



NS8 Inc.
General Information and Frequently Asked Questions (FAQ)
Case Number: 20-12702 (CSS)
October 27, 2020

General Information

On October 27, 2020, NS8 Inc. (“NS8”, “Company” or “Debtor”) filed a chapter 11 petition in the United States Bankruptcy Court for the District of Delaware (Case Number: 20-12702 (CSS)) resulting from the alleged activities of Adam Rogas who, up until September 1, 2020, served as the Company’s Chief Executive Officer, Chief Financial Officer, and as a member of its board of directors.

The details of Mr. Rogas’ alleged wrongdoing and an overview of the current situation can be found in the first day papers at <https://cases.stretto.com/NS8> (refer to the Declaration of Daniel P. Wikel, Chief Restructuring Officer of NS8 Inc., in Support of Chapter 11 Petition and First Day Motions – dk #9)

The Company has hired Stretto as its claims and noticing agent. As part of Stretto’s responsibilities, it will maintain a comprehensive, publicly available website (<https://cases.stretto.com/NS8>) designed to keep various stakeholders updated on all aspects of this chapter 11 case including access to the docket, a listing of key parties, upcoming hearings and any prospective deadlines (and related instructions) to file proofs of claims that will be established at some point after the Debtor files its Statement of Financial Affairs and Schedule of Assets and Liabilities.

A hotline number is available to all parties to help answer initial questions and/or route unresolved questions/issues to the appropriate NS8 parties. The hotlines numbers are as follows:

- **Domestic: (855) 598-1571**
- **International: (949) 266-6815**

The mailing address for Stretto in connection with this chapter 11 case is the following:

NS8 Claims Processing
c/o Stretto
410 Exchange, Suite 100
Irvine, CA 92602

1. What is a Chief Restructuring Officer and Deputy Chief Restructuring Officer?

On or around October 21, 2020, Daniel Wikel and Lee Sweigart (both of FTI Consulting) were appointed as Chief Restructuring Office (“CRO”) and Deputy Chief Restructuring Officer (“DCRO”), respectively, by the NS8 board of directors (“Board”). Reporting to the Board, Mr. Wikel and Mr. Sweigart are the remaining executive officers of NS8 and are responsible for the day-to-day affairs of the Company as it navigates through the chapter 11 process. They are currently supported by six (6) remaining non-executive employees of NS8.

2. Prior board and current board composition



The prior board worked diligently through the decision point to file the company for bankruptcy protection and to maximize recoveries for the benefit of all stakeholders. All members of the board have resigned as of the commencement of this case, except for Timothy Daileader, who will remain as the sole, independent board member and provide oversight to the CRO and DCRO.

3. What is the overall objective of the chapter 11 case?

The overall objective is clear but will take time: Maximizing monetization proceeds of remaining assets of NS8 and distributing the remaining monetization proceeds (after paying for the costs to administer the case) to impaired creditors under a plan of liquidation and through some form of trust. For the foreseeable future, the Debtor will be focused on liquidating various claims and assets of the estate (which may take the form of litigation), intended to maximize value for stakeholders.

Along with the development of its litigation and asset recovery plan, the management team and its advisors have sought to maximize the value of the Debtor's assets through a marketing process targeted at potential strategic acquirers. Several entities have been contacted, many of whom received due diligence information (including demonstrations of the utility of NS8's technology) and management presentations. Although no formal offers have been received, multiple parties have expressed interest in consummating a sale and as part of a court supervised process. The bid and auction procedures have not been finalized or approved by the court yet, but we anticipate an auction date within the next 45-60 days to set very shortly, along with clear and concise bid and auction timelines. If you are an interested party, please contact the CRO or DCRO or one of the remaining employees for more details and potentially provide further information and/or due diligence follow-up. We are optimistic that at least a portion of the Debtor's assets along with some employees can remain operative as part of a going concern through the proposed auction process.

It is too early to know the total estimated value of the proceeds available for distribution or the aggregate claim amounts of impaired parties that will participate in distributions.

4. How long with this process take?

It is too early to know the exact timeline from the October 27, 2020 commencement date to confirmation of a plan of liquidation and distributions to creditors. We do know that it will be a long-term process that will at take at least several months to complete and could take over a year. We encourage you to monitor the case using the Stretto website (<https://cases.stretto.com/NS8>).

5. How will the active DOJ and SEC cases against Mr. Rogas impact the NS8 chapter 11 case?

Mr. Rogas is subject to an active criminal case ("Unites States of America v. Adam Rogas") in which Mr. Rogas was indicted on or around October 13, 2020 in the United States District Court for the Southern District of New York. The SEC has brought a parallel civil enforcement action against Mr. Rogas and has obtained an asset freeze of some of his bank accounts. The magnitude of Mr. Rogas's alleged wrongdoing is outlined in a complaint filed against Rogas by the Securities and Exchange Commission in the United States District Court for the Southern District of New York on September 14, 2020.



The Company is and will continue cooperating with the appropriate federal authorities on this criminal and other matters. It is currently unclear how the governmental cases will impact the timing and outcome of NS8's chapter 11 case.

6. Have you secured financing to fund the Chapter 11 case?

Yes. To support ongoing streamlined operations and the wind down process, subject to court approval, we have secured a commitment for up to \$10 million in debtor in possession ("DIP") financing by Invictus Global Management, LLC ("Invictus"). Invictus had no relationship to or prior dealings with NS8 before agreeing to provide DIP financing to NS8. This financing will help to ensure we are able to meet our go-forward commitments to employees, customers, and suppliers as we move forward.

Investors

7. What will happen to the equity holdings that I own? Will I receive any compensation if the stock is cancelled?

Any recovery for existing equity holders will be determined in connection with the confirmation and effectiveness of the Company's plan of liquidation. It is too early to determine potential treatment for existing equity holders (or any impaired party) under a plan.

8. Do I have a claim for damages in connection with the financial mismanagement and how will this claim be treated?

We are not able to offer advice on the claims to which you may be entitled. We recommend you work with your own counsel on these matters. You are entitled to file a proof of claim in this case and such claims will be evaluated as part of formulating a plan of liquidation that will be subject to a court-supervised voting process. Note that a claims bar date (i.e., deadline to file a claim) has not yet been established. We recommend you continue to monitor the Stretto website (<https://cases.stretto.com/NS8>) to determine if, when and how to file a proof-of-claim (POC).

9. What if I was a recipient of funds from the tender offering that occurred earlier this year?

Intended to benefit all impaired parties, the NS8 estate and its representatives have a fiduciary duty to review all activity leading up to the filing of this case to determine if recovery actions should be pursued by NS8 against the recipients of certain funds. This comprehensive analysis is currently in process and you will be directly notified by NS8 to the extent you are a target of certain recovery actions of the estate.

Customers

10. How will the chapter 11 filing affect NS8's customers?

We highly value our relationship with you and plan to continue to service our obligations to you as a valued customer, unless otherwise notified. The estimated cost for continuing service is included in the approved DIP financing budget.



As outlined above, we are currently in the process of filing proposed procedures with the court intended to sell the remaining business operations / proprietary technology to a third party(s). We anticipate that this type of transaction(s) will be approved by the court and close by the end of the 2020 calendar year.

While we don't have all of the answers now on how this process will specifically impact you, we would hope that that you will remain patient while we move to complete this process, which we believe will result in the best possible outcome to all parties involved.

11. Do you expect to maintain your current client service teams?

We continue to employ a streamlined team of three operators that will work to provide seamless service to you during the process. While your exact point of contact may no longer be with NS8, please do not hesitate to contact the hotline # ((855) 598-1571) if you have concerns with your customer service or have any questions.

Vendors / other unsecured creditors

12. How will the chapter 11 affect NS8's vendors?

It is first important to know the difference between pre- or post-petition.

Goods and services delivered to NS8 after October 27, 2020, the date of the Chapter 11 filings, are "post-petition," and we fully expect to pay for them in the ordinary course of business using our DIP financing facility.

Goods and services that were delivered on or prior to our filing will be settled as part of the chapter 11 process, as we cannot pay any of these "pre-petition" claims without specific approval from the bankruptcy court.

Suppliers who have pre-petition claims will be provided with a proof-of-claim ("POC") form to be completed and filed with the court. This form can also be found online at <https://cases.stretto.com/NS8>. Note that a claims bar date (i.e., deadline to file a claim) has not yet been established. We recommend that you continue to monitor the Stretto website to determine if, when and how to file a proof-of-claim (POC).

In short, as result of the filing, the company/estate is required to take a "time-out" from paying obligations prior to the petition date and will address the treatment of prepetition obligations through the bankruptcy court protection process at a later date.

13. We have a contract with you. Are you going to be able to satisfy it?

We have access to adequate DIP financing and, as a result, expect to meet our obligations to vendors and partners on a go forward basis during this chapter 11 case.



We are currently in the process of filing proposed procedures with the court intended to sell the remaining business operations / proprietary technology to a third party(s). We anticipate that this type of transaction(s) will be approved by the court and close by the end of the 2020 calendar year. It is possible your contract may be assigned to a buyer or, ultimately, rejected by NS8 following a sale. However, you will be notified to the extent this occurs and your contract is impacted.

In the interim, we respectfully ask you (and as required by the court) to honor your contractual obligations on a go forward basis.

Former Employees

14. How will the chapter 11 affect NS8's former employees?

The NS8 management team and its board made addressed employee matters as top priority, in light of the situation and liquidity constraints. While NS8 endeavored to satisfy outstanding obligations as part of the separation / mutual termination processes leading up the filing, to the extent you determine you may have a claim, please visit <https://cases.stretto.com/NS8> which has instructions on how to file a claim. Note that a claims bar date (i.e., deadline to file a claim) has not yet been established. We recommend continue you monitor this website to help determine if, when and how to file a proof-of-claim ("POC").