IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	Chapter 11
HOUSE SPIRITS DISTILLERY LLC,	Case No. 25-10660 (KBO)
Debtor.[1]	(Subchapter V)
	Objection Deadline: August 27, 2025, at 4:00 p.m. (ET) **Hearing Date: September 3, 2025, at 9:30 a.m. (ET)**

DEBTOR'S MOTION FOR ENTRY OF AN ORDER (I) APPROVING (A) BIDDING PROCEDURES FOR THE SALE OF SUBSTANTIALLY ALL ASSETS OF THE DEBTOR AND (B) EXPENSE REIMBURSEMENT FOR THE STALKING HORSE BIDDER, (II) SCHEDULING BID DEADLINE AND AUCTION, (III) APPROVING THE FORM AND MANNER OF NOTICE THEREOF, (IV) APPROVING PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS AND LEASES, AND (V) GRANTING RELATED RELIEF

The above-captioned debtor and debtor in possession (the "Debtor") hereby moves (this "Motion") pursuant to sections 105(a), 363, and 365 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code"), rules 2002, 6004, 6006, and 9007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and rules 2002-1 and 6004-1 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the "Local Rules") for the entry of an order, substantially in the form attached hereto as **Exhibit A** (the "Bid Procedures Order"): (i) approving bid procedures in connection with the sale (the "Sale"), pursuant to the *Subchapter V Debtor's Modified Plan of Reorganization* [D.I. 222] (as amended, modified, or supplemented from time to time, the "Plan"), of all or substantially all of the Debtor's assets (the "Assets"), substantially in the form attached to the Bid Procedures Order as Exhibit 1

[1] The last four digits of the Debtor's federal tax identification number are 2069. The Debtor's mailing address is 65 SE Washington Street, Portland, OR 97214.

(the "Bid Procedures"),[2] including establishing the Plan as the stalking horse bid (the "Stalking Horse Bid") by the DIP Lenders (as defined below) (collectively, the "Stalking Horse Bidder"), subject to higher or otherwise better offers submitted in accordance with the Bid Procedures (ii) approving the Expense Reimbursement; (iii) scheduling a Bid Deadline, Auction, and Sale/Confirmation Hearing, each as defined below, with respect to the Sale of the Assets; (iv) approving the form and manner of notice thereof; (v) approving procedures for the assumption and assignment of certain of the Debtor's executory contracts and unexpired leases in connection with the Sale; and (vi) granting related relief.

In support of this Motion, the Debtor relies upon and incorporates by reference the (i) *Declaration of Thomas Mooney in Support of First Day Relief* [D.I. 13] (the "First Day Declaration") and (ii) *Declaration of Thomas Mooney in Support of Motion to Approve Debtor in Possession Financing* [D.I. 113] (the "DIP Declaration," and together with the First Day Declaration, the "Declarations"). In further support of this Motion, the Debtor, by and through its undersigned counsel, respectfully represents as follows:

PRELIMINARY STATEMENT

1. In light of recent case developments, the Debtor has determined that the most efficient path forward is to run a postpetition sale process during the month of September rather than to proceed with the recently established Confirmation and discovery schedule. By this Motion, the Debtor seeks approval of bid procedures for the sale of the Debtor's assets, with the current version of the Plan serving as the Stalking Horse Bid by the DIP Lenders.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bid Procedures Order or the Plan, as applicable.

2. The Objecting Parties have challenged the Debtor's valuation of its assets and have asserted that the Plan is not in the best interests of creditors because the Debtor's assets are worth up to ten times the estimated $2.41 million forced liquidation value set forth in the Liquidation Analysis.[3] Accordingly, the Objecting Parties have served extensive discovery requests and deposition notices to litigate the valuation issue. In addition, the Objecting Parties indicated on the record at the August 5 Hearing that they would be challenging the Plan's feasibility.

3. The Debtor's proposed sale process takes the issue of valuation entirely off the table and renders the Disposable Income Analysis completely irrelevant. Therefore, it moots the Objecting Parties' discovery requests, saving the estate potentially hundreds of thousands of dollars in litigation-related administrative expense claims. The proposed process also eliminates any argument that the Debtor colluded with the DIP Lenders (which it did not) or that the sale of the Assets to the DIP Lenders was not negotiated in good faith (which it was). The Debtor is giving the Objecting Parties exactly what they asked for: an official marketing process to value the Debtor's assets. Now, it's time for the Objecting Parties to put their money where their mouth is and make an offer.

4. To be clear, the Debtor stands behind the valuation set forth in the Liquidation Analysis, which took into consideration the fact that the Debtor conducted an extensive marketing process over the past year to sell the company or its assets and, even with the assistance of Diageo, was unable to obtain a single offer. As everyone in the distilling industry knows, including the Objecting Parties, there is currently an industry-wide glut of whiskey inventory and virtually no market for bulk whiskey, particularly for Westward inventory, because (i) it is a unique product

[3] Under the Liquidation Analysis, Diageo's preferred equity interests are out of the money by approximately $2.43 million in administrative, priority, and general unsecured claims. The Objecting Parties' common equity holdings are even more hopelessly underwater.

that cannot be sold as bourbon, rye, Scotch, or any other major category of whiskey, and (ii) most of it is less than four years old, and young casks are the most affected part of the bulk market. Although the Debtor believes it has already sufficiently tested the market, the proposed process will ensure that no stone is left unturned and will provide finality with respect to all valuation-related issues.

5. The DIP Lenders continue to be the only parties willing to financially support the Debtor. They are supportive of the proposed sale process and have agreed to serve as the Stalking Horse Bidder with de minimis bid protections. In addition, they have committed to provide critical additional funding for the Debtor to conduct a fulsome sale process and for the Debtor to continue to timely meet its postpetition obligations to landlords, vendors, and employees.

6. Accordingly, the Debtor seeks approval of bidding procedures that will give parties ample time to conduct their necessary due diligence and formulate a bid, while allowing the Debtor to emerge from bankruptcy as early as September 30, 2025. The Debtor believes the proposed process is the most efficient path to emergence and will maximize creditor recoveries while minimizing administrative expenses.

JURISDICTION AND VENUE

7. The United States Bankruptcy Court for the District of Delaware (this "Court") has jurisdiction to consider this Motion under 28 U.S.C. § 1334(b) 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)(2)(A), (N), and (O).

8. Pursuant to Local Rule 9013-1(f), to the extent that the Court lacks the constitutional authority to enter a final order or judgment granting the relief requested herein absent consent of the parties, the Debtor consents to the Court's entry of a final order. Venue of these cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

9. The statutory predicates for the relief requested herein are Bankruptcy Code sections 105, 363, and 365, Bankruptcy Rules 2002, 6004, 6006, and 9007, and Local Rules 2002-1 and 6004-1.

BACKGROUND

A. The Chapter 11 Case, the Plan, and Related Discovery

10. On April 6, 2025 (the "Petition Date"), the Debtor commenced a voluntary case under chapter 11 of the Bankruptcy Code as a debtor defined in Bankruptcy Code section 1182(1), and the Debtor elected to proceed under Subchapter V of chapter 11 of the Bankruptcy Code pursuant to the Small Business Debtor Reorganization Act, as amended (the "Chapter 11 Case").

11. On April 8, 2025, the United States Trustee appointed Natasha Songonuga of Archer & Greiner, P.C. to serve as the Subchapter V trustee (the "Subchapter V Trustee") in this case pursuant to Bankruptcy Code section 1183(a). No official committee has been appointed in this case. The Debtor is operating its business as a debtor in possession pursuant to section 1184 of the Bankruptcy Code.

12. Additional detail regarding the Debtor, its business, the events leading to commencement of this case, and the facts and circumstances supporting the relief requested herein is set forth in the First Day Declaration and is incorporated herein by reference.

13. On July 7, 2025, the Debtor filed the *Subchapter V Debtor's Plan of Reorganization* [D.I. 166] (the "Initial Plan").

14. On July 8, 2025, the Court entered the *Order (I) Scheduling a Hearing on Plan Confirmation and Deadlines Related Thereto; (II) Approving the Solicitation, Notice, and Tabulation Procedures and the Forms Related Thereto; and (III) Granting Related Relief* [D.I. 168] (the "Solicitation Procedures Order").

15. Among other things, the Solicitation Procedures Order established the following deadlines in connection with confirmation of the Initial Plan:

Event	Date
Plan Filing	July 7, 2025
Record Date	July 7, 2025
Solicitation Completed (the "Solicitation Deadline")	July 10, 2025
Plan Supplement Filed	July 31, 2025
Confirmation Objection Deadline	August 7, 2025, at 4:00 p.m. (ET)
Voting Deadline	August 7, 2025, at 5:00 p.m. (ET)
Voting Report Filed	August 11, 2025
Reply Deadline	August 12, 2025, at 10:30 a.m. (ET)
Confirmation Hearing	August 14, 2025, at 10:30 a.m. (ET)

16. On July 17, 2025, Christian Krogstad, as "an individual, equity holder and real party in interest") and Krogstad Aquavit LLC, as "a creditor and real party in interest" ("Krogstad Aquavit," and together with Mr. Krogstad, the "Krogstad Parties"), filed the *Preliminary Objection of Christian Krogstad and Christian Aquavit LLC to Confirmation of the Subchapter V Debtor's Plan of Reorganization* [D.I. 181] (the "Krogstad Objection").

17. Among other things, the Krogstad Objection asserted that (i) the Initial Plan was not in the best interests of creditors and other stakeholders and violated section 1129(a)(7) and 1191(a) of the Bankruptcy Code, and (ii) the Debtor failed "to create a legitimate process to value its assets, while proposing to give them to the DIP Lender for a mere conversion of its $1.5M DIP loan." Krogstad Obj'n ¶¶ 1, 5.

18. On July 21, 2025, the Krogstad Parties served Requests for Production and their First Set of Interrogatories on the Debtor, which unilaterally demanded that the Debtor respond to such requests within five (5) days of service thereof (the "Krogstad Discovery Requests"). *See*

D.I. 188 & 189. On July 29, 2025, Mr. Krogstad supplemented the Krogstad Discovery Requests to include depositions of the Debtor, Thomas Mooney, and CRS Capstone Partners LLC ("Capstone"). *See* D.I. 200, 201, & 202.

19. On July 29, 2025, counsel to the Debtor and Mr. Krogstad held a meet and confer with respect to the Initial Discovery Requests and scheduling of requested depositions. The Debtor has been working to respond to the Initial Discovery Requests as expeditiously as possible. To that end, the Debtor produced all requested documents and responded to all of Mr. Krogstad's interrogatories by August 8, 2025.

20. On July 30, 2025, Liquor Investments LLC ("Diageo," and together with Mr. Krogstad, the "Objecting Parties") filed the *Limited Objection to the Plan and Joinder of Liquor Investments LLC to the Preliminary Objection of Christian Krogstad and Christian Aquavit LLC to Confirmation of the Subchapter V Debtor's Plan of Reorganization* [D.I. 206] (the "Diageo Objection," and together with the Krogstad Objection, the "Plan Objections").

21. The Diageo Objection provides that Diageo joins in and adopts the arguments made in the Krogstad Objection and, among other things, argues that given previous higher valuations attributed to the Debtor's assets and the Debtor's failure to run a section 363 sale process, the Initial Plan was not in the best interests of stakeholders. Diageo Obj'n ¶¶ 3–5.

22. On July 31, 2025, Diageo served Requests for Production on the Debtor and Notices of Deposition of Thomas Mooney and Capstone, and demanded that the Debtor respond within five (5) days (the "Diageo Discovery Requests"). *See* D.I. 215, 216, & 217. Diageo supplemented the Diageo Discovery Requests on August 3, 2025, requesting the Debtor's response to its first set of interrogatories. *See* D.I. 225. The Debtor produced all requested documents and responded to all of Diageo's interrogatories by August 8, 2025.

23. In accordance with the Solicitation Procedures Order, the Debtor timely filed the Plan Supplement on July 31, 2025. *See* D.I. 214.

24. On July 31, 2025, Mr. Krogstad filed the *Notice of Withdrawal of Krogstad Aquavit LLC from Preliminary Objection of Christian the Krogstad Parties LLC to Confirmation of the Subchapter V Debtor's Plan of Reorganization* [D.I. 212].

25. On July 31, 2025, Mr. Krogstad filed the *Emergency Motion of Christian Krogstad to Continue the Confirmation Hearing* [D.I. 210] (the "Continuation Motion"), seeking to continue the Confirmation Hearing to the first week of September to allow time for Mr. Krogstad to conduct discovery in connection with the Liquidation Analysis. Also on July 31, 2025, Diageo filed the *Joinder of Liquor Investments LLC to the Emergency Motion to Continue the Debtor's Confirmation Hearing and Related Motion to Shorten Notice* [D.I. 218] (the "Joinder").

26. On August 1, 2025, the Court entered an order scheduling a hearing on the Continuation Motion for August 5, 2025, at 3:00 p.m. (Eastern Time) and establishing August 5, 2025, at 12:00 p.m. (Eastern Time) as the deadline to object to the Continuation Motion. *See* D.I. 219.

27. On August 1, 2025, the Debtor filed the *Subchapter V Debtor's Modified Plan of Reorganization* [D.I. 222] (the "Modified Plan"), which included an updated Liquidation Analysis with supporting schedules and a report on the going-concern value of the Debtor prepared by Capstone (the "Valuation Report"). As with the Initial Plan, the Modified Plan provided that the DIP Claims would be converted into 100% of the equity interests in NewCo.

28. On August 5, 2025, the Debtor filed an amended Plan Supplement [D.I. 239] (the "Amended Plan Supplement").

29. On August 5, 2025, the Debtor filed the *Debtor's Omnibus Objection to (I) Emergency Motion of Christian Krogstad to Continue the Confirmation Hearing and (II) Joinder of Liquor Investments LLC to the Emergency Motion of Christian Krogstad to Continue the Debtor's Confirmation Hearing* [D.I. 231] (the "Continuation Objection").

30. In the Continuation Objection, the Debtor explained that the Debtor's financial condition was "already dire," and would be further exacerbated if the requested adjournment was granted. Under the current circumstances, the Debtor projects that it will have no available cash by the end of this month to pay postpetition obligations due in August and September 2025. Additional details regarding the Debtor's financial condition are set forth in the Continuation Objection [D.I. 231] and Liquidation Analysis [D.I. 222, Ex. C] and are incorporated herein by reference.

31. Also on August 5, 2025, the DIP Lenders filed a joinder to the Continuation Objection adopting the Debtor's arguments set forth therein. *See* D.I. 232.

32. On August 5, 2025, the Court held a hearing (the "August 5 Hearing") on the Continuation Motion and Joinder. At the August 5 Hearing, the Court adjourned the Confirmation Hearing and certain related deadlines, and established a discovery schedule in connection with Confirmation. *See Notice of Adjournment of Confirmation Hearing and Related Confirmation Deadlines* [D.I. 240] (adjourning the Confirmation Hearing to September 3, 2025, at 9:30 a.m. (Eastern Time) and establishing a new Plan objection deadline of August 25, 2025, at 4:00 p.m. (Eastern Time) and a new Plan reply deadline of August 29, 2025, at 4:00 p.m. (Eastern Time)).

33. On August 7, 2025, the Debtor and the Objecting Parties held a meet and confer regarding discovery on the timeline ordered by the Court and, among other things, discussed witnesses that would be called by each party at the Confirmation Hearing and a deposition schedule

with respect to such witnesses. The Objecting Parties advised the Debtor that they would notify the Debtor of any fact and, potentially, expert witnesses they intended to call by August 11, 2025. The Debtor understands that any expert witness called by the Objecting Parties would testify on the value of the Debtor's assets.

34. Notwithstanding their representations at the August 7 meet and confer, Diageo's counsel emailed Pashman on August 11 advising that Diageo would "need another day or two to decide whether it will have any fact or expert witnesses," and Mr. Krogstad's counsel echoed the request.

B. Prepetition Marketing Process; Market Conditions

35. Beginning in June 2024, when Diageo advised the Debtor that it would not be providing further funding to the company the Debtor began exploring a potential sale of the company or its barrels. The Debtor was unable to seek alternative financing due to Diageo's funding rights under the Debtor's operating agreement.

36. In addition to Diageo's numerous harmful actions that directly contributed to the Debtor's liquidity challenges, the Debtor was already experiencing significant financial distress due to market conditions in the distilling industry. Over the past several years, there has been a general decline and softening of demand for alcohol and spirits products post-COVID, and increased cost and inflation stemming from the overall global economy.

37. Faced with these issues, the Debtor's current leadership and management team acted diligently and aggressively and did everything they could to address the Debtor's liquidity challenges. However, despite management's efforts to address operational issues and implement cost-savings initiatives (which lowered Westward's cash used per month by over $1 million to less than $300,000), the Debtor's financial situation continued to worsen.

38. When the Debtor began exploring a potential sale, it contacted several investment bankers to assist it with the sale process. Every single investment banker turned down the engagement due to the size of the Debtor's business, its operating losses, and poor market conditions. Accordingly, the Debtor's management (primarily Mr. Mooney) was forced to conduct the marketing process themselves, with some assistance from Diageo.

39. The Debtor listed its barrels for sale with its brokers. The Debtor and Diageo also contacted at least 38 potential buyers and brokers to discuss a potential sale of the company or certain of its assets. Not a single party expressed any interest in even discussing a sale transaction with the Debtor, and Diageo reported the same with respect to its contacts. The parties who responded cited the same factors cited in the paragraph above, as well as a massive glut of whiskey inventory as the primary reason they were not interested in making a purchase.

40. Once Diageo's funding right under the operating agreement terminated, management also searched for alternative financing in the months leading up to the chapter 11 filing. The Debtor explored all possible financing options, but had very little runway to do so before it would need to file for bankruptcy. The Debtor's existing investors decided against providing funding internally, and Diageo's continued presence as an equity holder and member of the board of directors made outside funding difficult to attract. Several prospective buyers and investors asked to see Diageo exit before initiating talks. Ultimately, the Debtor was unable to obtain the necessary liquidity to continue to run its business, and determined that filing the Chapter 11 Case was in the best interests of the Debtor, its creditors, and all stakeholders.

C. The DIP Credit Facility

41. Over a period of several weeks following the Petition Date, the Debtor had informal discussions with various parties regarding potential financing, but only received a debtor-in-

possession financing proposal from the DIP Lenders. The Debtor scrutinized the proposal and found that the terms of the proposed DIP Credit Facility were reasonable and the best (and only) terms available. Although the DIP Lenders are insiders of the Debtor, the Debtor believed (and continues to believe) that the DIP Credit Facility was and is appropriate and necessary in this case.

42. The terms and conditions of the proposed DIP Credit Facility were negotiated in good faith and at arms' length among the parties. The Debtor believed that the proposed DIP Credit Facility would provide the Debtor with essential working capital and maintain the Debtor's ongoing business operations while working towards emerging from the Chapter 11 Case. When viewed in its totality, the DIP Credit Facility reflects the Debtor's exercise of prudent business judgment consistent with its fiduciary duties and is supported by fair consideration.

43. Accordingly, on May 15, 2025, the Debtor filed the *Debtor's Emergency Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503, 506, and 507 (I) Authorizing the Debtor to Obtain Secured Priming Postpetition Financing, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Authorizing the Use of Cash Collateral, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* [D.I. 114] (the "DIP Motion").

44. Less than 90 minutes before the interim hearing on the DIP Motion, on May 22, 2025, Mr. Krogstad filed the *Objection of Christian Krogstad to Debtor's Emergency Motion for Entry of an Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503, 506, and 507 (I) Authorizing the Debtor to Obtain Secured Priming Postpetition Financing, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Authorizing the Use of Cash Collateral, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* [D.I. 123] (the "DIP Objection"). In the DIP Objection, among other things, Mr. Krogstad

requested a continuance of any hearing on the DIP Motion, asserted that the marketing of the proposed DIP Credit Facility was inadequate, and represented that he "and his investors may attempt to formulate and present to the Debtor a financing package that is more beneficial to the Debtor and its creditors and equity holders than is presented by the insider financing proposed by the DIP Lenders." DIP Obj'n ¶¶ 4, 6.

45. Following a contested evidentiary hearing on the DIP Motion, the Court overruled the DIP Objection and entered the *Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503, 506, and 507 (I) Authorizing the Debtor to Obtain Secured Priming Postpetition Financing, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Authorizing the Use of Cash Collateral, (IV) Modifying the Automatic Stay, (V) Scheduling a Final Hearing, and (VI)Granting Related Relief* [D.I. 129] (the "Interim DIP Order").

46. Notwithstanding his statements on the record to the contrary as well as during his diligence requests to the Debtor to submit a purported offer, prior to the objection deadline for the DIP Motion, Mr. Krogstad advised the Debtor that he would not be submitting an alternative proposal for DIP financing.

47. On June 3, 2025, the Court approved the uncontested DIP Motion on a final basis pursuant to the *Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503, 506, and 507 (I) Authorizing the Debtor to Obtain Secured Priming Postpetition Financing, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Authorizing the Use of Cash Collateral, (IV) Modifying the Automatic Stay, and (V)Granting Related Relief* [D.I. 140] (the "Final DIP Order").

48. Among other things, the Final DIP Order contained findings that the DIP Credit Facility was negotiated in good faith and at arms-length among the Debtor and the DIP Lenders

and that the terms of the DIP Credit Facility (including the Conversion Option (as defined in the DIP Term Sheet)) were fair and reasonable and reflected the Debtor's exercise of prudent business judgment consistent with its fiduciary duties. *See* Final DIP Order ¶¶ G–H. Mr. Krogstad did not object to the entry of these findings pursuant to the Final DIP Order and they are now law of the case.

49. The Debtor has drawn the full amount currently available to it under the DIP Credit Facility, with an outstanding balance, including interest and fees, of approximately $1,639,172.84. After the contemplated additional funding under the DIP Credit Facility described *infra*, the Debtor expects to have an outstanding balance of approximately $2.2 million in DIP Loans as of the Effective Date (the "DIP Obligations"). The aggregate amounts outstanding under the DIP Credit Facility at any given time shall be referred to herein as the "DIP Claims."

D. Postpetition Marketing

50. The Debtor never took down its listing of its barrels from the market. Since the Petition Date, the Debtor has been contacted by only a single party with a serious offer to purchase the company or its barrels: Cobblestone Brands, an entity associated with Mr. Krogstad ("Cobblestone"), which indicated it was interested in purchasing barrels to build a new whiskey brand.

51. On May 21, 2025, Cobblestone offered to purchase 3,400 casks of Cobblestone's choosing for a total consideration of $1.5 million. The following week, Cobblestone also indicated it would be interested in a smaller volume purchase of around 800 to 1,200 barrels for total consideration of between $360,000 and $540,000 with a mutual selection process. The Debtor advised Cobblestone that the proposed pricing would not work because it did not even cover the actual cost of producing and maturing the inventory to be sold, and that same whiskey could

generate more value if sold as Westward Whiskey in the future. Cobblestone responded that it did not make sense for them to move forward at the price levels the Debtor indicated, given the realities of building a new brand in a challenging market category.

E. Proposed Sale Process and Stalking Horse Bid

52. As described above, the Debtor has already run an extensive marketing process over the course of the past fourteen (14) months and explored all available options, and the Debtor stands behind the amounts set forth in the Liquidation Analysis. When the Initial Plan was filed, the Debtor believed that Confirmation of a Plan was the best and most efficient manner to consummate the Debtor's reorganization, minimizing the Debtor's time in bankruptcy and maximizing creditor recoveries.

53. After the August 6 Hearing, it became clear to the Debtor that the extended discovery and Confirmation process and attendant delay would result in hundreds of thousands of dollars in additional administrative expenses against the Debtor, which would provide no corresponding value to the Debtor or its stakeholders, potentially forcing the Debtor to convert the Chapter 11 Case to a chapter 7 case in which its assets would be sold at firesale prices.

54. Accordingly, the Debtor determined that, in light of recent developments, it would be value-maximizing for the estate to run a postpetition marketing process for the Debtor's assets. This sale process would ensure that maximum sale price would be achieved for these assets and would essential moot all or virtually of the Objecting Parties' pending discovery, which is heavily focused on the value of the Debtor and its assets (which value will be established by the Sale) and the feasibility of the Debtor's Disposable Income Analysis (which will no longer be relevant in light of the Sale) and therefore avoid the need for the Debtor to incur significant professional fees to respond to those discovery requests (including having the Debtor and certain

of its officers prepare for and sit for one or more depositions) and possibly be required to retain an expert witness to support the liquidation value set forth in the Liquidation Analysis. The Debtor further determined that the most efficient way to effectuate the proposed Sale is through an amended Plan, which would avoid the time and cost of preparing a form of asset purchase agreement. Approving the Sale by Confirmation of an amended Plan will efficiently achieve the same result (although the Bid Procedures also allow bidders to submit a proposed asset purchase agreement with their Bid if they prefer).

55. Recognizing that the Debtor urgently needs additional financing to continue to meet its postpetition payment obligations through August and September 2025 while it runs the proposed Sale process, the DIP Lenders have agreed to provide an aggregate incremental amount of $500,000 in financing pursuant to an amendment of the DIP Credit Facility, which will make $250,000 available to the Debtor immediately upon the Court's approval of the amendment. The Debtor intends to file a motion shortly seeking to amend the DIP Credit Facility solely to reflect the incremental funding, which will provide the runway necessary for the Debtor to run the fulsome postpetition marketing process requested by the Objecting Parties while remaining current on the Debtor's payment obligations. The Debtor intends for that motion to be heard at the hearing to consider approval of the Bid Procedures.

56. The Debtor consulted with its DIP Lenders with respect to the proposed sale process, and the DIP Lenders agreed to be the Stalking Horse Bidder for the Debtor's assets. The terms of the Stalking Horse Bid are reflected in the Plan. In short, the Stalking Horse Bid provides for the sale of substantially all of the Debtor's Assets free and clear of all liens, claims, and encumbrances pursuant to a credit bid equaling the amount of outstanding DIP Claims as of the Effective Date, which amount is expected to be approximately $2.2 million.

57. As one factor in both the Debtor's and DIP Lenders' demonstration of good faith and commitment to a fair and effective Sale process, the Debtor is not seeking, and the DIP Lenders are not requesting, a break-up fee (which is customarily afforded to stalking horse bidders in this context) in connection with the Stalking Horse Bid so as not to chill bidding. The DIP Lenders have requested, and the Debtor has accepted, to provide a limited expense reimbursement of up to $50,000.00 in connection with the Sale process (the "Expense Reimbursement"). As noted below, the Debtor believes affording the DIP Lender with the Expense Reimbursement is a reasonable ask in connection with the DIP Lenders' willingness to fund the Sale process and remain the Stalking Horse Bidder throughout that process.

58. Shortly, the Debtor will be filing an application to retain Cassel Salpeter & Co., LLC ("Cassel") as its investment banker. Cassel will assist the Debtor in marketing the Debtor's assets to obtain the highest and best transaction available to maximize value for the benefit of the Debtor's stakeholders.

RELIEF REQUESTED

59. To facilitate the marketing process and Sale of the Assets, the Debtor seeks entry of the Bid Procedures Order that, among other things:

(a) authorizes and approves the Bid Procedures attached to the Bid Procedures Order as Exhibit 1 in connection with the Sale of the Assets;

(b) schedules a deadline for parties (each, a "Bidder") to submit bids (each, a "Bid") for the Assets, an auction (the "Auction"), and a sale and/or confirmation hearing ("Sale/Confirmation Hearing") with respect to the Sale of the Assets and/or the confirmation of the Plan;

(c) establishes the Plan as the Stalking Horse Bid between the Debtor and the Stalking Horse Bidder, subject to higher or otherwise better offers submitted in accordance with the Bid Procedures, and approving the Expense Reimbursement in connection therewith;

(d) approves the form and manner of notice of the Bid Procedures, Bid Deadline, Auction, and Sale/Confirmation Hearing, a copy of which is attached to the Bid Procedures Order as Exhibit 2 (the "Sale Notice"); and

(e) granting related relief.

SUMMARY OF KEY DATES AND DEADLINES

60. The Debtor believes that a prompt sale of the Assets through the Plan following a comprehensive Sale process represents the best option available to maximize value for all stakeholders in this Chapter 11 Case. As described in further detail in the First Day Declaration and subsequent filings, the Debtor has been undertaking steps to stabilize the Debtor's business and is focused on pursuing a value-maximizing path through one or more sale transactions that will allow the Debtor to emerge from this Chapter 11 Case and continue operating under new ownership.

61. Specifically, through this Motion, the Debtor respectfully requests that this Court approve the following Sale timeline:

(a) ***Entry of an Order Approving Bid Procedures***: **September 3, 2025**.

(b) ***Deadline to File and Serve Sale Notice*****:** Within two (2) business days after the entry of the Bid Procedures Order.

(c) ***Assignment Notice***: No later than fourteen (14) days after entry of the Bid Procedures Order.

(d) ***Assigned Contract Objection Deadline*****:** No later than fourteen (14) days after the service of the Assignment Notice (the "Assigned Contract Objection Deadline"); *provided*, that to the extent any Assigned Contract counterparty (an "Assigned Contract Counterparty") is added to the Assignment Notice after the initial notice is served, such new Assigned Contract Counterparty shall have ten (10) days from the date of service of the supplemental notice to object to the proposed cure amount and assignment to the Successful Bidder.

(e) ***Bid Deadline*****: September 22, 2025**, at 4:00 p.m. (Eastern Time) (the "Bid Deadline"), or such later date as may be agreed to by the Debtor in the exercise of its reasonable business judgment after consultation with the Subchapter V Trustee.

(f) ***Auction*: September 24, 2025**, at 10:00 a.m. (Eastern Time), or such later time as the Debtor determines, after consultation with the Subchapter V Trustee.

(g) ***Successful Bidder Notice Deadline*:** By **September 25, 2025**, and in any event not more than 24 hours after closing or canceling the Auction.

(h) ***Successful Bidder Objection Deadline*: September 29, 2025,** by 12:00 p.m. (Eastern Time).

(i) ***Sale/Confirmation Hearing***: **September 30, 2025**, at a time to be determined in accordance with the Court's schedule.

(j) ***Sale Closing / Effective Date***: As provided in the Plan; *provided*, *that* the outside date for the Sale Closing / Effective Date shall be thirty (30) days after conclusion of the Auction, subject to extension as agreed by the Debtor, in consultation with the Subchapter V Trustee, in its business judgment.

62. The Debtor believes that this timeline allows it sufficient runway to enable the Debtor to complete an open and robust Sale process for the Assets and will afford the Debtor the best opportunity available under the circumstances to maximize the value received.

63. The Bid Procedures contemplated herein are supported by the DIP Lenders and provide flexibility with respect to the structure of any transaction.

64. Accordingly, the Debtor believes that the relief requested by this Motion is in the best interests of the Debtor's Estate, its creditors, other stakeholders, and all other parties in interest, and should be approved.

PROPOSED BID PROCEDURES

I. The Bid Procedures and Auction Process.

65. To optimally and expeditiously solicit, receive, and evaluate bids in a fair and accessible manner, the Debtor has developed and proposed the Bid Procedures to promote participation and active bidding, and to increase the likelihood that the Debtor receives the highest or otherwise best offer for the Assets. As such, the Debtor believes the timeline established for

consummating the Sale process pursuant to the Bid Procedures is in the best interest of the Estate and all parties in interest.

66. The Bid Procedures describe, among other things, the requirements for prospective purchasers to participate in the bidding process, the availability and conduct of due diligence, the deadline for submitting a competing bid, the method and factors for determining Qualifying Bids, the criteria for selecting a Successful Bidder, and the non-exhaustive procedures for conducting an Auction if more than one timely Qualified Bid is received.

67. Below is a summary of the Bid Procedures, which discloses certain information required pursuant to Local Rule 6004-1:[4]

Provision	Summary
Provisions Governing Qualifications of Bidders (Local Bankr. R. 6004-1(c)(i)(A))	To receive access to due diligence information, including full access to the Debtor's electronic data room (the "Data Room") and to additional non-public information regarding the Debtor (collectively, the "Diligence Materials"), any party interested in submitting a bid (each a "Potential Bidder"), must execute a confidentiality agreement, which must be based on the form of confidentiality agreement supplied by the Debtor and in a form and substance satisfactory to the Debtor after consultation with the Subchapter V Trustee (an "Acceptable Confidentiality Agreement"), delivered by email to the Debtor's proposed investment banker, Cassel Salpeter & Co., LLC ("Cassel"), Attn: James S. Cassel (jcassel@cs-ib.com) and Philip Cassel (pcassel@cs-ib.com) with a copy to the Debtor's counsel, Pashman Stein Walder Hayden, P.C., Attn: Joseph C. Barsalona II (jbarsalona@pashmanstein.com), Richard W. Riley (rriley@pashmanstein.com), and Amy M. Oden (aoden@pashmanstein.com) (collectively, the "Bid Recipients"). Notwithstanding the foregoing, the Debtor shall also grant access to the Data Room and the Diligence Materials to the Subchapter V Trustee.

[4] This summary of the Bid Procedures is qualified in its entirety by the Bid Procedures attached as Exhibit 1 to the Bid Procedures Order. To the extent there are any conflicts between this summary and the Bid Procedures, the terms of the Bid Procedures shall govern.

Provision	Summary
	The Debtor will afford each Potential Bidder who qualifies for access to Diligence Materials the time and opportunity to conduct reasonable due diligence before the Bid Deadline (as defined below). The Debtor, with the assistance of its advisors, will coordinate all reasonable requests from Potential Bidders for additional information and due diligence access that are appropriate under the circumstances. All due diligence requests must be directed to James S. Cassel (jcassel@cs-ib.com) and Philip Cassel (pcassel@cs-ib.com) at Cassel, as applicable. No due diligence will continue after the Bid Deadline. The Debtor may decline to provide such information, and neither the Debtor nor its representatives shall be obligated to furnish information of any kind whatsoever, to any Potential Bidder who, in the Debtor's reasonable business judgment, after consultation with the Subchapter V Trustee, has not established, or who has raised doubt, that such Potential Bidder intends in good faith or has the capacity to consummate a sale transaction for all or a subset of the Debtor's Assets (a "Transaction"). Furthermore, the Debtor reserves the right to withhold any Diligence Materials that the Debtor determines are business-sensitive or otherwise not appropriate for disclosure to a Potential Bidder. Each Potential Bidder shall comply with all reasonable requests for additional information and due diligence access by the Debtor or its advisors regarding such Potential Bidder and its contemplated Transaction. Failure by a Potential Bidder, including any Qualified Bidder (as defined below), to comply with such reasonable requests for additional information and due diligence access may be a basis for the Debtor to determine, in consultation with the Subchapter V Trustee, that such party will not be deemed or is no longer a Qualified Bidder. *See* Bid Procedures § III.A.
Provisions Governing Qualified Bids (Local Bankr. R. 6004-1(c)(i)(A), (B))	To be eligible to participate in the Auction, each offer, solicitation, or proposal (each, a "Bid") other than the Stalking Horse Bid (as defined below), and each party submitting such a Bid (each, a "Bidder") other than the Stalking Horse Bidder (as defined below) must be determined by the Debtor, after consultation with the Subchapter V Trustee, to satisfy each of the following conditions: (i) Bid Deadline. Binding, irrevocable bids, including the deposit and other requirements for a bid to be considered a Qualified Bid, must be received no later than **September 22, 2025, at 4:00 p.m. (Eastern Time)**, or such later date as may be agreed to by the Debtor in the exercise of its

Provision	Summary
	reasonable business judgment after consultation with the Subchapter V Trustee. (ii) Bids must be sent to the Bid Recipients by the Bid Deadline to be considered. (iii) Form and Contents. All Bids shall be in the form of an irrevocable offer letter from a person or persons that the Debtor, in the exercise of its reasonable business judgment and in consultation with the Subchapter V Trustee, deems financially able to consummate the purchase of the Assets, which letter states and includes: (A) Marked Agreement. Each Bid must state that the Bidder irrevocably offers to purchase all or a subset of the Assets, as contemplated by the Bid, upon the terms and conditions set forth in an attached, non-contingent (i) proposed amended Plan (a "Proposed Plan") or (ii) asset purchase agreement prepared and executed by the Bidder, each together with its exhibits and schedules, including terms relating to price and the time of closing (the "Proposed Agreement," and together with the Proposed Plan, each a "Proposed Transaction Document"). If the Bid is a Proposed Plan, it must (1) be based on the existing Plan, and (2) be accompanied by an electronic version in Word format and a blacklined version against the existing Plan (and all applicable ancillary documents and schedules contemplated thereby) to show all changes requested by the Bidder with respect to the Plan. Each Proposed Transaction Document must provide a commitment to close the proposed Transaction contemplated by such Proposed Transaction Document within a time frame acceptable to the Debtor after all closing conditions set forth in such Proposed Transaction Document are met (other than those which are to be satisfied at the closing of the transactions contemplated by such Proposed Transaction Document); (B) Assets. Each Bid must clearly specify the Assets that are included in the Bid;

Provision	Summary
	(C) Bids for Portions of the Assets. Each Bid must state whether the Bidder is offering to purchase all or substantially all of the Assets, any portion of the Assets, and any combination of the Assets. The Debtor may, in consultation with the Subchapter V Trustee, waive or modify the application of the Qualified Bid conditions in respect of Bids for a portion of the Assets. With respect to any Bid for less than all or substantially all of the Debtor's Assets, the Debtor reserves the right to request an allocation of the purchase price among the Assets the Bidder seeks to acquire and the assumed liabilities the Bidder agrees to assume; (D) Purchase Price. Each Bid must clearly set forth the terms of any proposed Transaction, including and identifying separately any cash and non-cash components of the proposed Transaction consideration, such as certain liabilities to be assumed by the Bidder as part of the Transaction (the "Purchase Price"); *provided*, that any Qualified Bid with respect to all or substantially all of the Assets must be a Topping Bid. For the bid to qualify as a "Topping Bid," it must provide cash consideration that is sufficient to repay all DIP Obligations in full in cash at closing, plus the Expense Reimbursement, plus the estimated administrative expense claims payable on the Effective Date included in the Plan; (E) Committed Financing. To the extent that a Bid is not accompanied by evidence of the Bidder's capacity to consummate the Transaction set forth in its Bid with cash on hand, each Qualified Bid must include evidence of committed financing that demonstrates that the Bidder has received sufficient non-contingent and binding debt and/or equity funding commitments to satisfy the Bidder's Purchase Price and other obligations under its Bid. Such funding commitments or other financing acceptable to the Debtor (as determined after consultation with the Subchapter V Trustee) must be unconditional and must not be subject to any internal approvals, syndication requirements, diligence, or credit committee approvals, and shall

Provision	Summary
	have covenants and conditions acceptable to the Debtor, after consultation with the Subchapter V Trustee; (F) Contingencies; No Financing or Diligence Outs. A Bid shall not be conditioned on a Bidder obtaining, or the sufficiency of, financing or any internal approval, or on the outcome or review of due diligence, which must be completed before the Bid Deadline, but may be subject to the accuracy at the closing of specified representations and warranties or the satisfaction at the closing of specified conditions; (G) Identity. Each Bid must fully disclose the identity of each entity that will be bidding or otherwise participating in connection with such Bid (including each equity holder or other financial backer of the Bidder if such Bidder is an entity formed for the purpose of consummating the proposed Transaction contemplated by such Bid), and the complete terms of any such participation. Under no circumstances shall any undisclosed principals, equity holders, or financial backers be associated with any Bid. Each Bid must also include contact information for the specific person(s) and counsel the Debtor's advisors should contact regarding such Bid. Each Bid should contain sufficient evidence that the Bidder is legally empowered, by power of attorney or otherwise, to complete the Transaction on the terms contemplated by the parties. Each Bid should also fully disclose any connections or agreements with any of the Debtor, any known, potential, or prospective bidder, any Bidder, or any officer, director, manager, significant creditor, or equity holder of any Debtor; (H) Authorization. Each Bid must contain evidence that the Bidder has obtained authorization or approval from its board of directors (or a comparable governing body acceptable to the Debtor, after consultation with the Subchapter V Trustee) acceptable to the Debtor, after consultation with the Subchapter V Trustee, with

Provision	Summary
	respect to the submission of its Bid and the consummation of the Transactions contemplated in such Bid; (I) Consummation. Each Bid must include a statement or evidence reflecting that the Bidder is prepared to consummate the transaction upon entry of, either, an order of the Court approving the Sale to the Successful Bidder (the "Sale Order") or the Confirmation Order; (J) Irrevocability. Each Bid must include a statement that, in the event the Bidder becomes (i) the Successful Bidder, such Qualified Bidder's offer is irrevocable until the Effective Date has occurred or (ii) the Back-Up Bidder (as defined below), such Qualified Bidder's offer is irrevocable until the earlier of (a) the Effective Date and (b) ninety (90) days after the closing of the Auction; (K) Assigned Contracts and Leases. Each Bid must identify any and all executory contracts and unexpired leases of the Debtor that the Qualified Bidder wishes to be assumed pursuant to a Sale. A Bid must specify that such Bidder will be responsible for any cure costs associated with such assumption, and include a good-faith estimate of such cure costs (which estimate shall be provided by the Debtor); (L) Damages. Each Bid must provide that the Debtor has the right to pursue all available damages in the event of the Bidder's breach of, or failure to perform under, the Proposed Transaction Document; (M) Bid Representatives. Each Bid shall identify the representatives of the Bidder that are authorized to appear and act on behalf of the Bidder in connection with the proposed Sale; (N) No Break-Up Fee. Each Bid (other than with respect to the Expense Reimbursement in the Stalking Horse Bid) shall indicate that such Bidder

Provision	Summary
	will not seek any transaction break-up fee, expense reimbursement, or similar type of payment; (O) Consent to Jurisdiction. Each Bidder must submit to the exclusive jurisdiction of the Court and waive any right to a jury trial in connection with any disputes relating to Debtor's qualification of Bids, the Auction, the construction and enforcement of the Bid Procedures, the Sale documents, the closing of a Sale, the Plan, and the Confirmation of the Plan, as applicable; (P) Compliance with the Bankruptcy Code and Non-Bankruptcy Law; Acknowledgment. Each Bid must comply in all respects with the Bankruptcy Code and any applicable nonbankruptcy law. Each Bid must also include a written acknowledgment that the Qualified Bidder agrees to all of the terms of the Sale set forth in the Bid Procedures; (Q) Other Information. Each Bid must contain such other information as may be reasonably requested by the Debtor. (iv) Adequate Assurance. If the Bid contemplates an assumption of any unexpired leases or executory contracts, it must provide adequate assurance of future performance to counterparties to any executory contracts and unexpired leases to be assumed by the Bidder. (v) Back-Up Bidder. Each Bid must acknowledge that by submitting a Bid, the Bidder agrees to be a Back-Up Bidder, should the Bid be so selected. (vi) Proof of Financial Ability to Perform. Each Bid must provide written evidence that the Debtor reasonably concludes, in consultation with the Subchapter V Trustee, demonstrates the Bidder has the necessary financial ability to close the Transaction and provide adequate assurance of future performance under all contracts to be assumed and assigned in such Transaction. Such information should include, *inter alia*, the following: (a) contact names and numbers for verification of any third-party financing sources; (b) written evidence of the Bidder's internal resources and proof of any debt or equity funding

Provision	Summary
	commitments that are needed to close the transaction; (c) the Bidder's current financial statements (audited if they exist); (d) a description of the Bidder's pro forma capital structure; and (e) any such other form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtor, after consultation with the Subchapter V Trustee, demonstrating such Bidder has the ability to close the transaction. (vii) Acknowledgment of Independent Review. Each Bid must include a written acknowledgement that the Bidder (i) has had an opportunity to conduct any and all due diligence regarding the Assets or the Sale; (ii) has relied solely upon its own independent review and investigation and/or inspection of any documents and any other information in making the Bid; (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied by operation of law, or otherwise, by the Debtor or any of its advisors (including Cassel) or other representatives regarding the Bid, the Assets, the physical condition of the Assets, the Sale, or the completeness or accuracy of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures; and (iv) the Bidder did not engage in any collusive conduct and acted in good faith in submitting its Bid. (viii) Free and Clear. Except as otherwise provided in the Proposed Transaction Document, all of the Debtor's and Estates' right, title, and interest in and to the Assets to be acquired shall be sold free and clear of all liens, claims, charges, security interests, restrictions, and other encumbrances of any kind or nature thereon and there against (collectively, the "Transferred Liens"), with such Transferred Liens to attach to the proceeds of the Sale. (ix) Good Faith Deposit. Each Bid must be accompanied by a cash deposit in the amount of 10% of the total cash component of the Purchase Price, to be held in an escrow account to be identified and established by the Debtor (the "Good Faith Deposit"). To the extent a Qualified Bid is modified before, during, or after the Auction in any manner that increases the Purchase Price contemplated by

Provision	Summary
	such Qualified Bid, the Debtor reserves the right to require, after consultation with the Subchapter V Trustee, that such Qualified Bidder increase its Good Faith Deposit so that it equals 10% of the increased cash component of the Purchase Price. (x) Binding Effect. By submitting its Bid, each Bidder is agreeing, and shall be deemed to have agreed, to abide by and honor the terms of the Bid Procedures and to refrain from submitting a Qualified Bid or seeking to reopen the Auction after conclusion of the Auction; and (xi) Time Frame for Closing. A Bid by a Bidder must be reasonably likely (based on antitrust or other regulatory issues, experience, and other considerations in the Debtor's reasonable business judgment) to be consummated, if selected as the Successful Bid, within thirty (30) days after conclusion of the Auction, subject to extension as agreed by the Debtor, in consultation with the Subchapter V Trustee, in its business judgment. The Bidder must commit to closing the proposed Sale(s) contemplated by the Bid as soon as practicable and provide perspective on any potential regulatory issues that may arise in connection with such Bidder's acquisition of the Assets, including timing for resolution thereof. The Debtor shall provide copies of all Bids received as soon as reasonably practicable, but no later than one (1) business day after receipt thereof, to the Subchapter V Trustee. Unless otherwise determined by the Debtor in consultation with the Subchapter V Trustee, a Bid received before the Bid Deadline will be considered a "Qualified Bid" and each Bidder that submits a Qualified Bid will be considered a "Qualified Bidder" if the Debtor determine, in consultation with the Subchapter V Trustee, that such Bid meets the requirements above for a Bid as set forth in these Bid Procedures, subject to the Debtor's rights in the exercise of its reasonable business judgment to waive any such requirements or any part thereof in consultation with the Subchapter V Trustee. For the avoidance of doubt, the Stalking Horse Bid shall be deemed a Qualified Bid and the Bidder submitting the Stalking Horse Bid shall be deemed a Qualified Bidder.

Provision	Summary
Bidding Increments (Local Rule 6004-1(c)(i)(C)(3))	Any Overbid (as defined in the Bid Procedures), including any Bids by any Stalking Horse Bidder (if any), after the Baseline Bid (as defined below) shall be made in increments valued at not less than $100,000 for the Assets (the "Minimum Overbid Increment"). Additional consideration in excess of the amount set forth in the Baseline Bid may include cash and/or non-cash consideration; *provided*, *however*, that the value for such non-cash consideration shall be determined by the Debtor in its reasonable business judgment, after consultation with the Subchapter V Trustee. *See* Bid Procedures § IV(B)(i).
Modifications of Bidding and Auction Procedures (Local Rule 6004-1(c)(i)(D))	The Debtor reserves the right to modify the Bid Procedures (other than the consultation rights of the Subchapter V Trustee), at or prior to the Auction, in its reasonable business judgment and after consultation with the Subchapter V Trustee, in any manner that will best promote the goals of the bidding process. *See* Bid Procedures § VII.
Closing with Alternative Backup Bidders (Local Rule 6004-1(c)(i)(E))	The Auction shall continue until there is only one Qualified Bid or combination of Qualified Bids that the Debtor determines in its reasonable business judgment, after consultation with the Subchapter V Trustee, is the highest or otherwise best Qualified Bid(s) at the Auction (the "Successful Bid" and, the Bidder(s) submitting such Successful Bid, the "Successful Bidder"). In making this decision, the Debtor, in consultation with the Subchapter V Trustee, shall consider the Bid Assessment Criteria. Promptly following the Debtor's selection of the Successful Bid and the conclusion of the Auction, the Debtor shall announce the Successful Bid and Successful Bidder. The Debtor will file a notice identifying the Successful Bidder and the party(ies) with the second highest or otherwise second-best Qualified Bid (or combination of Qualified Bids) at the Auction, as determined by the Debtor, in the exercise of its reasonable business judgment, in consultation with the Subchapter V Trustee (the "Back-Up Bidder") as soon as reasonably practicable after closing the Auction, if any, and in any event not more than 24 hours following closing the Auction. The Back-Up Bidder shall be required to keep its initial Qualified Bid(s) (or if the Back-Up Bidder submitted one or more Overbids at the Auction, its final Overbid) (the "Back-Up Bid") open and irrevocable until the earlier of (a) the Effective Date, (b) the closing of the sale of the applicable Assets, and (b) ninety (90) days from the closing of the Auction (the "Outside Back-Up Date").

Provision	Summary
	If the Successful Bidder fails to consummate an approved transaction, the Debtor may designate, after consultation with the Subchapter V Trustee, the Back-Up Bidder to be the new Successful Bidder, and the Debtor will be authorized, but not required, to consummate the transaction with the Back-Up Bidder without further order of the Court. In such case, the defaulting Successful Bidder's Deposit, if any, shall be forfeited to the Estate, and the Debtor specifically reserves the right to seek all available damages from the defaulting Successful Bidder. The closing date to consummate the transaction with the Back-Up Bidder shall be no later than the later of (i) twenty-five (25) days after the date the Debtor provides notice to the Back-Up Bidder that the Successful Bidder has failed to consummate a Transaction and the Debtor desires to consummate the transaction with the Back-Up Bidder and (ii) five (5) days after necessary regulatory approvals are completed by the Back-Up Bidder and/or the Debtor. *See* Bid Procedures §§ IV(A), (B), and (D).
Provisions Governing the Auction (Local Rule 6004-1(c)(ii))	Auction. If the Debtor receives at least two Qualified Bids (including the Stalking Horse Bid) by the Bid Deadline, the Debtor may conduct the Auction to determine, in consultation with the Subchapter V Trustee, the highest or otherwise best Qualified Bid or combination of Qualified Bids. Time and Place. The Auction, if necessary, will take place on **September 24, 2025, at 10:00 a.m. (Eastern Time)**, at Pashman Stein Walder Hayden, P.C., 824 North Market Street, Suite 800, Wilmington DE 19801—or such later time or other place as the Debtor determines, after consultation with the Subchapter V Trustee, in which case the Debtor shall timely notify the Stalking Horse Bidder and all other Qualified Bidders of such later time or other place, and file a notice of this change on the Court's docket for this Chapter 11 Case.

Provision	Summary
	Baseline Bid. Prior to the Auction, the Debtor (in consultation with the Subchapter V Trustee) will evaluate Qualified Bids and identify the Qualified Bid that is, in the Debtor's reasonable business judgment, in consultation with the Subchapter V Trustee, the highest or otherwise best bid (the "Baseline Bid" and, the Bidder making such Baseline Bid, the "Baseline Bidder"), and shall notify all Qualified Bidders with Qualified Bids of the Baseline Bid no later than the opening of the Auction. The Baseline Bid may be comprised of any combination of the Assets, and the Debtor may determine, in consultation with the Subchapter V Trustee, that different Baseline Bids exist for different groupings of the Assets. The Debtor shall have the discretion to determine, in consultation with the Subchapter V Trustee, how to proceed when auctioning the Assets in groupings that do not include all of Debtor's Assets so as to maximize the value of the Assets. Auction Procedures. The Auction shall be conducted in a timely fashion according to the following procedures: (i) The Debtor, with the assistance of its professionals, shall direct and preside over the Auction and the Auction shall be transcribed or videotaped. (ii) Prior to the commencement of the Auction, the Debtor shall determine, in consultation with the Subchapter V Trustee, which of the Qualified Bids, at such time, is the highest or otherwise best bid for purposes of constituting the opening bid of the Auction, and shall promptly notify all Qualified Bidders with Qualified Bids of such Baseline Bid. (iii) Any Overbid after the Baseline Bid shall be made in increments of at least the Minimum Overbid Increment. Upon the solicitation of each round of Overbids, the Debtor may, after consultation with the Subchapter V Trustee, announce a deadline (the "Overbid Round Deadline"), by which time any Overbids must be submitted to the Debtor. After each Overbid Round Deadline, the Debtor shall determine, in consultation with the Subchapter V Trustee, whether an Overbid is higher or otherwise better than the Baseline Bid in the initial Overbid round or, in subsequent rounds, the Overbid previously designated by the Debtor as the prevailing highest or otherwise best Bid (the "Prevailing Highest Bid"). The Debtor shall announce and describe to all Qualified Bidders present at the Auction the material

Provision	Summary
	terms of any new Overbid designated by the Debtor as the Prevailing Highest Bid, as well as the value attributable by the Debtor to such Prevailing Highest Bid. Any Overbid to a Prevailing Highest Bid by any Qualified Bidder must provide more value for the Estate than any prior bid. An Overbid may contain alterations, modifications, additions, or deletions of any terms of the Bid no less favorable to the Estate than any prior Qualified Bid or Overbid and shall otherwise comply with the terms of these Bid Procedures. (iv) Only Qualified Bidders, including the Stalking Horse Bidder, shall be entitled to make Bids at the Auction, subject to the terms of the Bid Procedures and other limitations as may reasonably be imposed by the Debtor. (v) Only the Debtor and its respective advisors, any participating Qualified Bidders and their respective advisors, the Subchapter V Trustee, and any creditor of the Debtor may attend the Auction; *provided* that any of the Debtor's creditors who are not Qualified Bidders must provide three (3) business days' written notice to counsel to the Debtor of their intent to attend the Auction; *provided, further*, that the Debtor reserves the right to retract their permission at any point during the Auction if such creditor party who is not a Qualified Bidder does not act in good faith or in an orderly fashion during the Auction. (vi) The Debtor, in consultation with the Subchapter V Trustee, shall determine the Qualified Bid that is the highest or otherwise best Qualified Bid or combination of Qualified Bids. This determination shall take into account any factors the Debtor, in consultation with the Subchapter V Trustee, reasonably deems relevant to the value of the Qualified Bid to the Estates, including, *inter alia,* the following non-exhaustive factors: (i) the amount and nature of the consideration; (ii) the proposed assumption of any liabilities and/or executory contracts or unexpired leases, if any, and the excluded assets and/or executory contracts or unexpired leases, if any; (iii) the ability of the Qualified Bidder to close the proposed Transaction and the conditions related thereto, including, without limitation, any regulatory approvals required, and the timing thereof; (iv) whether the Bid is a bulk bid or a

Provision	Summary
	partial bid for only some of the Debtor's assets; (v) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (vi) any purchase price adjustments; (vii) the impact of the transaction on any actual or potential litigation; (viii) the net after-tax consideration to be received by the Estates; (ix) the tax consequences of such Qualified Bid; and (x) the consent of the parties in interest and/or the cost and expense to the Debtor of resolving sale issues before Closing (collectively, the "Bid Assessment Criteria"). (vii) The Auction will be governed by such other procedures as may be announced by the Debtor and its advisors, after consultation with the Subchapter V Trustee, from time to time on the record at the Auction. Closing the Auction. The Auction shall continue until there is only one (1) Qualified Bid or combination of Qualified Bids that the Debtor determines in its reasonable business judgment, after consultation with the Subchapter V Trustee, is the highest or otherwise best Qualified Bid(s) at the Auction (the "Successful Bid" and, the Bidder(s) submitting such Successful Bid, the "Successful Bidder"). In making this determination, the Debtor, in consultation with the Subchapter V Trustee, shall consider any factors the Debtor reasonably deems relevant to the value and certainty of the Qualified Bid(s) to the Debtor's estate and may include, but are not limited to, the Bid Assessment Criteria. The Auction shall not close unless and until all Bidders who have submitted Qualified Bids have been given a reasonable opportunity, in the Debtor's discretion, in consultation with the Subchapter V Trustee, to submit an Overbid at the Auction to the then-existing Prevailing Highest Bid. Promptly following the Debtor's selection of the Successful Bid and the conclusion of the Auction, the Debtor shall announce the Successful Bid and Successful Bidder. The Debtor will file a notice identifying the Successful Bidder and Back-Up Bidder as soon as reasonably practicable after closing the Auction, if any, and in any event not more than 24 hours following the closing of the Auction. The Debtor shall not consider any Bids submitted after the conclusion of the Auction. The Debtor reserves the right, in its reasonable business judgment and in consultation with the Subchapter V Trustee, to adjourn the Auction one or more times to, among other things, (i) facilitate discussions between the Debtor and Qualified Bidders, (ii) allow Qualified Bidders to consider how they wish to proceed, and (iii) provide Qualified Bidders the opportunity to provide the Debtor with additional evidence as the Debtor,

Provision	Summary
	in its reasonable business judgment and in consultation with the Subchapter V Trustee, may require to establish that the Qualified Bidder has sufficient internal resources or has received sufficient non-contingent debt and/or equity financing commitments to consummate the proposed transaction at the Prevailing Highest Bid. No Collusion; Good-Faith Bona Fide Offer. Each Qualified Bidder participating at the Auction shall be required to confirm on the record at the Auction that (i) it has not engaged in any collusion with respect to the bidding, (ii) its Qualified Bid is a good-faith bona fide offer, and (iii) it intends to consummate the proposed Transaction if selected as the Successful Bidder. *See* Bid Procedures §§ IV(B), (D).

68. Importantly, the Bid Procedures recognize the Debtor's fiduciary obligations to maximize the value of the Debtor's Assets and, as such, do not impair the Debtor's ability to consider all Qualified Bids. Additionally, as noted above, the Bid Procedures preserve the Debtor's rights to modify the Bid Procedures (other than the consultation rights of the Subchapter V Trustee) as necessary or appropriate to maximize the value of the Assets for the benefit of the Estate.

69. The Bid Procedures provide for an Expense Reimbursement of up to $50,000.00 of reasonable and documented out-of-pocket fees, each of which would constitute an administrative expense in the Chapter 11 Case and be payable from the proceeds of a Sale to a higher or better bidder (if any), in the event that the Stalking Horse Bid is not selected as the winning bidder. Given the Debtor's need to maximize the value of the Assets through a timely and efficient marketing and sale process, the ability to designate a Stalking Horse Bid and offer the Expense Reimbursement is justified, appropriate, and essential.

II. Form and Manner of Sale Notice.

70. On or within two (2) business days after entry of the Bid Procedures Order, the Debtor shall cause the Sale Notice to be served on: (i) the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee"), 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Hannah J. McCollum, Esq. (email: hannah.mccollum@usdoj.gov); (ii) counsel for the DIP Lenders; (iii) all parties who are known or reasonably believed, after reasonable inquiry, to have asserted any lien, encumbrance, claim, or interest in the Assets; (iv) the United States Attorney's Office for the District of Delaware; (v) the Internal Revenue Service; (vi) all state and local taxing authorities with an interest in the Assets; (vii) the offices of the attorneys general for the states in which the Debtor operate; (viii) the Assigned Contract Counterparties; and (ix) any party that has requested notice pursuant to Bankruptcy Rule 2002 (collectively, the "Sale Notice Parties").[5]

71. The Debtor will also publish the Sale Notice on the website of their claims and noticing agent, Epiq Restructuring LLC, devoted to this Chapter 11 Case, located at https://dm.epiq11.com/case/westwardwhiskey.

III. Summary of the Assignment Procedures.

72. The Debtor is also seeking approval of certain procedures to facilitate the fair and orderly assumption and assignment of the Assigned Contracts in connection with the Sale(s). Pursuant to the Bid Procedures Order, notice of the proposed assumption and assignment of the Assigned Contracts to the Successful Bidder(s), the proposed cure amounts related thereto, and the procedures and deadlines for objecting thereto, shall be provided in the Assignment Notice to be sent to the applicable Assigned Contract Counterparties. Because the Bid Procedures Order sets

[5] Cassel will also provide the Sale Notice to all entities reasonably known to have expressed an interest in a transaction with respect to any of the Assets, on a confidential basis.

forth the Assignment Procedures in detail, they are not restated herein. Generally, however, the Assignment Procedures: (i) outline the process by which the Debtor shall serve notice to all Assigned Contract Counterparties regarding the proposed assumption and assignment and related cure amounts, if any, informing such parties of their right, and the procedures, to object thereto, and (ii) establish objection and other relevant deadlines and the manner for resolving disputes relating to the assumption and assignment of the Assigned Contracts to the extent necessary. To be clear, all Assigned Contract Counterparties have received notice of the Amended Plan Supplement, but the Debtor will provide further notice in connection with the Bid Procedures.

BASIS FOR RELIEF

I. The Relief Sought in the Bid Procedures Order Is in the Best Interests of the Debtor's Estate and Should Be Approved.

73. The Debtor believes that the Bid Procedures, and in particular the timeline contemplated therein, will ensure a value-maximizing sale or sales while, at the same time, providing an achievable path towards an orderly resolution of this Chapter 11 Case.

A. The Proposed Notice of the Bid Procedures and the Sale Process Is Appropriate.

74. The Debtor seeks authority to sell the Assets through the Auction(s) and related Sale process, subject to the Debtor's right to seek an alternative course of action to maximize the value of the Estate. The Debtor conducted an extensive prepetition marketing process and will continue to conduct that marketing process post-petition. The Debtor, with the assistance of Cassel, will contact those parties whom the Debtor believe may be interested in exploring a Sale transaction, and whom the Debtor reasonably believes may have the financial resources to consummate such a transaction. The Bid Procedures are designed to elicit bids from one or more

parties and to encourage a robust Auction of the Assets, thus maximizing the value of the Estate for the benefit of its creditors and other stakeholders.

75. Under Bankruptcy Rule 2002(a) and (c), the Debtor shall notify creditors of the proposed Sale of the Assets, including a disclosure of the time and place of any Auction, the terms and conditions of a Sale, and the deadline for filing any objections.

76. The Debtor respectfully submits that the Sale Notice is reasonably calculated to provide parties with timely and proper notice of the proposed Sale, including: (i) the date, time, and place of the Auction (if one will be held); (ii) the Bid Procedures; (iii) the deadline for filing objections to the Sale; (iv) a reasonably specific identification of the Assets; (v) a description of the Sale as being free and clear of all liens, claims, encumbrances, and other interests, with all such liens, claims, encumbrances, and other interests attaching with the same validity and priority to the Sale proceeds; and (vi) notice of the proposed assumption and assignment of the Assigned Contracts to the Successful Bidder, and the rights, procedures, and deadlines for objecting thereto.

77. The Debtor further submits that notice of this Motion and the related hearing to consider entry of the Bid Procedures Order, coupled with service of the Sale Notice and the Assignment Notice, respectively, as provided for herein, constitutes good and adequate notice of the Sale and the proceedings with respect thereto in compliance with, and in satisfaction of, the applicable requirements of Bankruptcy Rule 2002. The Debtor further submits that the proposed notice procedures are designed to maximize the chance of obtaining the broadest possible participation in the Debtor's marketing and Sale process, while minimizing costs to the Estate. Accordingly, the Debtor respectfully requests that the Court find that the proposed notice procedures set forth in this Motion are sufficient, and no other or further notice of the Bid Procedures, Auction, or Sale is required.

B. The Bid Procedures Are Appropriate and Will Maximize Value.

78. Bid procedures should be approved when they provide a benefit to the debtor's estate by maximizing the value of the debtor's assets. *See In re Edwards*, 228 B.R. 552, 361 (Bankr. E.D. Pa. 1998) ("The purpose of procedural bidding orders is to facilitate an open and fair public sale designed to maximize value for the estate"). Courts have made clear that a debtor's business judgment is entitled to substantial deference with respect to the procedures to be used in selling an estate's assets. *See, e.g., In re Culp*, 550 B.R. 683, 697 (D. Del. 2015) ("'In determining whether to authorize use, sale or lease of property of the estate under Section 363, courts require the [Debtor] to show that a sound business purpose justifies such actions.' If the [Debtor's] decision evidences a sound business purpose, then the Bankruptcy Court should approve the sale") (quoting *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999)); *In re Schipper*, 933 F.2d 513, 515 (7th Cir. 1991) ("Under Section 363, the debtor in possession can sell property of the estate . . . if he has an 'articulated business justification'") (internal citations omitted); *In re Martin*, 91 F.3d 389, 395 (3d Cir. 1996) (quoting *Schipper*, 933 F.2d at 515); *Montgomery Ward*, 242 B.R. at 153 (same); *see also In re Integrated Res., Inc.*, 147 B.R. 650, 656–57 (S.D.N.Y. 1992).

79. The paramount goal in any proposed sale of property of the estate is to maximize the proceeds received by the estate. *See Mushroom Transp. Co., Inc.*, 382 F.3d 325, 339 (3d Cir. 2004); *Official Comm. of Unsecured Creditors of Cybergenics, Corp. v. Chinery*, 330 F.3d 548, 573 (3d Cir. 2003); *see also In re Food Barn Stores, Inc.*, 101 F.3d 558, 564–65 (8th Cir. 1997) (stating that in bankruptcy sales, "a primary objective of the Code [is] to enhance the value of the estate at hand.").

80. To that end, courts uniformly recognize that procedures intended to enhance competitive bidding are consistent with the goal of maximizing the value received by the estate

and are therefore appropriate in the context of bankruptcy transactions. *See, e.g.*, *In re O'Brien Envtl. Energy, Inc.*, 181 F.3d 527, 537 (3d Cir. 1999); *Integrated Res.*, 147 B.R. at 659 (stating bid procedures "are important tools to encourage bidding and to maximize the value of the debtor's assets"); *In re Fin. News Network, Inc.*, 126 B.R. 152, 156 (Bankr. S.D.N.Y.1991) ("[C]ourt-imposed rules for the disposition of assets . . . [should] provide an adequate basis for comparison of offers, and [should] provide for a fair and efficient resolution of bankrupt estates").

81. Here, the Bid Procedures will promote active bidding from interested parties and are intended to elicit the highest or otherwise best offers available for the Assets. The Bid Procedures are designed to facilitate orderly yet competitive bidding to maximize the value realized by these Debtor's estate from the Sale. In particular, the Bid Procedures contemplate an open Auction process and provide potential bidding parties with sufficient time to perform due diligence and acquire the information necessary to submit a timely and well-informed Bid.

82. Moreover, it is well-settled that, where there is a court-approved auction process, a full and fair price is presumed to be obtained for the assets sold, as the best way to determine value is exposure to the market. *See Bank of Am. Nat'l Trust & Sav. Ass'n. v. LaSalle St. P'ship*, 526 U.S. 434, 457 (1999); *see also In re Trans World Airlines, Inc.*, No. 01-00056, 2001 WL 1820326, at *4 (Bankr. D. Del. Apr. 2, 2001) (noting that while a "sale transaction does not require an auction procedure, . . . the auction procedure has developed over the years as an effective means for producing an arm's length fair value transaction"). This is especially true here, where a Sale of the Assets will have been subjected to a fulsome marketing process by the Debtor with the assistance of its retained advisors. Moreover, entry into the Stalking Horse Bid ensures establishes a minimum Purchase Price for the Assets that will be tested by the marketplace. As such, the Debtor and the Debtor's creditors can be assured that, taking into account the financial condition

of the market and the economy, the consideration obtained will be fair and reasonable and at or above market.

83. The Debtor submits the proposed Bid Procedures will encourage competitive bidding, are appropriate under the relevant standards governing auction proceedings and bidding incentives in bankruptcy proceedings, and are consistent with other procedures previously approved in this District. *See, e.g.*, *In re CHG US Holdings LLC*, No. 25-10851 (MFW) (Bankr. D. Del. June 23, 2025); *In re KTRV LLC,* No. 25-10601 (MFW) (Bankr. D. Del. May 19, 2025); *In re Vyaire Medical, Inc.*, No. 24-11217 (BLS) (Bankr. D. Del. July 11, 2024); *In re Sientra, Inc.*, No. 24-10245 (JTD) (Bankr. D. Del. Mar. 5, 2024); *In re MVK FarmCo LLC*, No. 23-11721 (LSS) (Bankr. D. Del. Nov. 17, 2023); *In re Yellow Corp.*, No. 23-11069 (CTG) (Bankr. D. Del. Sept. 15, 2023); *In re PGX Holdings, Inc.*, No. 23-10718 (CTG) (Bankr. D. Del. Aug. 04, 2023); *In re SiO2 Med. Prods., Inc.*, No. 23-10366 (JTD) (Bankr. D. Del. Apr. 25, 2023).

84. Thus, the Bid Procedures are reasonable, appropriate, and within the Debtor's sound business judgment under the circumstances because the Bid Procedures are designed to maximize the value to be received by the Debtor's estate.

C. The Minimum Overbid Increment Is Appropriate.

85. One important component of the proposed Bid Procedures is the "Overbid" provision. Once the Debtor determines the Baseline Bid, as determined by the Debtor in consultation with the Subchapter V Trustee, and holds the Auction, bidding on the Assets must be in Minimum Overbid Increments of at least the amount of the Baseline Bid.

86. The Debtor believes that such Minimum Overbid Increment is reasonable under the circumstances and will enable the Debtor to maximize the value received for the Assets while limiting any potential chilling effect in the marketing process.

D. The Proposed Notice Procedures for the Assigned Contracts and the Identification of Related Cure Amounts Are Appropriate.

87. As set forth above, the Sale contemplates the potential assumption and assignment of the Assigned Contracts to the Successful Bidder after the Auction, if any. In connection with this process, the Debtor believe it is necessary to establish a process by which: (i) the Debtor and the Assigned Contract Counterparties can reconcile cure obligations, if any, in accordance with sections 105(a) and 365 of the Bankruptcy Code; and (ii) such counterparties can object to the potential assumption and assignment of the Assigned Contracts and/or related cure amounts.

88. The Bid Procedures specify the process by which the Debtor will serve the Assignment Notice and the procedures and deadline for Assigned Contract Counterparties to Assigned Contracts to file and serve Assigned Contract Objections and Post-Auction Objections.

89. Except as may otherwise be agreed to in the Successful Bid or by the parties to an Assigned Contract, at the closing of the Sale, the Successful Bidder shall cure those defaults under the Assigned Contracts that need to be cured in accordance with section 365(b) of the Bankruptcy Code, by (i) payment of the undisputed cure amount (the "Cure Amount") and/or (ii) reserving amounts with respect to any disputed cure amounts.

90. As set forth in the Bid Procedures Order, the Debtor also request, to the fullest extent permitted by law, that any party that fails to object to the proposed assumption and assignment of any Assigned Contract be deemed to consent to the assumption and assignment of the applicable Assigned Contract pursuant to section 365 of the Bankruptcy Code, along with the Cure Amounts identified in the Assignment Notice. *See, e.g.*, *In re Tabone, Inc.*, 175 B.R. 855, 858 (Bankr. D.N.J. 1994) (holding that by not objecting to the motion, a creditor is deemed to consent); *Pelican Homestead v. Wooten (In re Gabel)*, 61 B.R. 661, 667 (Bankr. W.D. La. 1985) (same).

91. The Debtor believes the Assignment Procedures are fair and reasonable, provide sufficient notice to the Assigned Contract Counterparties of the potential assumption and assignment of the Assigned Contracts, and provide certainty to all parties in interest regarding their obligations and rights with respect thereto. Accordingly, the Debtor requests this Court approve the Assignment Procedures set forth in the Bid Procedures Order.

II. The Assumption and Assignment of the Assigned Contracts Should Be Approved.

A. The Assumption and Assignment of the Assigned Contracts Reflects the Debtor's Reasonable Business Judgment.

92. To facilitate and effectuate a Sale of the Assets, the Debtor is seeking authority to assume and assign the Assigned Contracts to the Successful Bidder to the extent designated by such Successful Bidder.

93. The standard applied by the Third Circuit in determining whether an executory contract or unexpired lease should be assumed is the "business judgment" test, which requires a debtor to determine that the requested assumption or rejection would be beneficial to its estate. *See Sharon Steel Corp. v. Nat'l Fuel Gas Distrib. Corp.*, 872 F.2d 36, 40 (3d Cir. 1989); *see also NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 523 (1984) (describing business judgment test as "traditional") (superseded in part by 11 U.S.C. § 1113).

94. Courts generally will not second-guess a debtor's business judgment concerning the assumption of an executory contract. *See In re Decora Indus., Inc.*, No. 00-4459, 2002 WL 32332749, at *8 (D. Del. May 20, 2002); *Official Comm. for Unsecured Creditors v. Aust (In re Network Access Solutions, Corp.)*, 330 B.R. 67, 75 (Bankr. D. Del. 2005) ("The standard for approving the assumption of an executory contract is the business judgment rule."); *In re Exide Techs.*, 340 B.R. 222, 239 (Bankr. D. Del. 2006), *appeal denied, judgment aff'd*, Adv. No. 06-33-(KJC), 2008 WL 522516, (D. Del. Feb. 27, 2008), *vacated and remanded*, 607 F.3d 957 (3d

Cir. 2010), *as amended* (June 24, 2010) ("The propriety of a decision to reject an executory contract is governed by the business judgment standard."); *see also Phar Mor, Inc. v. Strouss Bldg. Assocs.*, 204 B.R. 948, 952 (N.D. Ohio 1997) ("Courts should generally defer to a debtor's decision whether to reject an executory contract.") (citation omitted). A debtor's decision to assume or reject an executory contract or expired lease will not be subject to review unless such decision is clearly an unreasonable exercise of such judgment. *See, e.g., Group of Institutional Investors v. Chicago, Milwaukee, St. Paul & Pac. Ry. Co.*, 318 U.S. 523 (1943) (applying Bankruptcy Act section 77(b), predecessor to section 365 of the Bankruptcy Code, and rejecting a test of whether an executory contract was burdensome in favor of determining whether rejection is within the debtor's business judgment); *see also Sharon Steel*, 872 F.2d at 40 (describing deference to a debtor's business judgment as "breathing space afforded [to] the debtor to consider whether to reject or assume executory contracts under the Code"); *Network Access Sols*, 330 B.R. at 75; *Exide Techs.*, 340 B.R. at 239.

95. Here, the Court should approve the Debtor's decision to assume and assign any Assigned Contracts designated by a Successful Bidder in connection with the Sale(s) as a sound exercise of the Debtor's business judgment. First, any Assigned Contracts are necessary to operate the Assets and, as such, they are essential to inducing the best offer for the Assets. Second, it is unlikely any purchaser would want to acquire the Assets unless a significant number of the contracts and leases needed to manage the day-to-day operations of the Debtor's business were included in the transaction. Third, any Assigned Contracts will be assumed and assigned as part of a process approved by the Court pursuant to the Bid Procedures Order and, thus, will be reviewed by key constituents in these Chapter 11 Cases. Accordingly, the Debtor submits that the

assumption and assignment of any Assigned Contracts, as designated by the Successful Bidder, should be approved as a sound exercise of the Debtor's business judgment.

96. The Debtor may assign an executory contract or an unexpired lease of the debtor if it assumes the agreement in accordance with section 365(a) of the Bankruptcy Code, and provides adequate assurance of future performance by the assignee, whether or not there has been a default under the agreement. *See* 11 U.S.C. § 365(f)(2). Significantly, among other things, adequate assurance may be provided by demonstrating the assignee's financial health and experience in managing the type of enterprise or property assigned. *See, e.g.*, *In re Bygaph, Inc.*, 56 B.R. 596, 605–06 (Bankr. S.D.N.Y. 1986) (stating adequate assurance of future performance is present when the prospective assignee of a lease from the debtor has financial resources and has expressed willingness to devote sufficient funding to the business in order to give it a strong likelihood of succeeding). The meaning of "adequate assurance of future performance" depends on the facts and circumstances of each case, but should be given "practical, pragmatic construction." *EBG Midtown South Corp. v. McLaren/Hart Envtl. Eng'g Corp. (In re Sanshoe Worldwide Corp.)*, 139 B.R. 585, 592 (S.D.N.Y. 1992) (citations omitted), *aff'd*, 993 F.2d 300 (2d Cir. 1993); *Carlisle Homes, Inc. v. Azzari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1988).

97. Counterparties to Assigned Contracts will have the opportunity to object to adequate assurance of future performance by any Successful Bidder by the Assigned Contract Objection Deadline, or the Successful Bidder by the Successful Bidder Objection Deadline. Accordingly, the Debtor submits that the assumption and assignment of any Assigned Contracts as set forth herein should be approved.

98. Section 365(f)(1) of the Bankruptcy Code, by operation of law, invalidates provisions that prohibit, restrict, or condition assignment of an executory contract or unexpired

lease. *See, e.g.*, *Coleman Oil Co., Inc. v. The Circle K Corp. (In re The Circle K Corp.)*, 127 F.3d 904, 910–11 (9th Cir. 1997) ("[N]o principle of bankruptcy or contract law precludes us from permitting the Debtor here to extend their leases in a manner contrary to the leases' terms, when to do so will effectuate the purposes of section 365."), *cert. denied*, 522 U.S. 1148 (1998). Section 365(f)(3) of the Bankruptcy Code goes beyond the scope of section 365(f)(1) of the Bankruptcy Code by prohibiting enforcement of any clause creating a right to modify or terminate the contract or lease upon a proposed assumption or assignment thereof. *See, e.g.*, *In re Jamesway Corp.*, 201 B.R. 73 (Bankr. S.D.N.Y. 1996) (holding that section 365(f)(3) of the Bankruptcy Code prohibits enforcement of any lease clause creating right to terminate lease because it is being assumed or assigned, thereby indirectly barring assignment by debtor; all lease provisions, not merely those entitled anti-assignment clauses, are subject to court's scrutiny regarding anti-assignment effect).

99. Orders granting motions to sell property and for the assumption and assignment of executory contracts or unexpired leases frequently contain language explicitly stating the counterparty to the assigned contracts are barred from asserting against the debtor any default by reason of the closing, including any breach or right of termination relating to a change in control of the debtor. *See, e.g.*, *In re Irish Bank Resolution Corp. Ltd.*, No. 13-12159 (CSS), 2014 WL 1759609, at *8 (Bankr. D. Del. Feb. 14, 2014) ("No sections or provisions of the Contracts that purport to . . . declare a breach or default as a result of a change in control in respect of the Debtor . . . shall have any force and effect, and such provisions constitute unenforceable anti-assignment provisions under 11 U.S.C. § 365(f) and/or are otherwise unenforceable under 11 U.S.C. § 365(e)."); *see also In re McPhillips Motors, Inc.*, No. 6:09-BK-37488-RN, 2010 WL 3157062, at *7 (Bankr. C.D. Cal. Feb. 9, 2010) (holding that "any breach related to or arising out

of change-in-control or other assignment in such Assumed Contracts, or any purported written or oral modification to the Assumed Contracts" was unenforceable); *In re Bethel Healthcare, Inc.*, No. 13-12220 (GM), 2014 WL 12758523, at *4 (Bankr. C.D. Cal. May 1, 2014) ("Any provision in the Lease that purports to declare a breach or default as a result of a change in control of the Debtor's business or requires the consent of a non-seller party is hereby determined unenforceable under section 365(f) of the Bankruptcy Code . . . .").

100. Other courts have recognized that provisions that have the effect of restricting assignments cannot be enforced. *See In re Rickel Home Ctrs., Inc.*, 240 B.R. 826, 831 (D. Del. 1998) ("In interpreting Section 365(f) [*sic*], courts and commentators alike have construed the terms to not only render unenforceable lease provisions which prohibit assignment outright, but also lease provisions that are so restrictive that they constitute de facto anti-assignment provisions."). Similarly, in *In re Mr. Grocer, Inc.*, the court noted that:

> [The] case law interpreting § 365(f)(1) of the Bankruptcy Code establishes that the court does retain some discretion in determining that lease provisions, which are not themselves ipso facto anti-assignment clauses, may still be refused enforcement in a bankruptcy context in which there is no substantial economic detriment to the landlord shown, and in which enforcement would preclude the bankruptcy estate from realizing the intrinsic value of its assets.

77 B.R. 349, 354 (Bankr. D.N.H. 1987). Thus, the Debtor requests that any anti-assignment or default upon change in control provisions in any Assigned Contracts be deemed not to restrict, limit, or prohibit the assumption and assignment of the Assigned Contracts to the Successful Bidder, and be deemed and found to be unenforceable within the meaning of section 363 and 365(f) of the Bankruptcy Code.

III. Approval of the Expense Reimbursement is Appropriate

101. Approval of the Expense Reimbursement is governed by standards for determining the appropriateness of bid protections in the bankruptcy context. Courts have identified at least two (2) instances in which bid protections may benefit the estate. *First*, an expense reimbursement may be necessary to preserve the value of a debtor's estate if assurance of the fee "promote[s] more competitive bidding, such as by inducing a bid that otherwise would not have been made and without which bidding would have been limited." *Calpine Corp. v. O'Brien Envtl. Energy, Inc. (In re O'Brien Envtl. Energy, Inc.)*, 181 F.3d 527, 533 (3d Cir. 1999). *Second*, if the availability of bid protections were to induce a bidder to research the value of the debtor and convert the value to a dollar figure on which other bidders can rely, the bidder may have provided a benefit to the estate by increasing the likelihood that the price at which the debtor is sold will reflect its true worth. *See id.*; *see also In re Reliant Energy Channel View LP*, 594 F.3d 200, 206–08 (3d Cir. 2010) (reasoning that a break-up fee should be approved if it is necessary to entice a party to make the first bid or if it would induce a stalking horse bidder to remain committed to a purchase).

102. The Expense Reimbursement meets this standard and is necessary to preserve the value of the Debtor's estate because it will enable the Debtor to establish an adequate floor value for the Assets, and the Stalking Horse Bidder would not agree to act as a stalking horse without the Expense Reimbursement given the substantial time and expense it will incur in connection with separately funding the Sale Process and the risk that it will be outbid at the Auction. Without the Expense Reimbursement, the Debtor might lose the opportunity to obtain the highest or otherwise best offer for the Assets and would certainly lose the downside protection that will be afforded by the existence of the Stalking Horse Bidder. The bid of the Stalking Horse Bidder sends a message to all potential bidders that the Assets are at least worth the Purchase Price and puts pressure on potential competing bidders to "put their best foot forward" in formulating their

bids. Therefore, without the benefit of the bid of the Stalking Horse Bidder, the bids received at auction for the Assets could be substantially lower than the bid offered by the Stalking Horse Bidder.

103. The Expense Reimbursement was negotiated at arms' length and in good faith and is a necessary inducement to the Stalking Horse Bidder's participation in the proposed sale transaction and willingness to subject its bid to a competitive auction process. Notably, the Debtor is not seeking approval of, and the Stalking Horse Bidder did not request, any other form of bid protections, including break-up fees that are often given to stalking horse bidders in connection with a sale process.

104. Accordingly, the Debtor believes that the Expense Reimbursement is fair and reasonable under the circumstances and should be approved.

WAIVER OF BANKRUPTCY RULES 6004 AND 6006

105. To the extent applicable, and to implement the Bid Procedures successfully, the Debtor seek a waiver of the 14-day stay of an order authorizing the use, sale, or lease of property pursuant to Bankruptcy Rule 6004(h) and the assumption and assignment of the Assigned Contracts pursuant to Bankruptcy Rule 6006(d). As described above, the relief requested herein is necessary to maximize the value of the Debtor's estate. Accordingly, ample cause exists to justify a waiver of the 14-day stay imposed by Bankruptcy Rules 6004(h) and 6006(d).

NOTICE

106. Notice of this Motion has been or will be provided to: (i) the U.S. Trustee; (ii) the Subchapter V Trustee; (iii) counsel for the DIP Lenders; (iv) counsel to the Objecting Parties; and (ix) any party that has requested notice pursuant to Bankruptcy Rule 2002.[6]

[6] Cassel will also provide this Motion and the Bid Procedures to all entities reasonably known to have expressed an interest in a transaction with respect to any of the Assets, on a confidential basis.

107. In addition, a copy of this Motion, Sale Notice, the Bid Procedures, and the Bid Procedures Order will be available on (i) this Court's website, at www.deb.uscourts.gov, and (ii) the website maintained by the Debtor's Claims and Noticing Agent, Epiq Corporate Restructuring LLC, located at https://dm.epiq11.com/case/westwardwhiskey. In light of the nature of the relief requested herein, the Debtor submits that no other or further notice is required.

CONCLUSION

WHEREFORE, the Debtor respectfully request this Court enter the Bid Procedures Order, the form of which is attached as **Exhibit A** hereto and grant such other and further relief as is just and proper.

Dated: August 13, 2025
Wilmington, Delaware

PASHMAN STEIN WALDER HAYDEN, P.C.

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Counsel to the Debtor and Debtor in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	Chapter 11
HOUSE SPIRITS DISTILLERY LLC,	Case No. 25-10660 (KBO)
Debtor.[1]	(Subchapter V)
	Objection Deadline: August 27, 2025, at 4:00 p.m. (ET) **Hearing Date: September 3, 2025, at 9:30 a.m. (ET)**

NOTICE OF HEARING REGARDING DEBTOR'S MOTION FOR ENTRY OF AN ORDER (I) APPROVING (A) BIDDING PROCEDURES FOR THE SALE OF SUBSTANTIALLY ALL ASSETS OF THE DEBTOR AND (B) EXPENSE REIMBURSEMENT FOR THE STALKING HORSE BIDDER, (II) SCHEDULING BID DEADLINE AND AUCTION, (III) APPROVING THE FORM AND MANNER OF NOTICE THEREOF, (IV) APPROVING PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS AND LEASES, AND (V) GRANTING RELATED RELIEF

PLEASE TAKE NOTICE that on August 13, 2025, the above-captioned debtor and debtor in possession (the "Debtor") filed the *Debtor's Motion for Entry of an Order (I) Approving (A) Bidding Procedures for the Sale of Substantially all Assets of the Debtor and (B) Expense Reimbursement for the Stalking Horse Bidder, (II) Scheduling Bid Deadline and Auction, (III) Approving the Form and Manner of Notice thereof, (IV) Approving Procedures for the Assumption and Assignment of Contracts and Leases, and (V) Granting Related Relief* (the "Motion").

PLEASE TAKE FURTHER NOTICE that objections, if any, to the approval of the Motion must (a) be in writing, (b) be filed with the Clerk of the Bankruptcy Court, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801, on or before **August 27, 2025 at 4:00 p.m. (ET)** (the "Objection Deadline"), and (c) served as to be received on or before the Objection Deadline upon (a) the Debtor, (b) counsel to the Debtor, Pashman Stein Walder Hayden, P.C., 824 N. Market Street, Suite 800, Wilmington, Delaware 19801, Attn: Joseph C. Barsalona II (jbarsalona@pashmanstein.com), Richard W. Riley (rriley@pashmanstein.com), and Amy M. Oden (aoden@pashmanstein.com), (c) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware, 19801, Attn: Hannah J. McCollum (hannah.mccollum@usdoj.gov), (d) the Subchapter V Trustee, Archer & Greiner P.C., 300 Delaware Avenue, Suite 1100, Wilmington, Delaware, 19801, Attn: Natasha M. Songonuga (nsongonuga@archerlaw.com); and (e) counsel to the DIP

[1] The last four digits of the Debtor's federal tax identification number are 2069. The Debtor's mailing address is 65 SE Washington Street, Portland, OR 97214.

Lenders, Bielli & Klauder, LLC, 1204 N. King Street, Wilmington, DE 19801, Attn: David M. Klauder (Dklauder@bk-legal.com).

PLEASE TAKE FURTHER NOTICE that only objections made in writing and timely filed and received, in accordance with the procedures above, will be considered by the Bankruptcy Court at such hearing.

PLEASE TAKE FURTHER NOTICE THAT A HEARING, IF NECESSARY, ON THE MOTION WILL BE HELD ON SEPTEMBER 3, 2025 AT 9:30 A.M. (ET) BEFORE THE HONORABLE KAREN B. OWENS, AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, WILMINGTON, DELAWARE 19801.

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

Dated: August 13, 2025
Wilmington, Delaware

PASHMAN STEIN WALDER HAYDEN, P.C.

/s/ Joseph C. Barsalona II
Joseph C. Barsalona II (No. 6102)
Richard W. Riley (No. 4052)
824 North Market Street, Suite 800
Wilmington, DE 19801
Telephone: (302) 592-6496
Email: jbarsalona@pashmanstein.com
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-and-

Amy M. Oden (admitted *pro hac vice*)
Court Plaza South, East Wing
21 Main Street, Suite 200
Hackensack, NJ 07601
Telephone: (201) 488-8200
Email: aoden@pashmanstein.com

Counsel to the Debtor and Debtor in Possession

EXHIBIT A

Proposed Bid Procedures Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	Chapter 11
HOUSE SPIRITS DISTILLERY LLC,	Case No. 25-10660 (KBO)
Debtor.[1]	(Subchapter V)
	Re: D.I. __

ORDER (I) APPROVING (A) BIDDING PROCEDURES FOR THE SALE OF SUBSTANTIALLY ALL ASSETS OF THE DEBTOR AND (B) EXPENSE REIMBURSEMENT FOR THE STALKING HORSE BIDDER, (II) SCHEDULING BID DEADLINE AND AUCTION, (III) APPROVING THE FORM AND MANNER OF NOTICE THEREOF, (IV) APPROVING PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS AND LEASES, AND (V) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtor and debtor in possession (the "Debtor") for entry of an order (this "Order") (i) approving the Bid Procedures attached hereto as **Exhibit 1** (the "Bid Procedures") in connection with the sale (the "Sale") of all or substantially all of the Debtor's assets (the "Assets"), (ii) scheduling a Bid Deadline, Auction, and Sale/Confirmation Hearing, (iii) approving the form and manner of notice thereof, (iv) approving procedures for the assumption and assignment of executory contracts and unexpired leases in connection with the Sale (collectively, the "Assigned Contracts"), and (v) granting related relief, all as more fully set forth in the Motion; and upon consideration of the First Day Declaration and other testimony and evidence submitted by the Debtor in support of the Motion at a hearing before this Court (the "Hearing"); and upon the record herein; and after due deliberation thereon; and this

[1] The last four digits of the Debtor's federal tax identification number are 2069. The Debtor's mailing address is 65 SE Washington Street, Portland, OR 97214.

[2] Capitalized terms used as defined terms herein but not otherwise defined shall have the meanings ascribed to them in the Motion or the Bid Procedures, as applicable. In the event there is a conflict between this Order and the Motion, this Order shall control and govern.

Court having determined the legal and factual bases set forth in the Motion and at the Hearing establish good and sufficient cause for the relief granted in this Order,

IT IS HEREBY FOUND THAT:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. § 1334(b) and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012.

C. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2)(A), (N), and (O). The Debtor has confirmed their consent, pursuant to Local Rule 9013-1(f), to the entry of a final order by this Court in connection with the Motion, to the extent it is later determined this Court, absent the consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

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

E. The bases for the relief requested in the Motion are sections 105, 363, and 365 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006, and 9007 and Local Rules 2002-1 and 6004-1.

F. Notice of the Motion has been given to: (i) the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee"), 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Hannah J. McCollum, Esq. (email: hannah.mccollum@usdoj.gov);

(ii) counsel for the DIP Lenders; (iii) all parties who are known or reasonably believed, after reasonable inquiry, to have asserted any lien, encumbrance, claim, or interest in the Assets; (iv) the United States Attorney's Office for the District of Delaware; (v) the Internal Revenue Service; (vi) all state and local taxing authorities with an interest in the Assets; (vii) the offices of the attorneys general for the states in which the Debtor operate; (viii) the Assigned Contract Counterparties; and (ix) any party that has requested notice pursuant to Bankruptcy Rule 2002.[3]

G. Notice of the Motion, including the relief sought therein, and the Hearing was good and sufficient under the circumstances, and such notice complied with all applicable requirements under the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, and no other or further notice need be provided. A reasonable opportunity to object or be heard regarding the relief provided in this Order has been afforded to all parties in interest.

H. The Debtor has articulated good and sufficient reasons for this Court to (i) approve the Bid Procedures, (ii) schedule the Bid Deadline, Auction, and Sale/Confirmation Hearing, (iii) approve the form and manner of notice of the Bid Deadline, Auction, and Sale/Confirmation Hearing, and (iv) approve procedures for the assumption and assignment of the Assigned Contracts, including notice of the proposed cure amounts. The entry of this Order is in the best interests of the Debtor's estate, creditors, and other parties in interest.

I. The Bid Procedures attached hereto as **Exhibit 1** are reasonable and appropriate and represent the best method for maximizing value for the benefit of the Debtor's estate and the Debtor's creditors. The Bid Procedures were negotiated at arm's length, in good faith, and without collusion. The Bid Procedures are reasonably designed to attract value-maximizing proposals

[3] Cassel has provided or is providing this Order and the Bid Procedures to all entities reasonably known to have expressed an interest in a transaction with respect to any of the Assets, on a confidential basis.

beneficial to the Debtor's estate, creditors, and other parties in interest. The Bid Procedures comply with the requirements of Local Rule 6004-1(c).

J. The Sale Notice, substantially in the form attached hereto as **Exhibit 2**, regarding the Sale of the Assets by Auction, is reasonably calculated to provide interested parties with timely and proper notice of the proposed Sale, including, without limitation: (i) the date, time, and place of the Auction (if one is held), (ii) the Bid Procedures and certain dates and deadlines related thereto, (iii) the deadline for filing objections to the Sale, (iv) reasonably specific identification of the Assets for Sale, (v) a description of the Sale as being free and clear of all liens, claims, interests, and other encumbrances, with all such liens, claims, interests, and other encumbrances attaching with the same validity and priority to the Sale proceeds, and (vi) notice of the proposed assumption and assignment of Assigned Contracts to any Successful Bidder and the rights, procedures, and deadlines for objecting thereto. No other or further notice of the Sale shall be required.

K. The Motion, the Sale Notice, the Assignment Notice, this Order, and the Assignment Procedures (as defined below) set forth herein are appropriate and reasonably calculated to provide any Assigned Contract Counterparties with proper notice of the potential assumption and assignment of their Assigned Contracts, the procedures in connection therewith, and any asserted cure amounts relating thereto.

L. Subject to compliance by the Stalking Horse Bidder with the Bid Procedures, the Stalking Horse Bidder has provided a material benefit to the Debtor and its stakeholders by increasing the likelihood that, given the circumstances, the best possible price for the Assets will be received. The Debtor has demonstrated compelling and sound business justifications for incurring the Expense Reimbursement as a material inducement for the Stalking Horse Bidder to provide the Stalking Horse Bid.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is **GRANTED** as set forth herein.

2. All objections, statements, and reservations of rights with respect to the relief requested in the Motion with respect to the Bid Procedures that have not been withdrawn, waived, or settled, as announced to the Court at the Hearing on the Motion or by stipulation filed with the Court, are overruled and denied on the merits with prejudice.

3. **The Bid Procedures**. The Bid Procedures, attached hereto as **Exhibit 1**, are hereby approved in their entirety and fully incorporated into this Order. The Bid Procedures shall govern the submission, receipt, and analysis of all bids relating to the proposed Sale and any party desiring to submit a higher or better offer for the Assets must comply with the terms of the Bid Procedures and this Order. The Bid Procedures shall also govern the terms on which the Debtor will direct and preside over the Auction. Pursuant to the Final DIP Order, the DIP Lenders shall be entitled to credit bid claims to the extent permitted by section 363(k) of the Bankruptcy Code.

4. **The Expense Reimbursement**. The Expense Reimbursement is hereby approved. The obligation of the Debtor to pay the Expense Reimbursement shall constitute an administrative expense of the Debtor under section 364(c)(1) of the Bankruptcy Code and shall survive the dismissal or conversion of the Chapter 11 Case.

5. **Deadlines, Auction, and Sale/Confirmation Hearing**. The following dates and deadlines regarding competitive bidding are hereby established for Sale of the Assets (subject to modification in accordance with the Bid Procedures):

Event	Date
Filing and Service of Sale Notice	Within two (2) business days after entry of this Order.

Event	Date
Filing and Service of Assignment Notice	Within fourteen (14) days after entry of this Order.
Assigned Contract Objection Deadline	Objections to (i) the potential assumption and assignment of any Assigned Contract to any Successful Bidder or Back-Up Bidder, and (ii) the proposed cure amount to be paid in connection with the assumption and assignment of any Assigned Contract, shall be filed and served no later than fourteen (14) days after the service of the Assignment Notice; *provided* that, to the extent any Assigned Contract Counterparty is added to the Assignment Notice after the initial notice is served, such new Assigned Contract Counterparty shall have ten (10) days from the date of service of the supplemental notice to object to the proposed cure amount and assignment to the Successful Bidder.
Bid Deadline	Binding, irrevocable bids, including the Good Faith Deposit and the other requirements for a bid to be considered a Qualified Bid, must be received by no later than **September 22, 2025, at 4:00 p.m. (Eastern Time)**, or such later date as may be agreed to by the Debtor in the exercise of its reasonable business judgment after consultation with the Subchapter V Trustee.
Auction	**September 24, 2025, at 10:00 a.m. (Eastern Time)**, at Pashman Stein Walder Hayden, P.C., 824 North Market Street, Suite 800, Wilmington DE 19801, or such later time or other place as the Debtor determines, after consultation with the Subchapter V Trustee.
Successful Bidder Notice Deadline	**September 25, 2025**, and in any event not more than 24 hours after closing or canceling the Auction, the Debtor shall file and serve upon the Sale Notice Parties a notice identifying the Successful Bidder and Back-Up Bidder.
Successful Bidder Objection Deadline	The deadline to object to the Sale shall be **September 29, 2025, by 12:00 p.m. (Eastern Time)**.
Confirmation / Sale Hearing	**September 30, 2025, at ____:00 __.m. (Eastern Time)**.
Sale Closing / Effective Date	As provided in the Plan.

6. **Assumption and Assignment Notices & Procedures**. The procedures set forth below regarding the potential assumption and assignment of the Assigned Contracts by the Debtor

pursuant to section 365(b) of the Bankruptcy Code and assigned to the Successful Bidder pursuant to section 365(f) of the Bankruptcy Code in connection with the Sale (the "Assignment Procedures") are hereby approved. These Assignment Procedures shall govern the assumption and assignment of all of the Assigned Contracts to be assumed and assigned in connection with the Sale, subject to the payments necessary to cure any defaults arising under any such Assigned Contracts.

7. No later than fourteen (14) days after entry of this Order, the Debtor shall serve a notice, which shall be substantially in the form attached hereto as **Exhibit 3** (an "Assignment Notice"), on all Assigned Contract Counterparties to any Assigned Contract (the "Assignment Notice Parties") that may be assumed by the Debtor and assigned to the Successful Bidder after the results of the Auction. The Assignment Notice shall inform each recipient of the timing and procedures relating to such assumption and assignment, and, to the extent applicable, (i) the title of the Assigned Contract, (ii) the name of the counterparty to the Assigned Contract, (iii) the Debtor's good-faith estimate of the cure amount (if any) required in connection with assumption of the Assigned Contract, and (iv) the Assigned Contract Objection Deadline. The presence of an Assigned Contract on the Assignment Notice does not constitute an admission that such Assigned Contract is an executory contract or unexpired lease, and the presence of an Assigned Contract on the Assignment Notice shall not obligate the Debtor to assume and assign such Assigned Contract unless and until such Assigned Contract is actually assumed and assigned pursuant to the applicable Sale Order, or Plan and Confirmation Order.

8. Although the Debtor shall make a good-faith effort to identify all Assigned Contracts that may be assumed and assigned in connection with a Sale, the Debtor may discover certain executory contracts and unexpired leases inadvertently omitted from the list of Assigned

Contracts, or a Successful Bidder may identify other executory contracts and/or unexpired leases that it desires to assume and assign in connection with the Sale. Accordingly, the Debtor has the right, at any time after the service of the Assignment Notice and before, either, closing of the Sale or the Effective Date, as applicable, to (i) supplement the list of Assigned Contracts with previously omitted executory contracts or unexpired leases, (ii) remove Assigned Contracts from the list of executory contracts and unexpired leases ultimately selected as Assigned Contracts that a Successful Bidder proposes to be assumed and assigned to it in connection with a Sale, and/or (iii) modify the previously stated cure amount associated with any Assigned Contract. In the event the Debtor exercise any of these reserved rights, the Debtor will promptly serve a supplemental notice of contract assumption (a "Supplemental Assignment Notice") on each of the Assigned Contract Counterparties to such Assigned Contracts identified therein and their counsel of record, if any; *provided*, *however*, that the Debtor may not add an executory contract or lease to the list of Assigned Contracts that has been previously rejected by the Debtor by order of the Court. Each Supplemental Assignment Notice will include the same information with respect to listed Assigned Contracts as was included in the Assignment Notice.

9. To the extent any Assigned Contract Counterparty is added to the Assignment Notice after the initial notice is served, such new Assigned Contract Counterparty shall receive notice of the addition and the Debtor's proposed cure amount through service of the Supplemental Assignment Notice, and that party shall have ten (10) days from the date of such notice to object to the proposed cure amount and assignment to a Successful Bidder.

10. Objections, if any, to (i) the cure amount set forth on the Assignment Notice, or (ii) the possible assignment of its executory contract or unexpired lease to a Successful Bidder (each, an "Assigned Contract Objection") **must** (a) be in writing, (b) comply with the applicable

provisions of the Bankruptcy Rules and the Local Rules, and (c) state with specificity the nature of the objection and, if the objection pertains to the proposed cure amount, the correct cure amount alleged by the objecting counterparty, together with any applicable and appropriate documentation in support thereof, and (d) be filed with the Court and served on the following parties (the "Objection Notice Parties") so as to be actually received on or before the Assigned Contract Objection Deadline: (i) Pashman Stein Walder Hayden, P.C., Attn: Joseph C. Barsalona II (jbarsalona@pashmanstein.com), Richard W. Riley (rriley@pashmanstein.com), and Amy M. Oden (aoden@pashmanstein.com); (ii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Hannah J. McCollum (email: hannah.mccollum@usdoj.gov); and (iii) counsel to the DIP Lenders, (v) counsel to the Successful Bidder; and (vi) counsel to the Back-Up Bidder, if any.

11. Any objection to the ability of the Successful Bidder or Back-Up Bidder, each as identified in the Successful Bidder Notice, to provide adequate assurance of future performance (a "Successful Bidder Objection") with respect to any Assigned Contract must be filed with the Court no later than the Successful Bidder Objection Deadline; *provided*, *however*, that the deadline to object to the proposed cure amount shall not be so extended and shall remain the Assigned Contract Objection Deadline.

12. If an Assigned Contract Counterparty does not timely file and serve an Assigned Contract Objection by the Assigned Contract Objection Deadline or a Successful Bidder Objection by the Successful Bidder Objection Deadline, as applicable, then that party shall be forever barred from objecting to (i) the Debtor's proposed cure amount, (ii) the assumption and assignment of that party's Assigned Contract (including the adequate assurance of future performance), and (iii) the related relief requested in the Motion, whether applicable law excuses such counterparty

from accepting performance by, or rendering performance to, the Successful Bidder or Back-Up Bidder, as applicable, for purposes of section 365(c)(1) of the Bankruptcy Code and from asserting any additional cure or other amounts against the Debtor and the Successful Bidder or Back-Up Bidder, as applicable, with respect to such party's executory contract or unexpired lease.

13. Where an Assigned Contract Counterparty to an Assigned Contract files a timely Assigned Contract Objection or Successful Bidder Objection objecting to the possible assignment of its executory contract or unexpired lease to the Successful Bidder, and the parties are unable to consensually resolve the dispute, the Debtor's ability to assign the Assigned Contract to the Successful Bidder will be determined by the Court at the Sale/Confirmation Hearing or the next scheduled omnibus hearing, subject to Court availability.

14. Where an Assigned Contract Counterparty to an Assigned Contract files a timely Assigned Contract Objection asserting a higher cure amount than the amount listed in the Assignment Notice, and such objection is not withdrawn or resolved by the Sale/Confirmation Hearing, such cure objections will not be heard at the Sale/Confirmation Hearing. Any dispute regarding the cure amounts will either be resolved consensually, if possible, or, the parties are unable to resolve, at a later date as set by the Court. The Debtor shall have the ability to adjourn any such objections at their discretion and schedule them for the next scheduled omnibus hearing by indication in the applicable agenda.

15. To the extent an Assigned Contract Objection or Successful Bidder Objection shall be pending as of the date of the closing of any Sale, the Assigned Contract subject to such objection shall be deemed assumed and assigned, as between the Debtor and the Successful Bidder, as of the closing of the Sale until such time as (i) the amount (if any) to be paid under section 365 of the Bankruptcy Code is determined by the Court or consensually, or (ii) the Debtor's ability to assign

the Assigned Contract to the Successful Bidder is determined by the Court or consensually. Upon a determination by the Court (i) of the amount (if any) to be paid under section 365 of the Bankruptcy Code with respect to any Assigned Contract, the Successful Bidder may elect to (a) pay such amount and have the Assigned Contract assigned to it or (b) remove such Assigned Contract as an Assigned Contract, or (ii) that any Assigned Contract is non-assignable, such Assigned Contract shall be removed as an Assigned Contract. Any Assigned Contract subsequently removed as an Assigned Contract, either in accordance with the preceding sentence or pursuant to an agreement with the applicable Assigned Contract Counterparty, shall no longer be deemed assumed and assigned to the Successful Bidder as of the date such Assigned Contract is removed as an Assigned Contract.

16. The payment of the applicable cure amount by the Debtor or any Successful Bidder, as applicable, shall (i) effect a cure of all defaults existing thereunder, and (ii) compensate for any actual pecuniary loss to such Assigned Contract Counterparty resulting from such defaults.

17. **Noticing Procedures**. The noticing procedures, as set forth in this Order and the Motion, including the Sale Notice and the Assignment Notice, are hereby approved. Within two (2) business days after the entry of this Order, the Debtor (or its agent) shall serve the Sale Notice by first-class mail upon the Sale Notice Parties. In addition, as soon as reasonably practicable, but in no event later than one (1) business day after entry of this Order, the Debtor will also post the Sale Notice and this Order on the website maintained by the Debtor's claims and noticing agent, Epiq Corporate Restructuring LLC, located at https://dm.epiq11.com/case/westwardwhiskey. Such publication of the Sale Notice, as set forth in the preceding sentence, shall be deemed

sufficient and proper notice of the Sale to any other interested parties whose identities are unknown to the Debtor.

18. **Miscellaneous Relief**. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a), and such notice satisfies the applicable Local Rules.

19. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

20. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion and to conduct the Sale without the necessity of complying with any state or local bulk transfer laws or requirements.

21. The Debtor is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

22. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

23. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry, notwithstanding any provision in the Bankruptcy Rules or the Local Rules to the contrary, and the Debtor may, in its discretion and without further delay, take any action and perform any act authorized under this Order.

24. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

Exhibit 1

Bid Procedures

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	Chapter 11
HOUSE SPIRITS DISTILLERY LLC,	Case No. 25-10660 (KBO)
Debtor.[1]	(Subchapter V)

BID PROCEDURES

On September [●], 2025, the United States Bankruptcy Court for the District of Delaware (the "Court") entered an order [D.I. [●]] (the "Bid Procedures Order") approving, among other things, these bid procedures (the "Bid Procedures"). A copy of the Sale Notice approved by the Bid Procedures Order has been posted on the website of the Debtor's claims and noticing agent, Epiq Corporate Restructuring LLC, located at https://dm.epiq11.com/case/westwardwhiskey (the "Claims Agent Website").

These Bid Procedures set forth the process by which the Debtor is authorized to conduct an auction or auctions (each an "Auction" and collectively, the "Auctions") for the sale (the "Sale") of the Debtor's assets (the "Assets").

I. Important Dates

Event	Date
Filing and Service of Sale Notice	Within two (2) business days after entry of the Bid Procedures Order.
Filing and Service of Assignment Notice	Within fourteen (14) days after entry of the Bid Procedures Order.
Assigned Contract Objection Deadline	Objections to (i) the potential assumption and assignment of any Assigned Contract to any Successful Bidder or Back-Up Bidder, and (ii) the proposed cure amount to be paid in connection with the assumption and assignment of any Assigned Contract, shall be filed and served no later than fourteen (14) days after the service of the Assignment Notice; *provided* that, to the extent any Assigned Contract Counterparty is added to the Assignment Notice after the initial notice is served, such new Assigned Contract Counterparty shall have ten (10) days from the date of service of the supplemental

[1] The last four digits of the Debtor's federal tax identification number are 2069. The Debtor's mailing address is 65 SE Washington Street, Portland, OR 97214.

Event	Date
	notice to object to the proposed cure amount and assignment to the Successful Bidder.
Bid Deadline	Binding, irrevocable bids, including the Good Faith Deposit and the other requirements for a bid to be considered a Qualified Bid, must be received by no later than **September 22, 2025, at 4:00 p.m. (Eastern Time)**, or such later date as may be agreed to by the Debtor in the exercise of its reasonable business judgment after consultation with the Subchapter V Trustee.
Auction	**September 24, 2025, at 10:00 a.m. (Eastern Time)** at Pashman Stein Walder Hayden, P.C., 824 North Market Street, Suite 800, Wilmington DE 19801, or such later time or other place as the Debtor determines, after consultation with the Subchapter V Trustee.
Successful Bidder Notice Deadline	**By September 25, 2025**, and in any event not more than 24 hours after closing or canceling the Auction, the Debtor shall file and serve upon the Sale Notice Parties a notice identifying the Successful Bidder and Back-Up Bidder.
Successful Bidder Objection Deadline	The deadline to object to the Sale shall be **September 29, 2025 by 12:00 p.m. (Eastern Time**.
Confirmation / Sale Hearing	**September 30, 2025, at ____:00 __.m. (Eastern Time)**.
Sale Closing / Effective Date	As provided in the Plan**.**

II. Sale Notice

As soon as reasonably practicable following the entry of the Bid Procedures Order, but in no event later than two (2) business days following entry of the Bid Procedures Order, the Debtor shall file with the Court, serve on the Sale Notice Parties, and caused to be published on the Claims Agent Website a notice (the "Sale Notice") of the proposed Sale, including: (i) the date, time, and place of the Auction (if one will be held); (ii) the Bid Procedures; (iii) the deadline for filing objections to the Sale; (iv) a reasonably specific identification of the Assets; (v) a description of the Sale as being free and clear of all liens, claims, encumbrances, and other interests, with all such liens, claims, encumbrances, and other interests attaching with the same validity and priority to the Sale proceeds; and (vi) notice of the proposed assumption and assignment of the Assigned Contracts to any Successful Bidder, and the rights, procedures, and deadlines for objecting thereto.

The Sale Notice shall be served on (i) the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee"), 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Hannah J. McCollum, Esq. (email: hannah.mccollum@usdoj.gov); (ii) counsel for the DIP Lenders; (iii) all parties who are known or reasonably believed, after reasonable inquiry, to have asserted any lien, encumbrance, claim, or interest in the Assets; (iv) the United States Attorney's Office for the District of Delaware; (v) the Internal Revenue Service; (vi) all state and local taxing authorities with an interest in the Assets; (vii) the offices of the attorneys general for the states in which the Debtor operates; (viii) the Assigned Contract Counterparties; and (ix) any party that has requested notice pursuant to Bankruptcy Rule 2002 (the "Sale Notice Parties").[2]

III. Marketing Process

A. Access to Diligence Materials

To receive access to due diligence information, including full access to the Debtor's electronic data room (the "Data Room") and to additional non-public information regarding the Debtor (collectively, the "Diligence Materials"), any party interested in submitting a bid (each a "Potential Bidder"), must execute a confidentiality agreement, which must be based on the form of confidentiality agreement supplied by the Debtor and in a form and substance satisfactory to the Debtor after consultation with the Subchapter V Trustee (an "Acceptable Confidentiality Agreement"), delivered by email to the Debtor's proposed investment banker, Cassel Salpeter & Co., LLC ("Cassel"), Attn: James S. Cassel (jcassel@cs-ib.com) and Philip Cassel (pcassel@cs-ib.com), with a copy to the Debtor's counsel, Pashman Stein Walder Hayden, P.C., Attn: Joseph C. Barsalona II (jbarsalona@pashmanstein.com), Richard W. Riley (rriley@pashmanstein.com), and Amy M. Oden (aoden@pashmanstein.com) (collectively, the "Bid Recipients"). Notwithstanding the foregoing, the Debtor shall also grant access to the Data Room and the Diligence Materials to the Subchapter V Trustee.

The Debtor will afford each Potential Bidder who qualifies for access to Diligence Materials the time and opportunity to conduct reasonable due diligence before the Bid Deadline (as defined below). The Debtor, with the assistance of its advisors, will coordinate all reasonable requests from Potential Bidders for additional information and due diligence access that are appropriate under the circumstances. All due diligence requests must be directed to James S. Cassel (jcassel@cs-ib.com) and Philip Cassel (pcassel@cs-ib.com) at Cassel, as applicable. No due diligence will continue after the Bid Deadline.

The Debtor may decline to provide such information, and neither the Debtor nor its representatives shall be obligated to furnish information of any kind whatsoever, to any Potential Bidder who, in the Debtor's reasonable business judgment, after consultation with the Subchapter V Trustee, has not established, or who has raised doubt, that such Potential Bidder intends in good faith or has the capacity to consummate a sale transaction for all or a subset of the Debtor's Assets (a "Transaction"). Furthermore, the Debtor reserves the right to withhold any Diligence Materials

[2] Cassel will provide or has provided the Bid Procedures Motion, Bid Procedures, and Sale Notice to all entities reasonably known to have expressed an interest in a transaction with respect to any of the Assets.

that the Debtor determines are business-sensitive or otherwise not appropriate for disclosure to a Potential Bidder.

Each Potential Bidder shall comply with all reasonable requests for additional information and due diligence access by the Debtor or its advisors regarding such Potential Bidder and its contemplated Transaction. Failure by a Potential Bidder, including any Qualified Bidder (as defined below), to comply with such reasonable requests for additional information and due diligence access may be a basis for the Debtor to determine, in consultation with the Subchapter V Trustee, that such party will not be deemed or is no longer a Qualified Bidder.

B. No Communications Among Bidders Without Debtor's Written Consent

Communications between and amongst Potential Bidders and/or Qualified Bidders regarding or related to the Assets, Bids, or the Auction are prohibited, unless the Debtor has authorized such communications in writing, after consultation with the Subchapter V Trustee. The Debtor reserves the right, in its reasonable business judgment, and upon consultation with the Subchapter V Trustee, to disqualify any Potential Bidders and/or Qualified Bidders that have communications between and amongst themselves regarding or related to the Assets, Bids, or the Auction without the prior written consent of the Debtor.

For the avoidance of doubt, there will be no prohibition on Potential Bidders and Qualified Bidders pairing their Bids; *provided, however*, that to the extent any Potential Bidders and/or Qualified Bidders seeks to do so, the Debtor, with the assistance of its advisors and after consultation with the Subchapter V Trustee, shall facilitate the communications between such Potential Bidders or Qualified Bidders regarding the potential joining of Bids. The Debtor, in consultation with the Subchapter V Trustee, will be authorized to approve joint Bids in its reasonable discretion on a case-by-case basis.

C. Bid Deadline and Auction Qualification Process

Other than with respect to the Stalking Horse Bid (as defined below), to be eligible to participate in the Auction, a party must submit a written offer, solicitation, or proposal for a Transaction (each, a "Bid," and each party submitting such a Bid, a "Bidder"), with both the Bid and the Bidder, as applicable, required to satisfy each of the following conditions, which satisfaction shall be determined by the Debtor after consultation with the Subchapter V Trustee:

(i) Bid Deadline. The Debtor must receive a Bid in writing, on or before **September 22, 2025, at 4:00 p.m. (Eastern Time)**, or such later date as may be agreed to by the Debtor (the "Bid Deadline"), in the exercise of the Debtor's reasonable business judgment after consultation with the Subchapter V Trustee. Bids must be sent to and actually received by the Bid Recipients by the Bid Deadline to be considered. Bids must be sent to the Debtor's proposed investment banker, Cassel Salpeter & Co., LLC ("Cassel"), Attn: James S. Cassel (jcassel@cs-ib.com) and Philip Cassel (pcassel@cs-ib.com), with a copy to the Debtor's counsel, Pashman Stein Walder Hayden, P.C., Attn: Joseph C. Barsalona II (jbarsalona@pashmanstein.com), Richard W. Riley (rriley@pashmanstein.com), and Amy M. Oden (aoden@pashmanstein.com).

(ii) Form and Contents. All Bids shall be in the form of an irrevocable offer letter, signed by an authorized representative of the Bidder, from a Bidder that the Debtor, in the exercise of its reasonable business judgment and in consultation with the Subchapter V Trustee, deems financially able to consummate the Transaction that is the subject of the Bid, which letter shall state and include the following:

(A) Marked Agreement. Each Bid must state that the Bidder irrevocably offers to purchase all or a subset of the Assets, as contemplated by the Bid, upon the terms and conditions set forth in an attached, non-contingent (i) proposed amended Plan (a "Proposed Plan") or (ii) asset purchase agreement prepared and executed by the Bidder, each together with its exhibits and schedules, including terms relating to price and the time of closing (the "Proposed Agreement," and together with the Proposed Plan, each a "Proposed Transaction Document"). If the Bid is a Proposed Plan, it must (1) be based on the existing Plan, and (2) be accompanied by an electronic version in Word format and a blacklined version against the existing Plan (and all applicable ancillary documents and schedules contemplated thereby) to show all changes requested by the Bidder with respect to the Plan. Each Proposed Transaction Document must provide a commitment to close the proposed Transaction contemplated by such Proposed Transaction Document within a time frame acceptable to the Debtor after all closing conditions set forth in such Proposed Transaction Document are met (other than those which are to be satisfied at the closing of the transactions contemplated by such Proposed Transaction Document);

(B) Assets. Each Bid must clearly specify the Assets that are included in the Bid;

(C) Bids for Portions of the Assets. Each Bid must state whether the Bidder is offering to purchase all or substantially all of the Assets, any portion of the Assets, and any combination of the Assets. The Debtor may, in consultation with the Subchapter V Trustee, waive or modify the application of the Qualified Bid conditions in respect of Bids for a portion of the Assets. With respect to any Bid for less than all or substantially all of the Debtor's Assets, the Debtor reserves the right to request an allocation of the purchase price among the Assets the Bidder seeks to acquire and the assumed liabilities the Bidder agrees to assume;

(D) Purchase Price. Each Bid must clearly set forth the terms of any proposed Transaction, including and identifying separately any cash and non-cash components of the proposed Transaction consideration, such as certain liabilities to be assumed by the Bidder as part of the Transaction (the "Purchase Price"); *provided*, that any Qualified Bid with respect to all or substantially all of the Assets must be a Topping Bid. For the bid to qualify as a "Topping Bid," it must provide cash consideration that is sufficient to repay all DIP Obligations in full in cash at closing, plus the

Expense Reimbursement, plus the estimated administrative expense claims payable on the Effective Date included in the Plan;

(E) Committed Financing. To the extent that a Bid is not accompanied by evidence of the Bidder's capacity to consummate the Transaction set forth in its Bid with cash on hand, each Qualified Bid must include evidence of committed financing that demonstrates that the Bidder has received sufficient non-contingent and binding debt and/or equity funding commitments to satisfy the Bidder's Purchase Price and other obligations under its Bid. Such funding commitments or other financing acceptable to the Debtor (as determined after consultation with the Subchapter V Trustee) must be unconditional and must not be subject to any internal approvals, syndication requirements, diligence, or credit committee approvals, and shall have covenants and conditions acceptable to the Debtor, after consultation with the Subchapter V Trustee;

(F) Contingencies; No Financing or Diligence Outs. A Bid shall not be conditioned on a Bidder obtaining, or the sufficiency of, financing or any internal approval, or on the outcome or review of due diligence, which must be completed before the Bid Deadline, but may be subject to the accuracy at the closing of specified representations and warranties or the satisfaction at the closing of specified conditions;

(G) Identity. Each Bid must fully disclose the identity of each entity that will be bidding or otherwise participating in connection with such Bid (including each equity holder or other financial backer of the Bidder if such Bidder is an entity formed for the purpose of consummating the proposed Transaction contemplated by such Bid), and the complete terms of any such participation. Under no circumstances shall any undisclosed principals, equity holders, or financial backers be associated with any Bid. Each Bid must also include contact information for the specific person(s) and counsel the Debtor's advisors should contact regarding such Bid. Each Bid should contain sufficient evidence that the Bidder is legally empowered, by power of attorney or otherwise, to complete the Transaction on the terms contemplated by the parties. Each Bid should also fully disclose any connections or agreements with any of the Debtor, any known, potential, or prospective bidder, any Bidder, or any officer, director, manager, significant creditor, or equity holder of any Debtor;

(H) Authorization. Each Bid must contain evidence that the Bidder has obtained authorization or approval from its board of directors (or a comparable governing body acceptable to the Debtor, after consultation with the Subchapter V Trustee) acceptable to the Debtor, after consultation with the Subchapter V Trustee, with respect to the submission of its Bid and the consummation of the Transactions contemplated in such Bid;

(I) Consummation. Each Bid must include a statement or evidence reflecting that the Bidder is prepared to consummate the transaction upon entry of, either, an order of the Court approving the Sale to the Successful Bidder (the "Sale Order") or the Confirmation Order;

(J) Irrevocability. Each Bid must include a statement that, in the event the Bidder becomes (i) the Successful Bidder, such Qualified Bidder's offer is irrevocable until the Effective Date has occurred or (ii) the Back-Up Bidder (as defined below), such Qualified Bidder's offer is irrevocable until the earlier of (a) the Effective Date and (b) ninety (90) days after the closing of the Auction;

(K) Assigned Contracts and Leases. Each Bid must identify any and all executory contracts and unexpired leases of the Debtor that the Qualified Bidder wishes to be assumed pursuant to a Sale. A Bid must specify that such Bidder will be responsible for any cure costs associated with such assumption, and include a good-faith estimate of such cure costs (which estimate shall be provided by the Debtor);

(L) Damages. Each Bid must provide that the Debtor has the right to pursue all available damages in the event of the Bidder's breach of, or failure to perform under, the Proposed Transaction Document;

(M) Bid Representatives. Each Bid shall identify the representatives of the Bidder that are authorized to appear and act on behalf of the Bidder in connection with the proposed Sale;

(N) No Break-Up Fee. Each Bid (other than with respect to the Expense Reimbursement in the Stalking Horse Bid) shall indicate that such Bidder will not seek any transaction break-up fee, expense reimbursement, or similar type of payment;

(O) Consent to Jurisdiction. Each Bidder must submit to the exclusive jurisdiction of the Court and waive any right to a jury trial in connection with any disputes relating to Debtor's qualification of Bids, the Auction, the construction and enforcement of the Bid Procedures, the Sale documents, the closing of a Sale, the Plan, and the Confirmation of the Plan, as applicable;

(P) Compliance with the Bankruptcy Code and Non-Bankruptcy Law; Acknowledgment. Each Bid must comply in all respects with the Bankruptcy Code and any applicable nonbankruptcy law. Each Bid must also include a written acknowledgment that the Qualified Bidder agrees to all of the terms of the Sale set forth in the Bid Procedures;

(Q) Other Information. Each Bid must contain such other information as may be reasonably requested by the Debtor.

(iii) Adequate Assurance. If the Bid contemplates an assumption of any unexpired leases or executory contracts, it must provide adequate assurance of future performance to counterparties to any executory contracts and unexpired leases to be assumed by the Bidder.

(iv) Back-Up Bidder. Each Bid must acknowledge that by submitting a Bid, the Bidder agrees to be a Back-Up Bidder, should the Bid be so selected.

(v) Proof of Financial Ability to Perform. Each Bid must provide written evidence that the Debtor reasonably concludes, in consultation with the Subchapter V Trustee, demonstrates the Bidder has the necessary financial ability to close the Transaction and provide adequate assurance of future performance under all contracts to be assumed and assigned in such Transaction. Such information should include, *inter alia*, the following: (a) contact names and numbers for verification of any third-party financing sources; (b) written evidence of the Bidder's internal resources and proof of any debt or equity funding commitments that are needed to close the transaction; (c) the Bidder's current financial statements (audited if they exist); (d) a description of the Bidder's pro forma capital structure; and (e) any such other form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtor, after consultation with the Subchapter V Trustee, demonstrating such Bidder has the ability to close the transaction.

(vi) Acknowledgment of Independent Review. Each Bid must include a written acknowledgement that the Bidder (i) has had an opportunity to conduct any and all due diligence regarding the Assets or the Sale; (ii) has relied solely upon its own independent review and investigation and/or inspection of any documents and any other information in making the Bid; (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied by operation of law, or otherwise, by the Debtor or any of its advisors (including Cassel) or other representatives regarding the Bid, the Assets, the physical condition of the Assets, the Sale, or the completeness or accuracy of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures; and (iv) the Bidder did not engage in any collusive conduct and acted in good faith in submitting its Bid.

(vii) Free and Clear. Except as otherwise provided in the Proposed Transaction Document, all of the Debtor's and Estates' right, title, and interest in and to the Assets to be acquired shall be sold free and clear of all liens, claims, charges, security interests, restrictions, and other encumbrances of any kind or nature thereon and there against (collectively, the "Transferred Liens"), with such Transferred Liens to attach to the proceeds of the Sale.

(viii) Good Faith Deposit. Each Bid must be accompanied by a cash deposit in the amount of 10% of the total cash component of the Purchase Price, to be held in an escrow account to be identified and established by the Debtor (the "Good Faith Deposit"). To the extent a Qualified Bid is modified before, during, or after the Auction in any manner that increases the Purchase Price contemplated by such Qualified Bid, the

Debtor reserves the right to require, after consultation with the Subchapter V Trustee, that such Qualified Bidder increase its Good Faith Deposit so that it equals 10% of the increased cash component of the Purchase Price.

(ix) Binding Effect. By submitting its Bid, each Bidder is agreeing, and shall be deemed to have agreed, to abide by and honor the terms of the Bid Procedures and to refrain from submitting a Qualified Bid or seeking to reopen the Auction after conclusion of the Auction; and

(x) Time Frame for Closing. A Bid by a Bidder must be reasonably likely (based on antitrust or other regulatory issues, experience, and other considerations in the Debtor's reasonable business judgment) to be consummated, if selected as the Successful Bid, within a time frame reasonably acceptable to the Debtor in consultation with the Subchapter V Trustee. The Bidder must commit to closing the proposed Sale(s) contemplated by the Bid as soon as practicable and provide perspective on any potential regulatory issues that may arise in connection with such Bidder's acquisition of the Assets, including timing for resolution thereof.

The Debtor shall provide copies of all Bids received as soon as reasonably practicable, but no later than one (1) business day after receipt thereof, to the Subchapter V Trustee.

Unless otherwise determined by the Debtor in consultation with the Subchapter V Trustee, a Bid received before the Bid Deadline will be considered a "Qualified Bid" and each Bidder that submits a Qualified Bid will be considered a "Qualified Bidder" if the Debtor determine, in consultation with the Subchapter V Trustee, that such Bid meets the requirements above for a Bid as set forth in these Bid Procedures, subject to the Debtor's rights in the exercise of its reasonable business judgment to waive any such requirements or any part thereof in consultation with the Subchapter V Trustee. For the avoidance of doubt, the Stalking Horse Bid shall be deemed a Qualified Bid and the Bidder submitting the Stalking Horse Bid shall be deemed a Qualified Bidder.

No later than one (1) day prior to the start of the Auction, the Debtor will notify each Qualified Bidder whether such party is a Qualified Bidder.

Upon determination, in consultation with the Subchapter V Trustee, that any Bid is not a Qualified Bid, the Debtor shall notify such Bidder of such determination forthwith, but in any event not later than the commencement of the Auction and shall provide such Bidder with the basis for such determination. In the event that such Bid is determined not to be a Qualified Bid, the Bidder shall have until the commencement of the Auction to modify its Bid to increase the Purchase Price, otherwise improve the terms of the Bid, or remedy any deficiencies in order to comply with the requirements for Qualified Bids as set forth herein; *provided, that* any Qualified Bid may be improved during the Auction only as set forth in these Bid Procedures. If any Bid is determined not to be a Qualified Bid, the Debtor (i) will refund such Bidder's Good Faith Deposit on the date that is five (5) business days after the date the decision is made (or as soon as reasonably practicable thereafter), and (ii) inform the Subchapter V Trustee of such determination (and the reasons therefor) as soon as reasonably practicable.

Between the date that the Debtor notifies a Bidder that it is a Qualified Bidder and the Auction date, the Debtor may discuss, negotiate, or seek clarification of any Qualified Bid from a Qualified Bidder. Without the prior written consent of the Debtor (after consultation with the Subchapter V Trustee), a Qualified Bidder may not modify, amend, or withdraw its Qualified Bid, except for proposed amendments to increase its Purchase Price, or otherwise improve the terms of the Qualified Bid, during the period that such Qualified Bid remains binding as specified in these Bid Procedures; *provided, that* any Qualified Bid may be improved at the Auction as set forth in these Bid Procedures. Any improved Qualified Bid must continue to comply with the requirements for Qualified Bids set forth in these Bid Procedures, unless the Debtor in the exercise of its reasonable business judgment and in consultation with the Subchapter V Trustee determines to waive any such requirement or any part thereof.

Prior to the Auction, the Debtor (in consultation with its advisors and the Subchapter V Trustee) will evaluate Qualified Bids and identify the Qualified Bid that is, in the Debtor's reasonable business judgment, in consultation with the Subchapter V Trustee, the highest or otherwise best bid (the "Baseline Bid" and, the Bidder making such Baseline Bid, the "Baseline Bidder"), and shall notify all Qualified Bidders with Qualified Bids of the Baseline Bid no later than the opening of the Auction. The Debtor may accept a single Qualified Bid or multiple Bids for non-overlapping material portions of the Assets such that, if taken together in the aggregate, they would otherwise meet the standards for a single Qualified Bid (in which event those multiple Bidders will be treated as a single Qualified Bidder for purposes of selecting the Successful Bid); *provided, that* the Debtor also reserves the right to conduct more than one Sale process or Auction with respect to non-overlapping material portions of the Assets.

D. Stalking Horse Bidder

These Bid Procedures establish the *Subchapter V Debtor's Modified Plan of Reorganization* [D.I. 222] (as amended, modified, or supplemented from time to time, the "Plan"), of all or substantially all of the Debtor's Assets, substantially in the form attached to the stalking horse bid (the "Stalking Horse Bid") by the lenders under the Debtor's debtor-in-possession credit facility (in such capacity, collectively, the "DIP Lenders" and in their capacity as stalking horse bidder, collectively, the "Stalking Horse Bidder"), subject to higher or otherwise better offers submitted in accordance with the Bid Procedures. The Stalking Horse Agreement provides for payment of bid protections in the form of reimbursement of the Stalking Horse Bidder's actual, reasonable, and documented out-of-pocket expenses up to an amount not to exceed $50,000 (the "Expense Reimbursement").

The Stalking Horse Bidder is deemed to be a Qualified Bidder, the Stalking Horse Bid is deemed a Qualified Bid, and the Stalking Horse Bidder may participate in the Auction with respect to the Debtor's Assets.

IV. Auction

If the Debtor receives at least two Qualified Bids (including the Stalking Horse Bid) by the Bid Deadline, the Debtor may conduct the Auction to determine, in consultation with the Subchapter V Trustee, the highest or otherwise best Qualified Bid or combination of Qualified Bids for the Assets. This determination shall take into account any factors the Debtor, in

consultation with the Subchapter V Trustee, reasonably deems relevant to the value of the Qualified Bids to the Estates, including, *inter alia,* the following non-exhaustive factors: (i) the total amount and nature of the consideration; (ii) the number, type, and nature of any changes to the Form Agreement requested by each Qualified Bidder, including the Assets to be acquired thereunder; (iii) the proposed assumption of any liabilities and/or Contracts or Leases, if any, and the excluded assets and/or Contracts or Leases, if any; (iv) the ability of the Qualified Bidder to close the proposed Transaction and the conditions related thereto, including, without limitation, any regulatory approvals required, and the timing thereof; (v) whether the Qualified Bid is a bulk bid or a partial bid for only some of the Debtor's assets; (vi) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (vii) any Purchase Price adjustments; (viii) the impact of the proposed Transaction on any actual or potential litigation; (ix) the net after-tax consideration to be received by the Estate; (x) the tax consequences of such Qualified Bid; (xi) the consent of the parties in interest and/or the cost and expense to the Debtor of resolving Sale-related issues before closing, and (xii) any other qualitative or quantitative factor that the Debtor, after consulting with the Subchapter V Trustee, deem reasonably appropriate under the circumstances (collectively, the "Bid Assessment Criteria").

If no Qualified Bids other than the Stalking Horse Bid are received by the Bid Deadline, the Debtor may cancel the Auction, and may decide, in the Debtor's reasonable business judgment, in consultation with the Subchapter V Trustee, to designate the Stalking Horse Bid as the Successful Bid, and pursue Confirmation of the Plan approving a Sale to the Stalking Horse Bidder. The Debtor shall promptly file notice of any cancellation of the Auction and designation of the Stalking Horse Bid as the Successful Bid with the Court subject to the applicable provisions of the Bid Procedures.

The Auction for the Assets, if any, will take place on **September 24, 2025, at 10:00 a.m. Eastern Time)**, at Pashman Stein Walder Hayden, P.C., 824 North Market Street, Suite 800, Wilmington DE 19801, or such later time or other place as the Debtor determines, after consultation with the Subchapter V Trustee, in which case the Debtor shall timely notify the Stalking Horse Bidder and all other Qualified Bidders of such later time or other place, and file a notice of this change on the Court's docket for these Chapter 11 Cases.

Only Qualified Bidders, including the Stalking Horse Bidders, shall be entitled to make Bids at the Auction, subject to the terms of the Bid Procedures and other limitations as may reasonably be imposed by the Debtor in consultation with the Subchapter V Trustee. The Qualified Bidders participating at the Auction shall appear, or may appear through a duly authorized representative. Only the Debtor and its respective advisors, any participating Qualified Bidders, the Subchapter V Trustee, and any creditor of the Debtor may attend the Auction; *provided, that* any of the Debtor's creditors who are not Qualified Bidders must provide three (3) business days' written notice to counsel to the Debtor of their intent to attend the Auction and their good faith rationale for requesting to attend; *provided, that* the Debtor reserves the right, in consultation with the Subchapter V Trustee, to retract its permission at any point during the Auction if such creditor party who is not a Qualified Bidder does not act in good faith and in orderly fashion during the Auction.

A. The Debtor Shall Conduct the Auction

The Debtor, with the assistance of its professionals, shall direct and preside over the Auction and the Auction shall be transcribed or videotaped. Prior to the commencement of the Auction, the Debtor shall determine, in consultation with the Subchapter V Trustee and consistent in all material respects with the other terms of these Bid Procedures, which of the Qualified Bids, at such time, is the highest or otherwise best bid for purposes of constituting the opening bid of the Auction, and shall promptly notify all Qualified Bidders with Qualified Bids of such Baseline Bid prior to the commencement of the Auction, and shall provide copies of the Proposed Agreement for the Baseline Bid as soon as practicable. The Baseline Bid may be comprised of any combination of the Assets, and the Debtor may determine, in consultation with the Subchapter V Trustee, that different Baseline Bids exist for different groupings of the Assets. The Debtor shall have the discretion to determine, in consultation with the Subchapter V Trustee, how to proceed when auctioning the Assets in groupings that do not include all of the Assets, so as to maximize the value of the Assets.

B. Terms of Overbids

An "Overbid" is any Bid made at the Auction subsequent to the Debtor's announcement of the Baseline Bid. To submit an Overbid for purposes of the Auction, a Bidder must comply with the following conditions:

i. Minimum Overbid Increment

Any Overbid for all or substantially all of the Assets after the Baseline Bid shall be made in increments valued at not less than $100,000 (the "Minimum Overbid Increment"). The Debtor, after consulting with the Subchapter V Trustee, shall determine the minimum bid increments for any particular Asset or subset of Assets, if applicable. Bidding on the Assets must be in Minimum Overbid Increments of at least the amount of the Baseline Bid.

Additional consideration in excess of the amount set forth in the Baseline Bid may include cash and/or non-cash consideration; *provided*, *however*, that the value for such non-cash consideration shall be determined by the Debtor in its reasonable business judgment, after consultation with the Subchapter V Trustee.

ii. Overbid Procedures

Upon the solicitation of each round of Overbids, the Debtor may, after consultation with the Subchapter V Trustee, announce a deadline (the "Overbid Round Deadline"), by which time any Overbids must be submitted to the Debtor. Subject to the deadlines set forth herein, the Debtor reserves the right, in its own reasonable business judgment, after consultation with the Subchapter V Trustee, to make one or more continuances of the Auction to, among other things, facilitate discussions between the Debtor and individual Qualified Bidders, allow individual Qualified Bidders to consider how they wish to proceed, or give Qualified Bidders the opportunity to provide the Debtor with additional evidence that the Qualified Bidder has sufficient internal resources, or has received sufficient noncontingent debt and/or equity financing commitments, to consummate the proposed Sale Transaction at the prevailing Overbid amount.

After each Overbid Round Deadline, the Debtor shall determine, in consultation with the Subchapter V Trustee, whether an Overbid is higher or otherwise better than the Baseline Bid in the initial Overbid round or, in subsequent rounds, the Overbid previously designated by the Debtor as the prevailing highest or otherwise best Bid (the "Prevailing Highest Bid"). The Debtor shall announce and describe to all Qualified Bidders present at the Auction the material terms of any new Overbid designated by the Debtor as the Prevailing Highest Bid.

Any Overbid to a Prevailing Highest Bid by any party must, in accordance with these Bid Procedures, provide more value for the Debtor's Estates than any prior bid.

iii. Remaining Terms Are the Same as for Qualified Bids

Except as modified herein, an Overbid must comply with the conditions for a Qualified Bid set forth above; *provided, however*, that the Bid Deadline shall not apply and no additional Good Faith Deposit shall be required beyond the Good Faith Deposit previously submitted by a Qualified Bidder; *provided*, that the Successful Bidder and Back-Up Bidder shall be required to make a representation at the end of the Auction that it will provide any additional deposit necessary so that its Good Faith Deposit is equal to the amount of ten percent (10%) of the cash component of the Purchase Price contained in the Successful Bid and Back-Up Bid, as applicable. Any Overbid must remain open and binding on the Bidder until and unless the Debtor accepts a higher Overbid or such later time as set forth in the Back-Up Bidder provisions hereof to the extent such Bidder is selected as the Back-Up Bidder.

Any Overbid must include, in addition to the amount and the form of consideration of the Overbid, a description of all changes requested by the Qualified Bidder to the Proposed Agreement. To the extent not previously provided (which shall be determined by the Debtor in consultation with the Subchapter V Trustee), a Bidder submitting an Overbid must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtor, after consultation with the Subchapter V Trustee) demonstrating such Bidder's ability to close the Transaction proposed by such Overbid.

iv. Additional Procedures

The Debtor may announce at the Auction additional procedural rules that are reasonable under the circumstances for conducting the Auction so long as such rules are not inconsistent in any material respect with the Bid Procedures; *provided*, that any Qualified Bidder shall have the right to request a telephonic hearing before the Court in the event the Qualified Bidder disputes that the proposed additional rule is reasonable or not inconsistent in any material respect with the Bid Procedures.

v. No Collusion; Good-Faith *Bona Fide* Offer

Each Qualified Bidder participating at the Auction will be required to confirm on the record at the Auction (i) it has not engaged in any collusion with respect to the Sale or bidding (including that it has no agreement with any other Bidder or Qualified Bidder to control the price bid for the Assets), (ii) its Qualified Bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bidder or Back-Up Bidder, (iii) it has reviewed,

understands, and accepts the Bid Procedures, and (iv) it has consented to the core jurisdiction of the Court with respect to the Sale, the Auction, the Bid Procedures, and the construction and enforcement of documents relating to any Sale.

vi. No Round-Skipping

To remain eligible to participate in the Auction, in each round of bidding, (i) each Qualified Bidder must submit an Overbid with respect to such round of bidding, and (ii) to the extent a Qualified Bidder fails to submit an Overbid with respect to such round of Bidding, such Qualified Bidder shall be disqualified from continuing to participate in the Auction.

vii. Back-Up Bidder

Notwithstanding anything in the Bid Procedures to the contrary, if an Auction is conducted, the party(ies) with the second highest or otherwise second-best Qualified Bid (or combination of Qualified Bids) at the Auction, as determined by the Debtor, in the exercise of its reasonable business judgment, in consultation with the Subchapter V Trustee, shall be designated by the Debtor as backup bidder (the "Back-Up Bidder"). The Back-Up Bidder shall be required to keep its initial Qualified Bid(s) (or if the Back-Up Bidder submitted one or more Overbids at the Auction, its final Overbid) (the "Back-Up Bid") open and irrevocable until the earlier of (a) the Effective Date and (b) ninety (90) days from the closing of the Auction (the "Outside Back-Up Date"). Following entry of the Sale Order or Confirmation Order, as applicable, if the Successful Bidder fails to consummate an approved transaction, the Debtor may designate, after consultation with the Subchapter V Trustee, the Back-Up Bidder to be the new Successful Bidder, and the Debtor will be authorized, but not required, to consummate the transaction with the Back-Up Bidder without further order of the Court or notice to any interested parties. In the event the Debtor fails to consummate a transaction with the Successful Bidder because of a breach or failure to perform on the part of such Successful Bidder, the defaulting Successful Bidder's Good Faith Deposit, if any, shall be forfeited to the Estate, and the Debtor specifically reserve the right to seek all available legal and equitable remedies and damages from the defaulting Successful Bidder. The closing date to consummate the transaction with the Back-Up Bidder shall be no later than the later of (i) twenty-five (25) days after the date the Debtor provide notice to the Back-Up Bidder that the Successful Bidder has failed to consummate a sale and the Debtor desire to consummate the transaction with the Back-Up Bidder and (ii) five (5) days after necessary regulatory approvals are completed by the Back-Up Bidder and/or the Debtor. The Good Faith Deposit, if any, of the Back-Up Bidder shall be held by the Debtor until two (2) business days after the Outside Back-Up Date; *provided*, *however*, in the event the Successful Bidder does not consummate the Transaction as described above and the Debtor provides notice to the Back-Up Bidder, the Back-Up Bidder's Good Faith Deposit shall be held until the closing of the Transaction with the Back-Up Bidder. In the event the Debtor fails to consummate a Transaction with the Back-Up Bidder because of a breach or failure to perform on the part of such Back-up Bidder, the Back-Up Bidder's Good Faith Deposit shall be forfeited to the Estate, and the Debtor specifically reserves the right to seek all available legal and equitable remedies and damages from the defaulting Back-Up Bidder.

C. Consent to Jurisdiction as Condition to Bidding

All Qualified Bidders, and all Bidders at the Auction, shall be deemed to have consented to the core jurisdiction of the Court and waived any right to a jury trial in connection with any disputes relating to the Auction or the construction and enforcement of any transaction documents related to the Sale (the "Transaction Documents").

D. Closing the Auction

The Auction shall continue until there is only one (1) Qualified Bid or combination of Qualified Bids that the Debtor determine in its reasonable business judgment, after consultation with the Subchapter V Trustee, is the highest or otherwise best Qualified Bid(s) at the Auction (the "Successful Bid" and, the Bidder(s) submitting such Successful Bid, the "Successful Bidder"). In making this determination, the Debtor, in consultation with the Subchapter V Trustee, shall consider any factors the Debtor reasonably deem relevant to the value and certainty of the Qualified Bid(s) to the Debtor's estate and may include, but are not limited to, the Bid Assessment Criteria. The Auction shall not close unless and until all Bidders who have submitted Qualified Bids have been given a reasonable opportunity, in the Debtor's discretion, in consultation with the Subchapter V Trustee, to submit an Overbid at the Auction to the then-existing Prevailing Highest Bid.

The Auction shall close when the Successful Bidder submits fully executed sale and transaction documents memorializing the terms of the Successful Bid. The Debtor shall not consider any Bids submitted after the conclusion of the Auction.

Promptly following the Debtor's selection of the Successful Bid and the conclusion of the Auction, if any, the Debtor shall announce the Successful Bid and Successful Bidder. The Debtor will file a notice (the "Successful Bidder Notice") by **September 25, 2025** (a) identifying the Successful Bidder and Back-Up Bidder, and (b) the final form of Sale Order or Plan and Confirmation Order approving the Sale(s) as agreed upon between the Debtor and the Successful Bidder(s).

The Auction will be governed by such other procedures as may be announced by the Debtor and their advisors, after consultation with the Subchapter V Trustee, from time to time on the record at the Auction.

V. Procedures for Determining Cure Amounts and Adequate Assurance for Assigned Contract Counterparties to Assigned Contracts and Leases

No later than fourteen (14) days after entry of the Bid Procedures Order, the Debtor shall send a notice to each counterparty (each an "Assigned Contract Counterparty") to an executory contract or unexpired lease setting forth the Debtor's calculation of the cure amount, if any, that would be owing to such Assigned Contract Counterparty if the Debtor decided to assume or assume and assign such executory contract or unexpired lease (each, and "Assigned Contract"), and alerting such Assigned Contract Counterparty that their contract may be assumed and assigned to the Successful Bidder (the "Assignment Notice"), a copy of which is attached to the Bid Procedures Order as **Exhibit 3**.

Any Assigned Contract Counterparty that objects to the cure amount set forth in the Assignment Notice or the possible assignment of its executory contract or unexpired lease to the Successful Bidder, must file an objection (an "Assigned Contract Objection") no later fourteen (14) days after the service of the Assignment Notice (the "Assigned Contract Objection Deadline"), which Assigned Contract Objection must be filed with the Clerk of the Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, DE 19801 and served on the following parties (the "Objection Notice Parties"): (i) Pashman Stein Walder Hayden, P.C., Attn: Joseph C. Barsalona II (jbarsalona@pashmanstein.com), Richard W. Riley (rriley@pashmanstein.com), and Amy M. Oden (aoden@pashmanstein.com); (ii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Hannah J. McCollum (email: hannah.mccollum@usdoj.gov); (iii) counsel to the DIP Lenders, (iv) counsel to the Successful Bidder; and (v) counsel to the Back-Up Bidder, if any.

The deadline to object solely to the identity of the Successful Bidder, the Back-Up Bidder or the ability of the Successful Bidder or Back-Up Bidder to provide adequate assurance of future performance under an Assigned Contract (a "Successful Bidder Objection") shall be **12:00 p.m. (Eastern Time) on September 29, 2025** (the "Successful Bidder Objection Deadline"). If an Assigned Contract Objection or a Successful Bidder Objection is not served on the Objection Notice Parties and filed with the Clerk of the Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, DE 19801, so it is actually received no later than, respectively, the Assigned Contract Objection Deadline or the Successful Bidder Objection Deadline, the non-objecting Assigned Contract Counterparties will be forever barred from objecting to (a) the Debtor's proposed cure amount for their respective Assigned Contract, (b) the identity of the Successful Bidder, or (c) the assignment of that party's Assigned Contract to the Successful Bidder.

Where an Assigned Contract Counterparty to an Assigned Contract files a timely Assigned Contract Objection or Successful Bidder Objection objecting to the possible assignment of its executory contract or unexpired lease to the Successful Bidder, and the parties are unable to consensually resolve the dispute, the Debtor's ability to assign the Assigned Contract to the Successful Bidder will be determined by the Court at the Sale/Confirmation Hearing or at a subsequent hearing on a date and time to be agreed between the parties, subject to Court availability.

Where an Assigned Contract Counterparty to an Assigned Contract files a timely Assigned Contract Objection asserting a higher cure amount than the amount listed in the Assignment Notice, and such objection is not withdrawn or resolved by the Sale/Confirmation Hearing, such cure objections will not be heard at the Sale/Confirmation Hearing. Any dispute regarding the cure amounts will either be resolved consensually, if possible, or, if the parties are unable to resolve, at a later date as set by the Court. The Debtor shall file and serve a notice of hearing for the Court to consider the unresolved cure objection(s) at the next scheduled omnibus hearing after the Sale/Confirmation Hearing unless the Debtor and the objecting parties agree to a different time and subject to the Court's schedule.

If no objection to the assumption of any contract or lease is timely filed or if an objection is filed and resolved, each contract or lease to be assumed and assigned to the Successful Bidder

shall be assumed and assigned as of the effective date of the assumption and assignment of the contract or lease (the "Assignment Date") set forth in the applicable Successful Bidder Notice or such other date as the Debtor and the Assigned Contract Counterparty agree, and the proposed cure amount as set forth in the Assignment Notice or as agreed to by the parties shall be binding. On or before the Assignment Date, the Successful Bidder(s) shall pay all applicable cure amounts.

The inclusion of a contract on the Assignment Notice shall not (a) obligate the Debtor to assume or assign any contracts or leases listed thereon; or (b) constitute any admission or agreement of the Debtor that such contract or lease is an executory contract. Only those contracts and leases that are included on a schedule of assumed and assigned contracts and leases attached to a final asset purchase agreement will be assumed and assigned, and shall be assumed and assigned upon the Assignment Date.

VI. Sale/Confirmation Hearing and Approval of the Sale(s)

The Debtor will seek approval of the Sale(s) to the Successful Bidder(s) at a hearing to be held on **September 30, 2025, at _____ (Eastern Time)** (the "Sale/Confirmation Hearing").

At the Sale/Confirmation Hearing, certain findings will be sought from the Court, including, among other things, that: (i) the Auction was conducted (if held) and each Successful Bidder was selected, in each case in accordance with the Bid Procedures; (ii) the Auction (if held) was fair in substance and procedure; (iii) the Successful Bid(s) and Back-Up Bid(s) were Qualified Bids as defined in the Bid Procedures; and (iv) consummation of any Sale Transaction as contemplated by the Successful Bid(s) in the Auction will provide the highest and best offer for the Assets and is in the best interests of the Debtor and their estates. The Sale/Confirmation Hearing may be continued to a later date by the Debtor, upon consulting with the Subchapter V Trustee, by sending notice prior to, or making an announcement at, the Sale/Confirmation Hearing (subject in all cases to approval of the Court).

All objections to a proposed Sale and entry of the Sale Order or Confirmation Order must: (i) be in writing; (ii) comply with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and all orders of the Court; (iii) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (iv) be filed with the Court and timely served upon the Objection Notice Parties. Objections to the Sale Transaction and entry of the Sale Order or Confirmation Order, other than Assigned Contract Objections and Successful Bidder Objections, and with respect to conduct at the Auction must be actually received by the Objection Notice Parties no later than two (2) business days following service of the Successful Bidder Notice. The deadline to consummate the Sale Transaction shall be the Effective Date.

VII. Return of Good Faith Deposits

The Good Faith Deposits of all Qualified Bidders shall be held in one or more interest-bearing escrow accounts by the Debtor, but shall not become property of the Estate absent further order of the Court. The Good Faith Deposit of any Qualified Bidder that is neither the Successful Bidder nor the Back-Up Bidder shall be returned to such Qualified Bidder no later than two (2) business days after the conclusion of the Auction. The Good Faith Deposit of the Back-Up Bidder shall be returned to the Back-Up Bidder two (2) business days after the closing of the Sale with

the Successful Bidder; *provided*, *however*, in the event the Successful Bidder does not consummate the transaction as described above and the Debtor provide notice to the Back-Up Bidder, the Back-Up Bidder's Good Faith Deposit shall be held until the closing of the transaction with the Back-Up Bidder. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that will have accrued thereon. If the Successful Bidder or Back-Up Bidder, as applicable, timely closes the winning Transaction, its Good Faith Deposit, as applicable, shall be applied towards its Purchase Price at closing.

VIII. Reservation of Rights

The Debtor reserves their rights to modify these Bid Procedures at or prior to the Auction (other than the consultation rights of the Subchapter V Trustee), in its reasonable business judgment and after consultation with the Subchapter V Trustee, in any manner that will best promote the goals of the bidding process. Nothing in these Bid Procedures will require any director, manager, or officer of any Debtor to take any action, or to refrain from taking any action, with respect to these Bid Procedures, that would violate his or her fiduciary duties.

Exhibit 2

Sale Notice

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re HOUSE SPIRITS DISTILLERY LLC, Debtor.[1]	Chapter 11 Case No. 25-10660 (KBO) (Subchapter V) **Re: D.I. __**

NOTICE OF BID PROCEDURES, AUCTIONS, AND DEADLINES RELATING TO THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE DEBTOR

PLEASE TAKE NOTICE that on August 13, 2025, the debtor and debtor in possession (the "Debtor") in the above-captioned case (the "Bankruptcy Case"), filed the *Motion for Entry of an Order (I) Approving Bid Procedures in Connection with the Sale of All or Substantially All of the Debtor's Assets, (II) Scheduling Bid Deadline and Auction, (III) Approving the Form and Manner of Notice Thereof, (IV) Approving Procedures for the Assumption and Assignment of Contracts and Leases, and (V) Granting Related Relief* [D.I. ___] (the "Bid Procedures Motion").[2] The Debtor seek to complete a sale (the "Sale") of all or substantially all their assets (the "Assets") to a prevailing bidder or bidders (the "Successful Bidder") at auctions (the "Auctions"), free and clear of all liens, claims, encumbrances and other interests pursuant to section 363 of the Bankruptcy Code, with all such liens, claims, encumbrances, and other interests attaching with the same validity and priority to the Sale proceeds.

PLEASE TAKE FURTHER NOTICE that, on September [●], 2025, the Court entered an order [D.I. ____] (the "Bid Procedures Order") approving the bid procedures set forth in the Bid Procedures and Motion (the "Bid Procedures"), which set the key dates and times related to the Sale of the Debtor's Assets. **All interested bidders should carefully read the Bid Procedures**. To the extent there are any inconsistencies between the Bid Procedures and the summary description of the terms and conditions contained in this notice, the terms of the Bid Procedures shall control.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Bid Procedures, the Debtor must receive a Qualified Bid from interested bidders in writing on or before **September 22, 2025, at 4:00 p.m. (Eastern Time)** for the Assets, or such later date as may be agreed to by the Debtor (the "Bid Deadline"). To be considered, Qualified Bids must be sent to the following on or before the Bid Deadline: (i) the Debtor's financial advisor, Cassel Salpeter & Co., LLC, Attn: James S. Cassel (jcassel@cs-ib.com) and Philip Cassel (pcassel@cs-ib.com), and (ii) counsel to the Debtor, Pashman Stein Walder Hayden, P.C., Attn: Joseph C. Barsalona II

[1] The last four digits of the Debtor's federal tax identification number are 2069. The Debtor's mailing address is 65 SE Washington Street, Portland, OR 97214.

[2] Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bid Procedures Motion.

(jbarsalona@pashmanstein.com), Richard W. Riley (rriley@pashmanstein.com), and Amy M. Oden (aoden@pashmanstein.com).

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Bid Procedures, if the Debtor receive one or more Qualified Bids by the Bid Deadline, the Auction will be conducted on **September 24, 2025, at 10:00 a.m. (Eastern Time)**, at Pashman Stein Walder Hayden, P.C., 824 North Market Street, Suite 800, Wilmington DE 19801 for the sale of the Assets or at such other place, date and time as may be designated by the Debtor.

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Bid Procedures, the Debtor has designated certain Assigned Contracts that may be assumed or assumed and assigned to the Successful Bidder. Within fourteen (14) days of entry of the Bid Procedures Order, the Debtor shall send a notice to each counterparty to an Assigned Contract setting forth the Debtor's calculation of the cure amount, if any, that would be owing to such counterparty if the Debtor decided to assume or assume and assign such Assigned Contract, and alerting such non-Debtor party that their contract may be assumed and assigned to the Successful Bidder (the "Assignment Notice").

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Bid Procedures, any counterparty that objects to the cure amount set forth in the Assignment Notice or the possible assignment of their Assigned Contract(s) to a Successful Bidder must file with the Court and serve an objection (a "Assigned Contract Objection") so it is actually received no later than fourteen (14) days after the service of the Assignment Notice (the "Assigned Contract Objection Deadline"), by the following parties (the "Objection Notice Parties"): (i) Pashman Stein Walder Hayden, P.C., Attn: Joseph C. Barsalona II (jbarsalona@pashmanstein.com), Richard W. Riley (rriley@pashmanstein.com), and Amy M. Oden (aoden@pashmanstein.com); (ii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Hannah J. McCollum (email: hannah.mccollum@usdoj.gov); and (iii) counsel to the DIP Lenders, (v) counsel to the Successful Bidder; and (vi) counsel to the Back-Up Bidder, if any.

PLEASE TAKE FURHTER NOTICE that upon the conclusion or cancelation of the Auction, as applicable, but in no event later than **September 25, 2025**, the Debtor will file with the Court and serve on the Sale Notice Parties a notice of the Successful Bidder and Back-Up Bidder, if any, for the Assets (the "Successful Bidder Notice").

PLEASE TAKE FURTHER NOTICE that Objections, if any, to the Sale to the Successful Bidder or Back-Up Bidder, as applicable, or the ability of the Successful Bidder to provide adequate assurance of future performance under an Assigned Contract (a "Successful Bidder Objection") must: (a) be in writing and specify the nature of such objection, (b) comply with the Bankruptcy Rules and the Local Rules, (c) be filed with the Court no later than **12:00 p.m. (Eastern Time) on September 29, 2025** (the "Successful Bidder Objection Deadline"), and (d) be served on the Objection Notice Parties by the Successful Bidder Objection Deadline.

PLEASE TAKE FURTHER NOTICE that a Successful Bidder Objection must be served on the Objection Notice Parties so it is actually received by the Successful Bidder Objection Deadline and filed with the Clerk of the Bankruptcy Court for the District of Delaware, 824 North

Market Street, 3rd Floor, Wilmington, DE 19801. If an Assigned Contract Objection or a Successful Bidder Objection is not served on the Objection Notice Parties and filed with the Clerk of the Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, DE 19801, so it is actually received no later than, respectively, the Assigned Contract Objection Deadline or the Successful Bidder Objection Deadline, the relevant parties will be forever barred from objecting to (a) the Debtor's proposed cure amount, (b) the identity of the Successful Bidder, or (c) the assignment of that party's executory contract or unexpired lease to the Successful Bidder.

PLEASE TAKE FURTHER NOTICE that where an Assigned Contract Counterparty to an Assigned Contract files a timely Assigned Contract Objection or Successful Bidder Objection objecting to the possible assignment of its executory contract or unexpired lease to the Successful Bidder, and the parties are unable to consensually resolve the dispute, the Debtor's ability to assign the Assigned Contract to the Successful Bidder will be determined by the Court at the Sale/Confirmation Hearing or at a subsequent hearing on a date and time to be agreed between the parties, subject to Court availability.

PLEASE TAKE FURTHER NOTICE that where an Assigned Contract Counterparty to an Assigned Contract files a timely Assigned Contract Objection asserting a higher cure amount than the amount listed in the Assignment Notice, and such objection is not withdrawn or resolved by the Sale/Confirmation Hearing, such cure objections will not be heard at the Sale/Confirmation Hearing. Any dispute regarding the cure amounts will either be resolved consensually, if possible, or, the parties are unable to resolve, at a later date as set by the Court. The Debtor shall file and serve a notice of hearing for the Court to consider the unresolved cure objection(s) at the next scheduled omnibus hearing after the Sale/Confirmation Hearing unless the Debtor and the objecting parties agree to a different time and subject to the Court's schedule

PLEASE TAKE FURTHER NTOICE that to the extent any Contract Counterparty is added to the Assignment Notice after the initial notice is served, such new Contract Counterparty shall receive notice of the addition and the Debtor's proposed cure amount through a supplemental Assignment Notice, and that party shall have ten (10) days from the date of such notice to object to the propose cure amount and assignment to the Successful Bidder.

PLEASE TAKE FURTHER NOTICE that a hearing to approve the Sale of the Assets pursuant to the Plan will be held (the "Sale/Confirmation Hearing") on **September 30, 2025, at [●]:00 (Eastern Time).** The Sale/Confirmation Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale/Confirmation Hearing or on the agenda for such Sale/Confirmation Hearing.

PLEASE TAKE FURTHER NOTICE THAT ANY PARTY WHO FAILS TO TIMELY OBJECT TO THE SALE ON OR BEFORE THE SUCCESSFUL BIDDER OBJECTION DEADLINE IN ACCORDANCE WITH THE BID PROCEDURES ORDER SHALL BE FOREVER BARRED FROM ASSERTING ANY SUCH OBJECTION, INCLUDING WITH RESPECT TO THE TRANSFER OF THE ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS.

PLEASE TAKE FURTHER NOTICE that the Debtor is seeking to waive the fourteen-day stay period under Bankruptcy Rules 6004(h) and 6006(d) in order for the Sale to close immediately upon the Effective Date.

PLEASE TAKE FURTHER NOTICE that this notice is subject to the full terms and conditions of the Bid Procedures Motion, the Bid Procedures Orde, rand the Bid Procedures, which shall control in the event of any conflict, and the Debtor encourages parties in interest to review such documents in their entirety. A copy of the Bid Procedures Motion, the Bid Procedures, and the Bid Procedures Order may be obtained for free by accessing the website of the Debtor's noticing agent, Epiq Corporate Restructuring LLC, located at https://dm.epiq11.com/case/westwardwhiskey.

Dated: September __, 2025
Wilmington, Delaware

PASHMAN STEIN WALDER HAYDEN, P.C.

/s/ DRAFT
Joseph C. Barsalona II (No. 6102)
Richard W. Riley (No. 4052)
824 North Market Street, Suite 800
Wilmington, DE 19801
Telephone: (302) 592-6496
Email: jbarsalona@pashmanstein.com
rriley@pashmanstein.com

-and-

Amy M. Oden (admitted *pro hac vice*)
Court Plaza South, East Wing
21 Main Street, Suite 200
Hackensack, NJ 07601
Telephone: (201) 488-8200
Email: aoden@pashmanstein.com

Counsel to the Debtor and Debtor in Possession

Exhibit 3

Assignment Notice

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re HOUSE SPIRITS DISTILLERY LLC, Debtor.[1]	Chapter 11 Case No. 25-10660 (KBO) (Subchapter V) **Re: D.I. __**

NOTICE TO COUNTERPARTIES
TO POTENTIALLY ASSUMED AND ASSIGNED EXECUTORY CONTRACTS AND UNEXPIRED LEASES REGARDING CURE AMOUNTS AND POSSIBLE ASSIGNMENT TO THE SUCCESSFUL BIDDER AT AUCTION

YOU ARE RECEIVING THIS NOTICE BECAUSE YOU OR ONE OF YOUR AFFILIATES MAY BE COUNTERPARTY TO ONE OR MORE EXECUTORY CONTRACTS AND/OR UNEXPIRED LEASES WITH THE DEBTOR.[2]

PARTIES RECEIVING THIS NOTICE SHOULD (1) READ THIS NOTICE CAREFULLY AS YOUR RIGHTS MAY BE AFFECTED BY THE TRANSACTIONS DESCRIBED HEREIN AND (2) LOCATE THEIR NAME AND CONTRACT AND/OR LEASE ON APPENDIX I HERETO

PLEASE TAKE NOTICE that on August 13, 2025, the above-captioned debtor and debtor in possession (the "**Debtor**") filed a motion (the "Bid Procedures Motion") with the United States Bankruptcy Court for the District of Delaware (the "Court") seeking approval of bid procedures (the "Bid Procedures") in connection with the Sale (the "Sale") of all or substantially all of the Debtor's assets (the "Assets") pursuant to an auction (the "Auctions") overseen by the Court.

PLEASE TAKE FURTHER NOTICE that on September [●], 2025, the Court entered an order [D.I. __] (the "Bid Procedures Order"), which (a) set key dates, times and procedures related to the Sale and Auction, which Auction is scheduled to occur on **September 24, 2025, at 10:00 a.m. (Eastern Time)**, at Pashman Stein Walder Hayden, P.C., 824 North Market Street, Suite 800, Wilmington DE 19801, for sale of the Assets, or at such other place, date, and time as may be designated by the Debtor, (b) established certain procedures relating to the Debtor's

[1] The last four digits of the Debtor's federal tax identification number are 2069. The Debtor's mailing address is 65 SE Washington Street, Portland, OR 97214.

[2] This Notice is being sent to counterparties to executory contracts and unexpired leases. This Notice is not an admission by the Debtor that such contract or lease is executory or unexpired.

assumption and assignment of executory contracts and unexpired leases in connection with the Sale, and (c) granted related relief.[3]

PLEASE TAKE FURTHER NOTICE that a hearing to approve the Sale and the Debtor's assumption and assignment of any executory contracts and unexpired leases in connection therewith (the "Sale/Confirmation Hearing") will be held on **September 30, 2025, at [●]:00 (Eastern Time)**, or as soon thereafter as the Court's calendar permits, before the Honorable Karen B. Owens, U.S. Bankruptcy Court for the District of Delaware, 824 North Market Street, Wilmington, Delaware 19801, 6th Floor, Courtroom No. 3. The Sale/Confirmation Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale/Confirmation Hearing or on the agenda for such Sale/Confirmation Hearing.

PLEASE TAKE FURTHER NOTICE that, in accordance with the Bid Procedures Order, the Debtor may assume and assign the executory contract(s) and/or unexpired lease(s) to which you may be a counterparty to a Successful Bidder after the outcome of the Auction.

PLEASE TAKE FURTHER NOTICE that the Debtor has conducted a review of the Debtor's books and records and have determined the cure amount for unpaid monetary obligations under such contract or lease is set forth in the right-hand column on **Appendix I** attached hereto (the "Cure Amount"). If you object to (a) the proposed assumption or disagree with the proposed Cure Amount or (b) object to the possible assignment of such executory contract(s) or unexpired lease(s) to a Successful Bidder, **you must file an objection with the Court no later than fourteen (14) days from the date of this Assignment Notice at 4:00 p.m. (Eastern Time) (the "Assigned Contract Objection Deadline") and serve such objection on the following parties** (the "Objection Notice Parties"): (i) Pashman Stein Walder Hayden, P.C., Attn: Joseph C. Barsalona II (jbarsalona@pashmanstein.com), Richard W. Riley (rriley@pashmanstein.com), and Amy M. Oden (aoden@pashmanstein.com); (ii) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801, Attn: Hannah J. McCollum (email: hannah.mccollum@usdoj.gov); (iii) counsel to the DIP Lenders, (v) counsel to the Successful Bidder; and (vi) counsel to the Back-Up Bidder, if any.

PLEASE TAKE FURHTER NOTICE that upon the conclusion or cancelation of the Auction, as applicable, but in no event later than **September 25, 2025**, the Debtor will file with the Court and serve on the Sale Notice Parties a notice of the Successful Bidder and Back-Up Bidder, if any, for the Assets (the "Successful Bidder Notice").

PLEASE TAKE FURTHER NOTICE that Objections, if any, to the Sale or the ability of the Successful Bidder to provide adequate assurance of future performance under an Assigned Contract (a "Successful Bidder Objection") must: (a) be in writing and specify the nature of such objection, (b) comply with the Bankruptcy Rules and the Local Rules, (c) be filed with the Court no later than **12:00 p.m. (Eastern Time) on September 29, 2025** (the "Successful Bidder Objection Deadline"), and (d) be served on the Objection Notice Parties by the Successful Bidder Objection Deadline. A Successful Bidder Objection must be served on the Objection Notice

[3] To the extent there are any inconsistencies between the Bid Procedures Order and the summary description of the terms and conditions contained in this Notice, the terms of the Bid Procedures Order shall control.

Parties so it is actually received by the Successful Bidder Objection Deadline and filed with the Clerk of the Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, DE 19801. If an Assigned Contract Objection or a Successful Bidder Objection is not served on the Objection Notice Parties and filed with the Clerk of the Bankruptcy Court for the District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, DE 19801, so it is actually received no later than, respectively, the Assigned Contract Objection Deadline or the Successful Bidder Objection Deadline, the relevant parties will be forever barred from objecting to (a) the Debtor's proposed cure amount, (b) the identity of the Successful Bidder, or (c) the assignment of that party's executory contract or unexpired lease to the Successful Bidder.

PLEASE TAKE FURTHER NOTICE that where an Assigned Contract Counterparty to an Assigned Contract files a timely Assigned Contract Objection or Successful Bidder Objection objecting to the possible assignment of its executory contract or unexpired lease to the Successful Bidder, and the parties are unable to consensually resolve the dispute, the Debtor's ability to assign the Assigned Contract to the Successful Bidder will be determined by the Court at the Sale/Confirmation Hearing or at a subsequent hearing on a date and time to be agreed between the parties, subject to Court availability.

PLEASE TAKE FURTHER NOTICE that where an Assigned Contract Counterparty to an Assigned Contract files a timely Assigned Contract Objection asserting a higher cure amount than the amount listed in the Assignment Notice, and such objection is not withdrawn or resolved by the Sale/Confirmation Hearing, such cure objections will not be heard at the Sale/Confirmation Hearing. Any dispute regarding the cure amounts will either be resolved consensually, if possible, or, the parties are unable to resolve, at a later date as set by the Court. The Debtor shall file and serve a notice of hearing for the Court to consider the unresolved cure objection(s) at the next scheduled omnibus hearing after the Sale/Confirmation Hearing unless the Debtor and the objecting parties agree to a different time and subject to the Court's schedule

PLEASE TAKE FURTHER NOTICE that to the extent any Contract Counterparty is added to the Assignment Notice after the initial notice is served, such new Contract Counterparty shall receive notice of the addition and the Debtor's proposed cure amount through a supplemental Assignment Notice, and that party shall have ten (10) days from the date of such notice to object to the propose cure amount and assignment to the Successful Bidder.

PLEASE TAKE FURTHER NOTICE that if no objection to the Cure Amount or the assignment of your Executory Contract(s) or Unexpired Lease(s) to the Successful Bidder is filed by the Assigned Contract Objection Deadline or Post-Auction Objection Deadline, as applicable, **you will be (a) forever barred from objecting to the Cure Amount or provision of adequate assurance of future performance and from asserting any additional cure or other amounts with respect to your contract(s) or lease(s), and the Debtor and the Successful Bidder(s) (as applicable) shall be entitled to rely solely upon the Cure Amount, (b) deemed to have consented to the assumption or assumption and assignment, and (c) forever barred and estopped from asserting or claiming defaults exist, that conditions to assignment must be satisfied under such contract(s) and/or lease(s) or that there is any objection or defense to the assumption and assignment of such contract(s) and/or lease(s).**

PLEASE TAKE FURTHER NOTICE that if you agree with the Cure Amount indicated on Appendix I and otherwise do not object to the Debtor's assumption or assumption and assignment of your contract(s) and/or lease(s), you need not take any further action.

PLEASE TAKE FURTHER NOTICE that copies of the Bid Procedures Motion, the Bid Procedures, and the Bid Procedures Order, as well as all related exhibits, may be obtained for free by accessing the website of the Debtor's noticing agent, Epiq Corporate Restructuring LLC, located at https://dm.epiq11.com/case/westwardwhiskey.

Dated: September __, 2025 Wilmington, Delaware	**PASHMAN STEIN WALDER HAYDEN, P.C.** */s/ DRAFT* Joseph C. Barsalona II (No. 6102) Richard W. Riley (No. 4052) 824 North Market Street, Suite 800 Wilmington, DE 19801 Telephone: (302) 592-6496 Email: jbarsalona@pashmanstein.com rriley@pashmanstein.com -and- Amy M. Oden (admitted *pro hac vice*) Court Plaza South, East Wing 21 Main Street, Suite 200 Hackensack, NJ 07601 Telephone: (201) 488-8200 Email: aoden@pashmanstein.com *Counsel to the Debtor and Debtor in Possession*

APPENDIX I

[Counterparty Name]	[Contract/Lease]	[Cure Amount]	[Proposed Assignee (if any)]