the Collateral shall not be subject to any other or further challenge by the Committee or any other party in interest seeking to exercise the rights of each Debtor's estates, including, without limitation, any successor thereto. If any such adversary proceeding or contested matter is properly filed as of such dates, each Debtor's admissions and releases contained in paragraphs C, D, E, F, G and H of this Interim Order shall nonetheless remain binding and preclusive (as provided in the second sentence of this paragraph) except to the extent that such admissions and releases were expressly challenged in such adversary proceeding or contested matter; *provided*, that the timely filing of a motion seeking standing to file a Challenge before the expiration of the Challenge Period, which attaches a draft complaint setting forth the legal and factual bases of the proposed Challenge, shall toll the Challenge Period only as to the party that timely filed such standing motion (and only as to such claims asserted in the draft complaint) until such motion is resolved or adjudicated by the Court. If a chapter 7 trustee or a chapter 11 trustee is appointed or elected during the Challenge Period, then the Challenge Period Termination Date with respect to such trustee only, shall be the later of (i) the last day of the Challenge Period and (ii) the date that is twenty (20) calendar days after the date on which such trustee is appointed or elected. Nothing contained in this Interim Order shall be deemed to grant standing to any Committee or any other party to commence any such adversary proceeding or contested matter.

24. **Restrictions on Use of Prepetition Collateral, Collateral, and Carve-Out**. Notwithstanding anything in this Interim Order to the contrary, no portion or proceeds of the Prepetition Collateral, the Collateral or the Carve-Out, and no disbursements set forth in the Approved DIP Budget shall be used for the payment of professionals fees, disbursements, costs,

or expenses incurred in connection with: (a) objecting, contesting or raising any defense to the validity, perfection, priority, or enforceability of, or any amount due under, the Prepetition Loan Documents or any security interests, liens or claims granted under this Interim Order or the Prepetition Loan Documents to secure such amounts; (b) asserting any Challenges, claims, actions, or causes of action, including any of the Debtors' claims and causes of action arising under sections 544, 545, 547, 548, and 550 of the Bankruptcy Code or any other similar state or federal law, against any of the Prepetition Secured Parties or any of their respective agents, affiliates, subsidiaries, directors, officers, representatives, attorneys, or advisors; or (c) contesting each Debtor's admissions and releases contained in paragraphs C, D, E, F, G and H of this Interim Order; provided, that, no more than $25,000 in the aggregate of the proceeds of the Collateral, Prepetition Collateral, and the Carve-Out (which amount, for the avoidance of doubt, shall be credited against the aggregate amount allocated to Committee professionals under the Approved DIP Budget) may be used by the Committee, if any, solely to investigate (but not prosecute or Challenge) each Debtor's admissions and releases contained in paragraphs C, D, E, F, G and H of this Interim Order.

25. **Enforceability; Waiver of Any Applicable Stay**. This Interim Order shall constitute findings of fact and conclusions of law and shall take effect and be fully enforceable *nunc pro tunc* to the Petition Date immediately upon entry hereof. Notwithstanding Bankruptcy Rules 6004(h), 6006(d), 7062 or 9014 of the Bankruptcy Rules or any other Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Interim Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Interim Order.

26. **Proofs of Claim**. None of the Prepetition Secured Parties nor the DIP Secured Parties will be required to file proofs of claim in the Case or any Successor Cases, and each Debtor's stipulations in paragraph D and E herein and this Interim Order shall be deemed to constitute a timely filed proof of claim against each Debtor. Notwithstanding the foregoing, the Prepetition Agent and the DIP Agent (on behalf of itself and its respective Secured Parties, as applicable) is hereby authorized and entitled, in its sole discretion, but not required, to file (and amend and/or supplement, as it sees fit) a master proof of claim for any claims of the Prepetition Secured Parties or DIP Secured Parties, as applicable, arising from the Prepetition Loan Documents or DIP Loan Documents; *provided*, that nothing herein shall waive the right of any Prepetition Secured Party or DIP Secured Party to file its own proofs of claim against each Debtor.

27. **Section 552(b) of the Bankruptcy Code**. Subject to entry of the Final Order granting such relief, the Prepetition Agent, the DIP Agent, and the Secured Parties shall each be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code and the "equities of the case" exception under section 552(b) of the Bankruptcy Code shall not apply to the Prepetition Agent and the Prepetition Secured Parties with respect to proceeds, products, offspring or profits of any of the Prepetition Collateral or the DIP Collateral.

28. **No Marshaling**. Subject to entry of the Final Order granting such relief, neither the Prepetition Secured Parties nor the DIP Secured Parties shall be subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any of the Prepetition Collateral or the DIP Collateral except as expressly provided herein, as applicable.

29. **Notice Procedures for Professional Fees**. The Debtors are authorized and directed, without any further order of the Court, to pay any and all reasonable and documented

fees and expenses of the DIP Lenders, the DIP Agent, the Prepetition Secured Parties and the Prepetition Agent in connection with the DIP Financing, the Cases and the Adequate Protection Payments, as applicable, including the reasonable and documented fees and expenses of attorneys, advisors, accountants and other consultants and professionals (the "Lender Professionals"), whether incurred before, on or after the Petition Date and whether or not the transactions contemplated hereby are consummated, including, but not limited to, the reasonable and documented fees and expenses incurred in connection with the preparation, negotiation and execution of the DIP Orders, the DIP Term Sheet, DIP Loan Documents, and the Adequate Protection Claims in connection with these Cases, the on-going administration of the DIP Loan Documents and the enforcement of the DIP Loan Documents, the DIP Orders, the Prepetition Loan Documents or the Adequate Protection Claims. The Lender Professionals shall not be required to file formal retention or fee applications with the Court. Solely with respect to any fees and expenses of the Lender Professionals incurred subsequent to the Petition Date, the Lender Professionals shall forward copies of summary invoices submitted to the Debtors' counsel, to the Debtors, to the U.S. Trustee, counsel for the Committee (if any) and such other parties as the Court may direct. The summary invoices shall be sufficiently detailed to enable a determination as to the reasonableness of such fees and expenses; *provided*, *however*, that such summary invoices shall not be required to contain time entries but shall include a general, brief description of the nature of the matters for which services were performed, and may be redacted to the extent necessary to protect any information subject to the attorney-client privilege or of any benefits of the attorney work product doctrine or other applicable privilege. If the Debtors, U.S. Trustee or the Committee (if any) objects to the reasonableness of the fees and expenses of any of the Lender Professionals and cannot resolve such objection within ten (10) calendar days of receipt of such

invoices (the "Review Period"), then the Debtors, the U.S. Trustee, or the Committee (if any), as the case may be, shall file with the Court and serve on such Lender Professional an objection (the "Fee Objection"), and any failure by any such party to file a Fee Objection within the Review Period shall constitute a waiver of any right of such party to object to the applicable invoice. Notwithstanding any provision herein to the contrary, any objection to, and any hearing on an objection to, payment of any fees, costs, and expenses set forth in a professional fee invoice in respect of a Lender Professional shall be limited to the reasonableness of the particular items or categories of the fees, costs, and expenses that are the subject of such objection. If no written objection is received by 5:00 PM (Eastern Standard Time), on the last day of the Review Period, the Debtors shall pay such invoices promptly and in no event later than one (1) business day thereafter. If an objection to a Lender Professional's invoice is received within the Review Period, the Debtors shall promptly pay the undisputed amount of the invoice and the Court shall have jurisdiction to determine the disputed portion of such invoice if the parties are unable to resolve the dispute consensually. Such reasonable and documented fees and expenses paid by the Debtors in accordance with this paragraph 29 shall not be subject to any offset, defense, claim, counterclaim or diminution of any type, kind or nature whatsoever.

30. **Headings**. The headings in this Interim Order are for purposes of reference only and shall not limit or otherwise affect the meaning of this Interim Order.

31. **Retention of Jurisdiction**. The Court has and will retain jurisdiction to enforce this Interim Order.

**EXHIBIT 1**

Initial DIP Budget

[To be Filed]

**EXHIBIT 2**

DIP Term Sheet

**ABL DIP FINANCING TERM SHEET**

The following summary of principal terms and conditions (together with all annexes, exhibits, and schedules attached hereto, as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, this "***DIP Term Sheet***") outlines the indicative economic and other terms of the proposed DIP Facility (as defined below) in connection with the Debtors (as defined below) anticipated chapter 11 cases (the "***Chapter 11 Cases***") commenced under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "***Bankruptcy Code***"). Capitalized terms not otherwise defined herein shall have the meaning ascribed to such term in that certain Credit and Guaranty Agreement, dated as of February 21, 2025 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "***Prepetition Credit Agreement***") by and among Great Rock Capital Partners Management, LLC, in its capacity as administrative agent (the "***Prepetition Agent***") for the lenders from time to time party thereto (the "***Prepetition Lenders***", and together with the Prepetition Agent, the "***Prepetition Secured Parties***"), Simply Interior Homes Intermediate, LLC (f/k/a Soft Goods Intermediate, LLC), a Delaware limited liability company , certain of the DIP Borrowers (as defined below), and the other parties party thereto. While this DIP Term Sheet is to be used as a basis for continued discussions, it is not intended to create an agreement to negotiate, it is not a commitment to provide financing, nor is it an agreement to deliver such a commitment. We appreciate the opportunity to present this DIP Term Sheet, and we look forward to our continued discussions.

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| DIP Borrowers: | SIMPLY INTERIOR HOMES ACQUISITIONCO, LLC (f/k/a SOFT GOODS, LLC), a Delaware limited liability company, SIMPLY INTERIOR HOMES, LLC (f/k/a SOFT GOODS OPERATING, LLC), a Delaware limited liability company, SIH BECKHAM BUYER LLC, a Delaware limited liability company, SIH-BB Holdings LLC, a Delaware limited liability company, SIH-DMD Holdings, LLC, a Delaware limited liability company, SIH-HSD Holdings, LLC, a Delaware limited liability company; and SIH-SR HOLDINGS, LLC, a Delaware limited liability company (collectively "***DIP Borrowers***" or "***Debtors***", and each a "***DIP Borrower***" or "***Debtor***"). |
| DIP Agent & DIP Lenders: | Great Rock Capital Partners Management, LLC, will act as sole and exclusive administrative agent (in such capacity, the "***DIP Agent***") for GRC SPV Investments, LLC and Wingspire Capital, LLC as the lenders under the DIP Facility (as defined below) (the "***DIP Lenders***"), and will perform the duties customarily associated with such role. |
| DIP Facility: | A postpetition superpriority senior secured, asset-based debtor-in-possession financing and other financial accommodations in the aggregate principal amount of $15,000,000 (the "***DIP Facility***") consisting of (a) $5,000,000 of revolving new money credit commitments (the "***New Money DIP Commitments***" and the loans extended thereunder, the "***New Money DIP Loans***") made available to the DIP Borrowers to draw upon entry of the Interim DIP Order in accordance with the Approved DIP Budget, Interim Order and DIP Loan Documents; and (b) a roll up of the "Obligations" outstanding under (and as defined in) the Prepetition Credit Agreement (the "***Prepetition Secured Obligations***") as of the Petition Date in the amount of $3.00 of Prepetition Secured Obligations (as defined below) for every $1.00 of the New Money DIP Loans funded with such rolled up loans not to exceed $10,000,000 in the aggregate(the "***Roll-Up Loans***" and together with the New Money DIP Loans, the "***DIP Loans***", and the DIP Loans together with all other fees, premiums, expenses and charges arising under the DIP Loan Documents, the "***DIP Obligations***"), in each case with such Roll-Up |

Loans automatically deemed funded, exchanged and converted on a cashless basis into and immediately constituting legal, valid, binding and non-avoidable DIP Obligations upon each funding of New Money DIP Loans in accordance with the terms hereof, with a corresponding dollar-for-dollar reduction in the remaining Prepetition Secured Obligations (with such reduction being without prepayment premium). For avoidance of doubt, the Prepetition Secured Obligations shall only be converted into Roll-Up Loans for the first $3,333,333 of New Money DIP Loans funded and any further reborrowing of New Money DIP Loans shall not result in the roll up of any additional Prepetition Secured Obligations.

Any New Money DIP Loans repaid or prepaid may be reborrowed subject to the terms and conditions herein and in the DIP Loan Documents. Voluntary and mandatory prepayments of DIP Loans shall be applied first to the New Money DIP Loans until paid in full and second to the Roll-Up Loans until paid in full, in each case on a pro rata basis within the applicable class of DIP Loans. Upon repayment in full of all DIP Obligations, the proceeds of any DIP Collateral shall be applied to the Prepetition Secured Obligations remaining after giving effect to the reduction on account of the Roll-Up Loans.

The proceeds of the DIP Facility shall be used to, among other things, provide working capital for the DIP Borrowers during the DIP Borrowers' Chapter 11 Cases subject, in each case, to the terms and conditions of the DIP Orders and the DIP Loan Documents, including the then applicable Approved DIP Budget (as defined below).

Maturity Date: The maturity date shall be September 30, 2026 (the "***Scheduled Maturity Date***").

The DIP Facility (and the New Money DIP Commitments thereunder) shall terminate upon the earliest to occur of (i) the Scheduled Maturity Date, (ii) the date of acceleration or termination of the DIP Facility in accordance with the terms of this DIP Term Sheet and the DIP Orders, (iii) the effective date of any Plan (as defined below); (iv) the entry of an order for the conversion of the Debtors' bankruptcy cases to cases under Chapter 7 of the Bankruptcy Code; (v) the entry of an order for the dismissal of the Debtors' bankruptcy cases; or (vi) at the election of the DIP Lender, the date on which any Event of Default is continuing (the "***Maturity Date***").

Closing Date: The date of the entry of the Interim DIP Order (or as soon as reasonably practicable thereafter) and satisfaction of the conditions precedent to initial borrowing set forth in the DIP Loan Documents (the "***Closing Date***").

Carve Out: The Interim DIP Order and Final DIP Order shall each include the carve out as agreed in the Interim DIP Order (the "***Carve Out***").

Interest Rates and Fees: As set forth on Annex I attached hereto.

Default Rate: 3.00% per annum over the rate of interest otherwise applicable.

Documentation Principles: The definitive documentation with respect to the DIP Facility, including a credit agreement (the "***DIP Credit Agreement***", and together with the other related documents, the "***DIP Loan Documents***") will contain mandatory prepayments, representations, warranties, conditions to borrowing, affirmative, negative and financial covenants and events of default set forth or referred to below in this DIP Term Sheet, in each case applicable to the DIP Borrowers and their subsidiaries, mutually agreed with the DIP Lenders and, unless expressly set forth herein, based on the Prepetition Credit Agreement with changes and modifications to be mutually agreed (u) to account for operational requirements of the DIP Lenders, (v) that reflect the terms of this DIP Term Sheet, (w) to reflect changes in law or accounting standards and requirements of local law or to cure mistakes or defects, (x) as are reasonably necessary to take into account events leading up to, resulting from and in connection with the Chapter 11 Cases and the filing thereof, (y) not otherwise described in this paragraph which are customary for senior secured super-priority debtor-in-possession financings, and (z) to establish limits around the DIP Borrowers' covenants as appropriate in debtor-in-possession financings, including but not limited to those changes outlined under "Affirmative Covenants" and "Negative Covenants" below (collectively, the "***DIP Loan Documentation Principles***"). This DIP Term Sheet shall constitute a DIP Loan Document until superseded by a credit agreement and other replacement DIP Loan Documents in form and substance acceptable to the DIP Lenders.

All orders in the Chapter 11 Cases (a) approving or authorizing the DIP Facility on an interim basis (the "***Interim DIP Order***") or final basis (the "***Final DIP Order***", and together with the Interim DIP Order, the "***DIP Orders***"), or (b) approving the use of the Debtors' cash management system, in each case, shall be in form and substance reasonably acceptable to the DIP Lenders and all motions related thereto shall be in form and substance acceptable to the DIP Lenders.

Collateral; Priority; Adequate Protection: Any and all obligations arising under or in connection with the DIP Facility, including for reasonable fees, costs and expenses described herein of the DIP Agent and the DIP Lenders (including, without limitation, (a) reasonable and documented fees and expenses of counsel to the DIP Agent and DIP Lenders, and (b) reasonable and documented fees and expenses of DIP Agent Advisors (as defined below) to the DIP Agent) and reimbursable under the DIP Loan Documents, all DIP Obligations and guarantees, in each case, shall, subject and subordinate only to the Carve Out and the relative priorities set forth on Annex II attached hereto, at all times be entitled to, among others: (i) joint and several superpriority administrative expense claim status in the Chapter 11 Cases; (ii) a perfected first-priority priming lien on and security interest in all tangible and intangible prepetition and postpetition assets and real property of the DIP Borrowers, whether existing on the Petition Date or thereafter acquired, and the proceeds, products, rents, and profits thereof, including, without limitation, all claims and causes of action (including commercial tort claims) and the proceeds thereof (excluding Avoidance Actions); (iii) upon entry of the Final DIP Order, a perfected first-priority priming lien on and security interest in avoidance actions under chapter 5 of the Bankruptcy Code or any analogous state law and the proceeds thereof ("***Avoidance Actions***"), (the items in clauses (ii) and (iii), collectively, the "***DIP Collateral***").

All the above-described pledges, security interests and mortgages shall be (a) created on terms, and pursuant to documentation reasonably satisfactory to the DIP Lenders and the DIP Borrowers and otherwise consistent with the Documentation Principles, and none of the DIP Collateral shall be subject to any other liens or claims (except for the Carve Out and certain mutually agreed permitted prior liens (the "***Permitted Prior Liens***")), and (b) perfected upon entry of the applicable DIP Order, or, in the case of Avoidance Actions, upon entry of the Final DIP Order, without the need to file or record financing statements, intellectual property filings, mortgages, notices of lien or similar documents or instruments; provided, that the DIP Agent shall be permitted to make any or all such filings in its discretion.

The DIP Orders shall provide usual and customary adequate protection to the Prepetition Agent, for the benefit of itself and the Prepetition Secured Parties, including, without limitation, (a) replacement liens on all of the DIP Collateral (the "***Adequate Protection Liens***"), subordinate only to the Carve Out, the liens in favor of the DIP Facility ("***DIP Liens***"), and subject to the relative priorities set forth on Annex II attached hereto, (b) a super-priority administrative claim (the "***Adequate Protection Claims***"), subject only to the Carve Out and the claims of the DIP Facility, and subject to the relative priorities set forth on Annex II attached hereto, (c) the payment of the reasonable and documented out-of-pocket fees and expenses (including advisor fees) of the agent and the lenders under the Prepetition Credit Agreement, and (d) other adequate protection customary for debtor in possession financings of this type (whether set forth herein or otherwise), including, without limitation, subject to entry of the Final DIP Order, stipulations and approval of waivers of rights under sections 506(c) and 552(b) of the Bankruptcy Code and waiver of marshalling.

Cash Collateral: The Prepetition Agent shall consent to the use of cash collateral during the Chapter 11 Cases consistent with the terms hereof.

Cash Management / Cash Dominion: The DIP orders shall provide the DIP Agent on behalf of the DIP Lenders with automatically perfected liens and security interests in the deposit and securities accounts (subject to the Carve Out) of the DIP Borrowers without any further action (including, without limitation, entering into any lockbox or deposit account control agreements or other action to take possession or control of any such DIP Collateral); provided, that, upon the request of the DIP Agent and subject to the Carve Out, the DIP Borrowers shall obtain full dominion or springing (as elected by DIP Agent) account control agreements in favor of the DIP Agent on behalf of the DIP Lenders.

Mandatory Prepayments: As will be more fully set forth in the DIP Loan Documentation, the DIP Facility will be repaid during the Chapter 11 Cases through (a) daily cash sweeps of all collections and cash on hand in each "Blocked Account" (as defined in the Prepetition Credit Agreement) constituting a collections account, and (b) the proceeds of the liquidation of the assets and/or any debt or equity raises. All DIP Obligations shall come due and on the Maturity Date.

The proceeds of the foregoing mandatory prepayments shall be applied *first*, to the New Money DIP Loans (and all interest and fees in respect thereof) until repaid in full; *second*, to the Roll-Up DIP Loans (and all interest and fees in

respect thereof) until paid in full; and *third*, to the Prepetition Secured Obligations (and all interest and fees in respect thereof) to the extent remaining after giving effect to the Roll-Up, until paid in full, in each case in accordance with the terms of the DIP Term Sheet and other DIP Loan Documents.

DIP Budget: The DIP Lenders shall have received a 13-week cash flow forecast, prepared by the DIP Borrowers and certified by Adam Zalev in his capacity as the chief restructuring officer (the "***CRO***") of the DIP Borrowers, detailing cash receipts, cash disbursements, inventory levels, accounts receivable, professional fees incurred and forecast to be incurred by each professional, and other details on a weekly basis for such period, in form and substance acceptable to the DIP Lenders in their sole discretion (the "***Initial DIP Budget***" and together with each subsequent rolling 13-week cash flow forecast prepared and delivered to the DIP Lenders, in each case consistent with the form and level of detail set forth in the Initial DIP Budget, commencing on June 18, 2026 and every week thereafter in accordance with the terms hereof, the "***DIP Budget***", and any such DIP Budget that has been approved by the DIP Lenders, the "***Approved DIP Budget***").

The DIP Borrowers shall be permitted to make borrowings consistent in all material respects with the then applicable Approved DIP Budget and the other terms and conditions set forth herein.

Conditions Precedent to Initial Borrowing: Usual and customary conditions precedent for facilities of this type and consistent with the DIP Loan Documentation Principles, including, among others, (a) entry of the Interim DIP Order and the execution of the DIP Credit Agreement and other DIP Loan Documents (subject to waiver by the DIP Lenders in their sole discretion), in each case, in form and substance acceptable to the DIP Lenders, and entry of other first-day orders in form and substance reasonably acceptable to the DIP Lenders; (b) delivery of (i) the Initial DIP Budget and (ii) all financial reporting required to be delivered to the administrative agent under the Prepetition Credit Agreement as of the Closing Date; (c) the relief obtained in the Debtors' first day orders shall be consistent in all material respects with the Approved DIP Budget and DIP Orders, including without limitation, the entry of an order approving the Debtors' retention of the Liquidator (as defined below); (d) no Event of Default shall have occurred.

Conditions Precedent to all Borrowings: Usual and customary conditions precedent for facilities of this type and consistent with the DIP Loan Documentation Principles, including (a) delivery of a certificate certifying the Debtors' compliance with the Approved DIP Budget; (b) accuracy of representations and warranties; (c) absence of defaults or Events of Default; (e) the proceeds of the DIP Loans made shall be disbursed in accordance with the Approved DIP Budget; (f) delivery of a borrowing notice to the DIP Agent; and (g) for borrowings in excess of amounts provided in the Approved DIP Budget, the prior written consent of the DIP Lenders to such borrowing.

Representations and Warranties: The Debtors represent and warrant that they are in good corporate standing and have the power and authority to enter into the DIP Loan Document, all necessary approvals and no conflicts; there are no defaults, outstanding taxes, the debtors are in compliance with all applicable laws, there are no Material Adverse Effects, no material litigation, all disclosures are accurate as of the Closing Date; the

Debtors have provided all necessary financial reporting, which is accurate to the best of their knowledge; and the Debtors have disclosed the validity, priority and perfection of security interests.

"Material Adverse Effect" shall mean a material adverse effect on (a) the business, financial condition or results of operations of the DIP Borrowers, taken as a whole, as reasonably determined by the DIP Lender; (b) the rights and remedies, taken as a whole, of the DIP Lender under the DIP Documentation; or (c) the ability of the DIP Borrowers, taken as a whole, to perform their payment obligations under the DIP Documentation; provided that, for the avoidance of doubt, it is understood and agreed that the following shall be disregarded in determining whether a "Material Adverse Effect" has occurred: the effect of (x) the filing of the Chapter 11 Cases, the events and conditions related to and/or leading up thereto and/or typically resulting from the filing of the cases under chapter 11 of the Bankruptcy Code, (y) any actions required to be taken under the DIP Documentation or the DIP Orders and (z) any matters (including, for the avoidance of doubt, any litigation) disclosed in schedules to the DIP Documentation and/or publicly disclosed in any first day pleadings or declarations in the Chapter 11 Cases.

Representations and Warranties; Affirmative Covenants; and Negative Covenants:

The DIP Loan Documents will contain representations and warranties, reporting covenants and affirmative covenants and negative covenants of the types included in the Prepetition Credit Agreement (subject to the DIP Loan Documentation Principles), including, among others, the reporting covenants and milestones set forth below, except that no investments, acquisitions, fundamental changes, debt repayments, or restricted payments will be permitted except for customary exceptions to be mutually agreed upon.

1. Delivery to the DIP Agent, for further distribution to the DIP Lenders, on or before 5:00 p.m. (New York time) on June 18, 2026 and on every Thursday thereafter, of the DIP Budget along with explanations as to changes from the prior DIP Budget.

2. Delivery to the DIP Agent, for further distribution to the DIP Lenders, on or before 5:00 p.m. (New York time) every Thursday (commencing on June 18, 2026), a budget variance report tested on a trailing (i) two (2) week cumulative basis for the first two (2) weeks following the Petition Date, (ii) three (3) week cumulative basis for the third week following the Petition Date, and (iii) four (4) week cumulative basis thereafter (including identification of (x) budget variances related to line item "Total Receipts", line item "Total Disbursements" and line item "Total Professional Disbursements" of the DIP Borrowers, and (y) any variances between the actual amounts and those set forth in the Approved DIP Budget), such other information related to any budget variances as the DIP Lenders may request and weekly bank account statements as of the reporting date from each account maintained by the DIP Borrowers. DIP Agent and DIP Lenders shall be permitted to communicate directly with the CRO regarding any of the foregoing.

3. The Debtors shall continue to retain Reflect Advisors LLC (pursuant to that certain Engagement Letter, dated as of May 8, 2026 without

amendment or modification except as consented to in writing by the DIP Lenders) and the CRO throughout the Chapter 11 Cases. In the event the CRO ceases to serve in such capacity for any reason, the Debtors shall promptly engage a replacement chief restructuring officer, which replacement chief restructuring officer and the terms of its engagement letter shall each be required to be acceptable to the DIP Lenders.

4. Any engagement (including the terms of such engagement) of an investment banker or financial advisor (each an "***FA***") by Debtors shall be subject to the prior written approval of the DIP Lenders.

5. Any liquidator engaged by the Debtors in connection with the liquidation process (the "***Liquidator***") and the terms of its engagement letter shall each be subject to the prior written approval of the DIP Lenders. In the event such Liquidator ceases to serve in such capacity for any reason, the Debtors shall promptly engage a replacement liquidator, which replacement liquidator and the terms of its engagement letter shall each be subject to the prior written approval of the DIP Lenders.

6. The Debtors shall take all commercially reasonable actions requested by the DIP Agent in connection with opposing, responding to or addressing any of the following events (each, a "***Live Comfortably Trigger Event***"): (a) Live Comfortably delivers to any Debtor a notice of termination of the TSA, (b) Live Comfortably fails to remit the proceeds of collections to any Debtor as and when required pursuant to the terms of the TSA, and (c) Live Comfortably asserts, joins, commences, supports, or prosecutes any claim, counterclaim, action, proceeding, application, motion, objection, defense, or other contested matter seeking any order, judgment, determination, or similar relief against, or adverse to the interests of, the DIP Agent, the DIP Lenders, the Prepetition Secured Parties, or any of their respective officers.

Milestones: Usual and customary for facilities of this type and to be mutually agreed consistent with the contemplated time frame for the chapter 11 cases generally, including the following (collectively, the "***Milestones***", each of which may be extended with the prior written consent of the DIP Lenders which may be provided by email of the DIP Agent Counsel) in respect of a dual track liquidation and going concern sale process:

1. **Entry of Interim DIP Order**. No later than June 10, 2026, the District of Delaware Bankruptcy Court (the "***Bankruptcy Court***") shall have entered the Interim DIP Order in the Chapter 11 Cases, which Interim DIP Order shall be in form and substance acceptable to the Debtors and the DIP Lenders;

2. **Assumption of Liquidation Consulting Agreement.** Within one (1) day of the Petition Date, the Debtors shall have filed a motion (the "***Liquidation Motion***") seeking, (i) on an interim basis, authority to continue liquidation sales pursuant to that certain Consulting and Marketing Services Agreement, dated June 7, 2026, between Debtors Simply Interior Homes Acquisition Co, LLC and Simply Interior Homes,

LLC and SB360 Capital Partners, LLC (the "***Consulting Agreement***") and, (ii) on a final basis, approval of the assumption of the Consulting Agreement for the Liquidator;

3. **Entry of Final DIP Order**. No later than July 6, 2026, the Bankruptcy Court shall have entered the Final DIP Order in the Debtors' Chapter 11 Cases, which Final DIP Order shall be in form and substance acceptable to the Debtors and the DIP Lenders;

4. **File Plan and Disclosure Statement**. No later than July 22, 2026, the Debtors shall (a) file a chapter 11 plan (the "***Plan***") and disclosure statement (the "***Disclosure Statement***") providing for, among other things, (i) the establishment of a liquidating trust (the "***Liquidating Trust***") including the (x) funding of such Liquidating Trust with all assets (to the extent not already disposed of during the Liquidation Process) belonging to the Debtors and their estates, (y) appointment of a trustee of the Liquidating Trust and counsel to the same, and (z) establishment of a payment priority waterfall in substantially the same priorities as provided herein from the DIP Lenders' and Prepetition Lenders' respective collateral (first, to the New Money DIP Loans until paid in full, second, to the Roll-Up Loans until paid in full, and third, to the Prepetition Secured Obligations until paid in full) and (ii) the establishment of a litigation trust (the "***Litigation Trust***") including the (x) funding of such Litigation Trust with claims and causes of action belonging to the Debtors and their estates and not released under the terms of the Plan or under the DIP Orders, (y) appointment of a trustee of the Litigation Trust and counsel to the same, and (z) establishment of a payment priority waterfall from the DIP Lenders' and Prepetition Lenders' respective collateral in substantially the same priorities as provided herein (first, to the New Money DIP Loans until paid in full, second, to the Roll-Up Loans until paid in full, and third, to the Prepetition Secured Obligations until paid in full); provided, that, both the Plan, Disclosure Statement and any supplements or amendments to either shall be in form and substance acceptable to the DIP Lenders and (b) file a motion to schedule a combined hearing to approve the adequacy of the Disclosure Statement and confirmation of the Plan, to approve the form and procedure for solicitation of votes on the Plan (the "***Solicitation Motion***");

5. **Approval of Solicitation Motion**. No later than August 12, 2026, the Bankruptcy Court shall have entered an order approving the Solicitation Motion and scheduling the combined hearing (consistent with these Milestones) to approve adequacy of the Disclosure Statement and confirm the Plan, which order shall be in form and substance reasonably acceptable to the Debtors and the DIP Lenders;

6. **Disclosure Statement Hearing and Plan Confirmation**. No later than September 18, 2026, or such later date as the Bankruptcy Court may schedule, the Bankruptcy Court shall hold a combined hearing to approve the adequacy of the Disclosure Statement and confirm the Plan and the Debtors shall have obtained the entry of an order confirming its

Plan and approving the adequacy of the Disclosure Statement (the "***Confirmation Order***") which order shall be in form and substance acceptable to the Debtors and the DIP Lenders; and

7. **Plan Effective Date**. The conditions precedent to the effectiveness of the Plan, including establishment of the Liquidation Trust and Litigation Trust, shall have been met no later than September 21, 2026.

Financial Covenants: The DIP Loan Documents will contain the following financial covenants:

DIP Budget and Variance Covenant: The DIP Borrowers shall be required to adhere to the then applicable Approved DIP Budget (subject to variances permitted below) which shall be tested on every Thursday (commencing on June 18, 2026) following the Petition Date. The DIP Loan Documents will require that (a) operating disbursements of the DIP Borrowers shall not exceed a 10% increase with respect to "Total Disbursements" line item; and (b) total receipts of the DIP Borrowers shall not decrease by more than, with respect to the "Total Receipts" line item in the (i) first testing period looking back one (1) week, 15%, (ii) second testing period looking back two (2) weeks, 15%, (iii) third testing period looking back three (3) weeks, 12.5% and (iv) fourth testing period looking back four (4) weeks, 10%. For the avoidance of doubt, for purposes of calculating variances, "Total Disbursements" shall not include disbursements made by the Debtors in payment of the Debtors' or DIP Lenders' professional fees.

Events of Default: The occurrence of any of the following in the Chapter 11 Cases without the consent of the DIP Lenders shall, subject to the terms of the notice period in the DIP Orders, constitute an "***Event of Default***" hereunder:

1. failure to pay principal or interest when due;

2. any material breach or failure by any Debtor to comply with the material terms of the Interim DIP Order or the Final DIP Order, as applicable;

3. inaccuracy of representations or warranties in any material respect when made or breach of covenants, with such Event of Default occurring upon the delivery of written notice from the DIP Lender of such Event of Default (which Event of Default, if capable of being cured, may be cured by the DIP Loan Parties during the "Remedies Notice Period" as provided in the Interim DIP Order); provided, that, upon receipt of a notice of an Event of Default from the DIP Agent under this Section 2, the DIP Loan Parties shall have a one-time option to cure such breach during the five (5) calendar days following the receipt of notice before the default ripens into an Event of Default (the "One Time Cure Period"), and such One Time Cure Period shall be exercised once by delivery of written election to the DIP Agent;

4. actual (or asserted in writing by either Borrower) invalidity or impairment of any DIP Documentation or the liens or guarantees thereunder;

5. judgment defaults, which have or would be reasonably likely to have a Material Adverse Effect;

6. change of control;

7. failure to achieve any Milestone (unless extended or waived in accordance with the terms hereof) by the dates specified;

8. customary bankruptcy events, subject, where applicable, in the case of each of the foregoing events of default, to qualifications and limitations for materiality to be provided in the DIP Documentation;

9. any seizure, expropriation or nationalization by or on behalf of any governmental, regulatory or other authority of the whole or the greater part of the assets of the Borrower, which has or would be reasonably likely to have a Material Adverse Effect;

10. any breach or failure to comply with the Milestones;

11. unless otherwise approved by the DIP Lenders, the bringing of a motion, taking of any action or the filing of a Chapter 11 Plan or disclosure statement attendant thereto by any of the DIP Loan Parties in the Chapter 11 Cases: (A) to obtain additional financing under Section 364(c) or Section 364(d) of the Bankruptcy Code not otherwise permitted pursuant to this DIP Term Sheet; (B) to grant any Lien upon DIP Collateral; or (C) except as provided in the Interim DIP Order or Final DIP Order, as the case may be, to use cash collateral of the DIP Lenders or the Prepetition Agent and the Prepetition Lenders under Section 363(c) of the Bankruptcy Code without the prior written consent of the DIP Lenders;

12. (A) the filing of a chapter 11 Plan or disclosure statement attendant thereto, or any direct or indirect amendment to such chapter 11 Plan or disclosure statement, by a DIP Loan Party that, without the prior written consent of the DIP Lenders, does not propose to repay in full in cash the DIP Obligations and the Prepetition Secured Obligations then owing under the Prepetition Loan Documents or any of the DIP Loan Parties shall seek, support or fail to contest in good faith the filing or confirmation of any such chapter 11 Plan or entry of any such order, (B) the entry of any order terminating any Borrowers' exclusive right to file a chapter 11 Plan, or (C) the expiration of any DIP Loan Party's exclusive right to file a chapter 11 Plan;

13. the allowance of any claim or claims under Section 506(c) of the Bankruptcy Code or otherwise against the DIP Lenders, any Prepetition Lender or any of the DIP Collateral or against the Prepetition Agent, any Prepetition Lender or any Collateral (as defined in the Prepetition Credit Agreement);

14. (A) the appointment of an interim or permanent trustee in the Chapter 11 Cases or the appointment of a trustee receiver or an examiner in the

chapter 11 Cases with expanded powers to operate or manage the financial affairs, the business, or liquidation of the Debtors; or (B) solely with respect to DIP Collateral, the sale without the DIP Lenders' consent of all or substantially all of the Debtors' assets either through a sale under Section 363 of the Bankruptcy Code, through a confirmed chapter 11 Plan or otherwise that does not result in payment in full in cash of all of the DIP Obligations and all Prepetition Secured Obligations then owing under the Prepetition Loan Documents at the closing of such sale or initial payment of the purchase price or effectiveness of such chapter 11 plan, as applicable;

15. the dismissal of any Chapter 11 Case or conversion to a case under Chapter 7 of the Bankruptcy Code or any DIP Loan Party shall file a motion or other pleading or support a motion or other pleading filed by any other Person seeking the dismissal or conversion of any of the Chapter 11 Cases under Section 1112 of the Bankruptcy Code or otherwise, in each case, without the consent of the DIP Lenders;

16. any Loan Party shall file a motion (without consent of the DIP Lenders) seeking, or the Bankruptcy Court shall enter an order granting, relief from or modifying the automatic stay (A) to allow any creditor (other than the DIP Agent) to execute upon or enforce a lien on any DIP Collateral with a fair market value (as reasonably determined by the Debtors) in excess of $100,000 or (B) approving any settlement or other stipulation not approved by the DIP Lenders with any secured creditor of any DIP Loan Party providing for payments as adequate protection or otherwise to such secured creditor, which involves payments of $100,000 or more;

17. the entry of an order in the Chapter 11 Cases avoiding or permitting recovery of any portion of the payments made on account of the DIP Obligations or the Prepetition Secured Obligations owing under the Prepetition Loan Documents;

18. entry of any order of the Bankruptcy Court authorizing any claims or charges, other than DIP Obligations, entitled to superpriority administrative expense claim status in any Chapter 11 Case pursuant to Section 364(c)(1) of the Bankruptcy Code pari passu with or senior to the claims of the DIP Agent and the Lenders under this Agreement and the other DIP Loan Documents or the Prepetition Agent and the Prepetition Lenders under the Prepetition Credit Agreement and the other Prepetition Loan Documents, or there shall arise or be granted by the Bankruptcy Court (x) any claim having priority over any or all administrative expenses of the kind specified in clause (b) of Section 503 or clause (b) of Section 507 of the Bankruptcy Code or (y) any lien on the DIP Collateral having a priority senior to or pari passu with the liens and security interests granted in the DIP Order or DIP Loan Documents or the Prepetition Loan Documents, except, in each case, as provided in the Loan Documents or in the DIP Orders then in effect;

19. the DIP Order shall cease to create a valid and perfected lien on any material portion of the DIP Collateral or to be in full force and effect, shall have been reversed, stayed, vacated, or subject to stay pending appeal, without prior written consent of the DIP Lenders;

20. if, unless otherwise approved by the DIP Lenders, an order of the Bankruptcy Court shall be entered providing for a change in venue with respect to the Chapter 11 Cases and such order shall not be reversed or vacated within ten (10) days;

21. failure of the DIP Borrowers to use the proceeds of the New Money DIP Loans as set forth in and in compliance with the Approved DIP Budget (subject to permitted variances), this DIP Term Sheet and the DIP Orders;

22. entry by the Bankruptcy Court of an order authorizing Live Comfortably LLC (or any affiliate thereof) ("***Live Comfortably***") to terminate that certain Transition Services Agreement, dated as of February 21, 2025 (the "***TSA***"), by and between Live Comfortably LLC and debtor Soft Goods, LLC, or otherwise terminate the TSA; or

23. entry by the Bankruptcy Court of an order modifying the automatic stay or otherwise permitting the licensor or sub-licensor (including, for the avoidance of doubt, Live Comfortably in respect of any license or other rights with respect to the use of intellectual property pursuant to the TSA (as defined below) or otherwise) under any material intellectual property license or sub-license held by a Debtor, as licensee or sub-licensee, to terminate such license.

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| Cure; Remedies Notice Period: | As set forth in the applicable DIP Order. |
| Investigation Rights: | As set forth in the applicable DIP Order. |
| DIP Agent Advisors: | The DIP Agent and DIP Lenders, as applicable, shall be entitled to retain (a) a financial advisor and other third-party consultants under and in accordance with the DIP Facility, and (b) counsel, including Paul Hastings LLP, as restructuring counsel to the DIP Agent, Parker, Hudson, Rainer & Dobbs LLP, as restructuring counsel to DIP Lenders, and Young Conaway Stargatt & Taylor, LLP, as Delaware counsel to the DIP Agent (together, the "***DIP Agent Counsels***", and together with the DIP Agent FA, the "***DIP Agent Advisors***"). Each Borrower shall provide, and shall cause its management and advisors to provide, their reasonable cooperation during business hours with the DIP Agent Advisors. The reasonable and documented fees, costs and expenses of the DIP Agent Advisors shall be paid by the DIP Borrowers and shall form part of the DIP Obligations under the DIP Facility, in each case as and to the extent set forth in the DIP Orders and other DIP Loan Documents. |

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| Indemnification and Expenses: | The DIP Borrowers hereby indemnify the DIP Lender, their respective affiliates, successors and assigns and the officers, directors, employees, agents, advisors, controlling persons and members of each of the foregoing (each, an "Indemnified Person") and hold them harmless from judgment of a court of competent jurisdiction to have and against all costs, expenses (including reasonable and documented fees, disbursements and other charges of outside counsel) and liabilities of such Indemnified Person arising out of or relating to any claim or any litigation or other proceeding (regardless of whether such Indemnified Person is a party thereto and regardless of whether such matter is initiated by a third party or by the Borrower or any of its affiliates) that relates to the DIP Facility, the transactions contemplated thereby or in connection therewith; provided, that, no Indemnified Person will be indemnified for any cost, expense or liability to the extent determined in the final, non-appealable resulted solely from its fraud, gross negligence or willful misconduct. For the avoidance of doubt, no fees or expenses for work done on the ordinary course negotiation or seeking and obtaining approval of the DIP Facility shall be payable to the DIP Lender under the DIP Order. |
| Cash Management: | The Debtors shall maintain the prepetition cash management system, including the daily cash sweeps of the collection account and the funding of New Money DIP Loans into the DIP Borrowers' general disbursement account (that is subject to a control agreement), and as otherwise approved in the order of the court granting the: Debtors' Motion for Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate the Cash Management System, (B) Honor Certain Prepetition Obligations Related thereto, (C) Continue Intercompany Transactions, and (D) Maintain Existing Business Forms; (II) Authorizing the Debtors' Banks to Honor All Related Payment Requests; and (Iii) Granting Related Relief. |
| Amendments: | Amendments shall be made with the consent of the DIP Secured Parties and DIP Loan Parties. |
| Governing Law and Submission to Jurisdiction: | New York and, to the extent applicable, the Bankruptcy Code. Each party hereto irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Bankruptcy Court, and, if the Bankruptcy Court does not have (or abstains from) jurisdiction, the courts of the State of New York sitting in the Borough of Manhattan, the courts of the United States of America for the Southern District of New York and appellate courts from any thereof. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall, to the extent permitted by law, be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. |
| DIP Orders Control: | To the extent that any term of this DIP Term Sheet shall conflict with the terms of any DIP Order, the relevant terms of the applicable DIP Order shall control. |

**Annex I**

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| Interest Rates: | A percentage per annum equal to (i) the Adjusted Term SOFR Rate plus (ii) 7.50% paid in cash on the last business day of each month. |
| Unused Line Fee: | 0.75% on New Money DIP Commitments up to the amount permitted to be drawn under the Initial DIP Budget and paid in cash on the last business day of each month; provided, that, if the DIP Lenders fund New Money DIP Loans in excess of the amount permitted under the Initial DIP Budget then the unused line fee shall be retroactively earned and assessed on such excess amount. |
| Collateral Monitoring Fee: | $5,000/month and paid in cash on the last business day of each month |
| Closing Fee: | $100,000 earned and payable in full in-kind on the Closing Date. |

**Annex II**

**Priorities**

| Priority | DIP Collateral | Unencumbered Property | Claims |
|---|---|---|---|
| ***First*** | Carve Out | Carve Out | Carve Out |
| ***Second*** | Permitted Prior Liens | DIP Liens | DIP Superpriority Claims |
| ***Third*** | DIP Liens | Adequate Protection Liens | Adequate Protection Claims |
| ***Fourth*** | Adequate Protection Liens | N/A | N/A |
| ***Fifth*** | Prepetition Liens | N/A | N/A |