

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

In re:

NORCOLD LLC,¹

Debtor.

Chapter 11

Case No. 25-11933 (____)

**DECLARATION OF RICHARD WU
IN SUPPORT OF CHAPTER 11 PETITION AND FIRST DAY MOTIONS**

I, Richard Wu, pursuant to 28 U.S.C. § 1746, and under penalty of perjury, declare the following to the best of my knowledge, information and belief:

1. I am the Chief Restructuring Officer of Norcold LLC (“Norcold” or the “Debtor”) and a Managing Director at Alvarez & Marsal North America, LLC (“A&M”). The Debtor engaged A&M to assist with, among other things, its financial affairs and strategic and contingency planning efforts, including a possible chapter 11 filing. I have led the A&M team since the inception of the engagement. In this capacity, I have familiarized myself with the day-to-day operations, business and financial affairs, and books and records of the Debtor.

2. I received a bachelor’s degree, with a concentration in finance and accounting, from the University of Miami in 2003. I am a Certified Insolvency and Restructuring Advisor with 19 years of experience providing turnaround consulting and advisory services to organizations in a variety of industries. Some of my recent notable engagements include serving as a restructuring advisor to Spirit Finance Cayman 1 Ltd., GenesisCare Pty Limited, and GTT Communications Inc.

¹ The Debtor in this chapter 11 case, along with the last four digits of the Debtor’s federal tax identification number, is: Norcold LLC (6081). For purposes of this chapter 11 case, the Debtor’s service address is 7101 Jackson Road, Ann Arbor, MI 48103.

3. On the date hereof (the “Petition Date”), the Debtor filed a voluntary petition for relief (the “Petition”) in the United States Bankruptcy Court for the District of Delaware (the “Court”) under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”). The Debtor intends to continue in possession of its assets and the management of its business as debtor in possession during the pendency of this chapter 11 case (the “Chapter 11 Case”). To minimize the adverse effects on its business, substantially contemporaneously herewith the Debtor filed the Petition with the Court and motions seeking various forms of relief (collectively, the “First Day Motions”).

4. I submit this declaration (this “Declaration”) to assist the Court and parties in interest in understanding the circumstances that compelled the commencement of the Chapter 11 Case and in support of the Debtor’s Petition and the First Day Motions.

5. All facts set forth in the Declaration are based on my experience and personal knowledge, discussions with the Debtor’s advisors, and my review of relevant documents and information concerning the Debtor’s operations and financial affairs.

6. I am over the age of 18 and am authorized to submit this Declaration on behalf of the Debtor. If called as a witness, I could and would testify competently to the matters set forth herein.

INTRODUCTION

7. Founded in 1959 as a company focused on delivering high quality refrigeration units for marine and recreational vehicles (“RVs”), Norcold grew rapidly and quickly became an industry leader for the RV industry. Norcold initially focused its product line on gas absorption refrigerators, which are ideal for off-grid applications because they can utilize heat from a gas source, such as propane or natural gas, to provide cooling without the need for electricity.

8. Norcold began to encounter challenges around 2010, starting with a costly product recall (the “Recall”), that eventually led to a restructuring of its operations from a domestic manufacturer to purely a distributor. The Recall began in 2010 when Norcold discovered an issue in certain units that may have resulted in an elevated fire risk. Norcold issued the Recall and proposed fix to address the issue, but product liability lawsuits and other costs nevertheless arose.² Norcold incurred significant financial loss related to settlements, increased insurance premiums, defense costs, impact to operations, and reputational fall out.

9. In addition to product liability and Recall issues, Norcold also faced challenges from changing consumer behavior and increased competition. Around 2018, original equipment manufacturers (“OEMs”) of RVs began transitioning from gas absorption refrigeration to Direct Current compressor (“DC compressor”) technology. This shift accelerated during the COVID-19 pandemic, which created a surge in RV demand. Given Norcold’s large market share in the absorption refrigeration market at the time, it lost substantial market share despite the temporary demand surge and its efforts to transition their catalog to DC compressor models.

10. Norcold’s financial losses continued to be exacerbated as the Company continued to address the overhang of product liability litigation, increased insurance costs, recall and warranty claims all while revenue and market share continued to shrink. Net sales declined by over 60% between 2022 and 2023. As a result, Norcold made the difficult decision to close its Ohio manufacturing facilities in 2022, which included laying off approximately 500 full time employees. Refrigeration manufacturing was subsequently transitioned to Norcold foreign non- Debtor affiliates, which had been involved in certain refrigeration manufacturing operations

² Norcold also undertook a recall in the early 2000s for certain products, but Norcold believes that liabilities related to such recall have been fully addressed.

prior to the closure of the Ohio manufacturing facilities. The restructuring of its operations to offshore manufacturing was an attempt to address the lost volume due to market share loss. As of the Petition Date, Norcold has no employees and operates as a “buy and sell” distributor relying on third party manufacturers and its non-Debtor affiliates for manufacturing capabilities.

11. As Norcold wound down core manufacturing operations, it began to evaluate strategic restructuring alternatives. Prior to the Petition Date, the Debtor retained Alvarez & Marsal North America, LLC (“A&M”), Young Conaway Stargatt & Taylor, LLP (“Young Conaway”), Hilco Corporate Finance, LLC (“Hilco”), and Stretto, Inc. (“Stretto” and collectively with A&M, Young Conaway, and Hilco, the “Restructuring Advisors”) to assist with contingency planning, including planning for a potential chapter 11 proceeding. Norcold also appointed Michael Buenzow as its independent manager (the “Independent Manager”). Pursuant to the First Amendment to Norcold’s Limited Liability Company Agreement, dated as of September 25, 2025, the Independent Manager has “full, exclusive and complete authority, power, and discretion over all aspects of the Company’s business, including, to review, consider, and approve or disapprove (i) any transaction between the Company and any affiliate of the Company and (ii) any matter arising in connection with, or relating to, a case commenced by the Company under chapter 11 of title 11 of the United States Code.”

12. Prior to the Petition Date, Norcold and its Restructuring Advisors analyzed and explored potential transactions, conducted comprehensive liquidity analyses, and considered potential restructuring alternatives to address the Debtor’s liquidity issues. Ultimately, Norcold concluded that commencing a sale process within chapter 11 of the Bankruptcy Code was the most viable path to preserve and maximize the value its assets. During this time, the Debtor (led by the Independent Manager and Restructuring Advisors) engaged in extensive negotiations with its

primary stakeholders, including its parent, Thetford, LLC (“Thetford”). As a result of these efforts, prior to commencing the Chapter 11 Case, the Debtor reached an agreement on a series of transactions that will serve as the blueprint for the Chapter 11 Case. As set forth in more detail herein, these transactions include:

- Commitment by Dave Carter & Associates (“DCA”) to provide a \$13 million new-money DIP facility to fund the Chapter 11 Case and the sale process;
- Commitment by DCA to serve as the “Stalking Horse Bidder” (and DCA’s bid, the “Stalking Horse Bid”) subject to higher or otherwise better bids received during the auction process; and
- Filing a chapter 11 plan of liquidation, which will (a) implement the sale of substantially all of the Debtor’s assets (the “Sale Transaction”) to DCA or the highest and otherwise best bidder and (b) establish a liquidating trust to distribute sale proceeds, monetize other assets, such as insurance policies for the benefit of creditors, and implement a wind-down of the Debtor’s estate.

Together, these transactions provide a path for the Debtor to run a value maximizing sale process and confirm a chapter 11 plan in approximately 90 days. The transactions provide the Debtor with certainty, while also allowing Norcold to solicit, encourage, and entertain higher alternative transactions—all for the benefit of the Debtor’s estate and stakeholders.

13. Overall, the Debtor’s decision to file the Chapter 11 Case and continue the pursuit of a sale and chapter 11 liquidating plan was informed by, among other things, the difficult liquidity challenges due to long term operating losses, as a result of (among other things) industry headwinds, shift in market technology from absorption to lower margin DC compressor units, and significant costs associated with the product liability overhang. Analysis by the Independent Manager and Restructuring Advisors concluded that a value-maximizing transaction in chapter 11 is most beneficial for its stakeholders.

14. To familiarize the Court with the Debtor, its business, the circumstances leading up to the commencement of the Chapter 11 Case, and the relief the Debtor seeks in the First Day Motions, this Declaration is organized as follows:

- **Part I** provides an overview of the Debtor’s corporate history, structure, and business operations;
- **Part II** describes the Debtor’s prepetition capital structure;
- **Part III** describes the events leading up to the filing of the Chapter 11 Case;
- **Part IV** describes the transactions to be implemented in the Chapter 11 Case, including the Debtor’s proposed debtor-in-possession financing, plan, and sale process; and
- **Part V** provides the factual support for the Petition and First Day Motions.

I. The Debtor’s Corporate History, Structure, and Business Operations

A. General Background, History, and Key Products

15. Norcold is a long-time supplier of refrigeration products for mobile applications, including RVs, and was acquired by Thetford Corporation (“Thetford”) in 1997. Norcold’s core business was the manufacturing and distribution of gas absorption refrigerators for RVs, and Thetford’s acquisition of Norcold allowed Thetford to leverage its global operations and expand the refrigeration product line from North America—with Norcold operating as the global enterprise’s refrigeration unit—into the international market.

16. In 2021, Thetford’s shares were sold to Monomoy Capital Partners (“MCP”).³ MCP continued to utilize Norcold as Thetford’s base for its North American refrigeration operations. By that time, however, and as described further below in Part III.A. of this Declaration, Norcold suffered from poor financial performance as OEMs and end-users started switching to DC

³ Thetford also converted from a corporation to a limited liability company.

compressor technology, and the costs associated with product liability litigation and claims continued to mount. In response to these challenges, Norcold implemented several cost-cutting measures, including shuttering U.S. plants, transitioning gas absorption operations to Europe, and sourcing DC compressor units from China. As a result, Norcold has no employees and does not manufacture products. Instead, Norcold operates as a distributor of RV refrigerators and related parts, and Thetford provides Norcold, among other subsidiaries, with operational support, such as IT, shipping/receiving, sales, engineering, and administrative support.

B. Corporate Structure

17. A summary chart depicting the Debtor and its non-Debtor affiliate's current corporate structure is attached hereto as **Exhibit A**.

II. The Debtor's Prepetition Capital Structure

18. *Equity Ownership.* The Debtor is a wholly-owned subsidiary of Thetford LLC, and Thetford LLC is indirectly wholly-owned by Monomoy Capital Partners IV, LP, Monomoy Capital Partners IV Parallel, LP and the Dyson Kissner Moran Corporation.

19. *Prepetition Funded Debt Obligations.* Norcold is a guarantor under that certain Financing Agreement (the "**Financing Agreement**"), dated as of December 13, 2021, by and among Trailblazer IV, Inc., Yosemite Intermediate I, Inc., and any person executing a joinder to the Financing Agreement as borrowers (collectively, the "**Borrowers**"), each subsidiary of any Borrower as guarantors, the lenders from time to time party thereto (the "**Prepetition Lenders**"), and Cerberus Business Finance Agency, LLC, as collateral and administrative agent (the "**Prepetition Agent**"). Pursuant to the Financing Agreement, the Prepetition Lenders extended loans to the Borrowers consisting of (a) a term loan in the aggregate principal amount of \$311.8 million and (b) a revolving credit facility in an aggregate principal amount not to exceed \$32.5 million at any time outstanding.

20. *Unsecured Claims.* The Debtor also has numerous unsecured claims outstanding as of the Petition Date, including, without limitation, amounts owed to vendors, suppliers, warranty and rebate claimants, taxing authorities, and litigation claimants. The Debtor believes that, collectively, such unsecured claims approximate \$4 million, excluding potential litigation claims.

III. Events Leading to the Commencement of The Chapter 11 Case

A. Financial Performance, Product Liability Litigation, and Liquidity Constraints

21. Norcold grew over the decades since its founding in 1959, but in 2010, a fault was discovered in certain refrigerator units. Norcold determined that the refrigerator units' boiler tubes were at risk of irregular corrosion, which could lead to gas escaping and pose a fire risk. This fault led to a major recall (the "Recall") and a subsequent class action lawsuit in 2016. Norcold settled the class action lawsuit, which was not insured, for approximately \$36 million, and the total costs associated with product liability were in excess of \$80 million (excluding the class action settlement).

22. After discovering the issue, Norcold improved the thickness of the boiler tubes and installed temperature sensors to remedy the underlying fault, but the financial instability created by the Recall continued. Despite significant investments to improve the quality of the products and reduce costs, Norcold has been unable to sustain a profitable operation.

23. Norcold's financial struggles were exacerbated by a market shift to DC compressor refrigerators that accelerated during the COVID-19 pandemic and changing consumer consumption behaviors. Around 2018, RV OEMs, which comprised Norcold's primary customer base, began adopting DC compressor refrigerators leading to a steep decline in Norcold revenue. Then, the COVID-19 pandemic struck, and consumer demand for RVs surged. As one of only two suppliers of gas absorption refrigeration, Norcold was unable to meet this increased demand.

This led OEMs to adopt DC compressor refrigerators at a higher rate, making both manufacturers and consumers more familiar and comfortable with the DC compressor technology. Although Norcold's revenue increased with the market surge, it nevertheless sustained net loss given the legacy product liability cost overhang.

24. Norcold's revenue and market share drastically declined as OEMs and consumers shifted toward a highly competitive DC compressor market. The Company has generated a cumulative net loss since 2021, and net revenue declined from approximately \$153 million in 2021 to less than \$28 million in projected revenue for 2025.

25. In addition to the market share decline, Norcold continued to be significantly burdened by costs related to product liability. As shown in the chart below, Norcold has faced over 10,500 claims related to its products.



As a result of such claims, Norcold has paid approximately \$84 million in total settlements since 2010, consisting of \$75 million of Recall-related claims and \$9 million in non-Recall claims.

26. Although litigation has gradually decreased over the years, Norcold has been unable to overcome the resulting financial overhang. Norcold has largely had to pay out-of-pocket for these losses due to the high cost and high-deductible policies. Currently, the general liability policy has a split self-insured retention (“SIR”) endorsement whereby non-Recalled products are subject to a \$500,000 SIR on a per occurrence basis, and Recalled products are subject to a \$5 million SIR on a per occurrence basis. Moreover, although Norcold obtains its insurance through a broader policy shared among the Thetford enterprise, in an effort to obtain efficiency and cost-savings, Norcold-related litigation comprises a majority of the costs, and Norcold is therefore allocated with about \$3 million of the approximately \$5 million total premium.

27. In response to operational challenges as well as the accelerated consumer shift to DC compressor technology, beginning in 2021, Norcold began to reduce gas absorption production and transition to DC compressor technology. In 2022, Norcold closed manufacturing facilities in Ohio, resulting in a workforce reduction of approximately 500 full time employees. Norcold also transferred its limited production of gas absorption refrigerators to a non-Debtor affiliate in Europe, Thetford B.V., which serviced any remaining demand of absorption refrigerators starting in 2023. Norcold further introduced additional DC compressor models, all of which were sourced from a Chinese manufacturer, and Norcold converted from a manufacturing company to a “Buy & Sell” distributor.

28. Now operating solely as a distributor business, Norcold relies on, and transacts with, various non-Debtor affiliates in the normal course of its operations. As shown below, on an aggregate net basis, Norcold owes its affiliates approximately \$1.9 million.

B. Efforts to Negotiate a Restructuring

29. After concluding that the Debtor could no longer sustain a loss generating operation, the Debtor retained the Restructuring Advisors to explore various strategic alternatives. In the weeks leading up to the Petition Date, the Debtor and its advisors explored potential transactions, conducted comprehensive liquidity analyses, and considered several potential restructuring alternatives to address the Debtor’s liquidity issues before concluding that commencing a sale process within chapter 11 was the most viable path to preserve and maximize the value of its assets.

30. Prior to commencing the Chapter 11 Case, the Debtor reached an agreement on a series of transactions that will serve as the blueprint for the Chapter 11 Case.

IV. The Proposed Chapter 11 Transactions

A. The Stalking Horse Bid and Sale Process

31. DCA is a leading national distributor of OEM components and building products to the manufactured housing, RV, modular construction, and specialty vehicle industries. Founded in 1978, the employee-owned company had a national presence with 11 distribution centers and an international division. In October 2025, DCA combined with Thetford. The Debtor executed the Stalking Horse Agreement with DCA, who will serve as the Stalking Horse Bidder in a sale process pursuant to section 363 of the Bankruptcy Code, subject to Bankruptcy Court approval. The Sale Transaction, which will be implemented and approved in the chapter 11 plan (the “Plan”) filed on the Petition Date, contemplates a credit bid of the DIP Facility (as defined below) for a total purchase price of \$13 million in the aggregate. As part of the purchase price, DCA has also agreed to assume certain liabilities (including contract cure costs) and leave behind cash to conclude the Chapter 11 Case, fund a liquidating trust, and wind-down the Debtor’s estate post- sale.

32. As part of the Sale Transaction, DCA proposes to purchase certain claims and causes of action (including derivative claims and causes of action) against DCA and Thetford, their affiliates, and any current or former officers and directors of the Debtor. The Debtor, under the stewardship of the Independent Manager and the Restructuring Advisors, is currently performing due diligence to determine the extent and value, if any, of any causes of action to be sold pursuant to the Sale Transaction. This process is well underway and will continue during the Chapter 11 Case.

33. In connection with the proposed sale process pursuant to section 363 of the Bankruptcy Code, the Debtor filed a motion contemporaneously herewith seeking, among other things, approval of bidding procedures that provide for DCA to serve as a Stalking Horse Bidder,

pursuant to the terms of the Stalking Horse Agreement, for substantially all of the Debtor's assets, against which higher or otherwise better offers may be sought (the "Bidding Procedures Motion"). The Stalking Horse Bid, as described in greater detail in the Bidding Procedures Motion, will set the floor for a competitive bidding process where topping bids could yield additional value that would inure to the benefit of all stakeholders.

B. The Chapter 11 Plan

34. Contemporaneously herewith, the Debtor filed the Plan that, if confirmed, will approve and implement the Sale Transaction and allow for both the efficient wind-down of the Debtor's estate following the sale process and the realization of maximum value with respect to remaining assets for the benefit of the Debtor's stakeholders. The wind-down efforts will be facilitated by creation of a liquidating trust and appointment of a liquidating trustee.

C. The Proposed Debtor-in-Possession Financing and the Debtor's Need for Immediate Access to the DIP Facility

35. To provide the Debtor with liquidity to operate in the Chapter 11 Case and fund a value-maximizing sale process, DCA agreed to provide a debtor-in-possession financing arrangement (the "DIP Facility"). Concurrently herewith, the Debtor filed a motion (the "DIP Motion")⁴ seeking authority to enter into a debtor-in-possession financing arrangement (the "DIP Facility") with the DIP Lender. The DIP Facility will provide the Debtor with total financing of up to \$13 million in new money revolving loans, of which \$6.5 million shall be made available on an interim basis upon entry of the Interim Order, with the remainder being made available on a final basis upon entry of the Final Order, in each case in accordance with the Approved Budget.

⁴ Capitalized terms used in this section IV.C. shall have the meanings ascribed to them in the DIP Motion.

36. The DIP Facility and the Stalking Horse Agreement contemplate the following timeline for a sale and plan process pursuant to section 363 of the Bankruptcy Code:

The Debtor shall comply with the following milestones, and the failure to timely comply (unless waived or extended by the Required DIP Lenders) shall constitute an Event of Default under the DIP Facility:

- no later than November 3, 2025, the Debtor shall have commenced the Chapter 11 Case in the Bankruptcy Court;
- no later than 3 Business Days after the Petition Date, the Debtor shall file the Bidding Procedures Motion, which Bidding Procedures Motion shall also seek approval of the Stalking Horse Bid;
- no later than 3 Business Days after the Petition Date, the Bankruptcy Court shall have entered the Interim Order;
- no later than 35 calendar days after the Petition Date, the Bankruptcy Court shall have entered an order with respect to the bidding procedures, including establishing a bid deadline of no later than the 75th day following the Petition Date (the “Bidding Procedures Order”);
- no later than 35 calendar days after the Petition Date, the Bankruptcy Court shall have entered the Final Order;
- no later than 80 calendar days after the Petition Date, an auction (if any) (the “Auction”) shall have commenced pursuant to the terms of the Bidding Procedures Order;
- no later than 90 calendar days after the Petition Date, subject to Bankruptcy Court availability, a hearing approving one or more sales of all, substantially all, or a portion of the Debtor’s assets (collectively, the “Sale”) shall have occurred (the “Sale Hearing”);
- no later than 120 calendar days after the Sale Hearing, the sale approved at the Sale Hearing shall have closed (the “Closing”);
- No later than 3 days after the Petition Date, a proposed Approved Plan and a related disclosure statement in form and substance acceptable to the Required DIP Lenders and the Prepetition Agent (the “Disclosure Statement”) shall have been filed;

- No later than 35 days after the Petition Date, the Bankruptcy Court shall hold a hearing to consider approval of the adequacy of the Disclosure Statement;
- No later than 90 days after the Petition Date, the Bankruptcy Court shall hold a hearing to consider confirmation of the Approved Plan; and
- No later than 120 days after the Petition Date, the effective date of the Approved Plan shall have occurred.

37. I believe that time is of the essence in consummating a sale of the Debtor's assets and global restructuring. The Debtor has sustained losses for years and cannot afford an extended stay in chapter 11. The Debtor vigorously negotiated for a sufficient postpetition financing commitment and an adequate DIP maturity date to afford enough time to market its assets and pursue confirmation of the Plan, and I believe the Debtor obtained a reasonable financing proposal under the circumstances that will enable the Debtor to maximize value for all stakeholders.

D. The Debtor's Need for Immediate Access to the DIP Facility

38. The DIP Facility will provide the Debtor with the necessary liquidity to fund its business operations and administrative expenses during the Chapter 11 Case, and to run a process to achieve a value-maximizing sale of its assets. As discussed herein, the Debtor's need for immediate liquidity in the form of the proposed DIP Facility is largely driven by industry challenges and product liability overhang. The DIP Facility was carefully negotiated and will provide cash to administer the Chapter 11 Case, fund the business, pay vendors in the ordinary course, and ensure that taxes and other obligations are paid. The DIP Facility is the best available financing under the circumstances. Access to such financing at this time is mission critical for executing on the comprehensive chapter 11 transactions discussed herein and necessary to avoid immediate and irreparable harm to the Debtor and its estate.

39. Leading up to the Petition Date, the Debtor faced numerous financial and operational obstacles and commenced the Chapter 11 Case in order to implement a value-maximizing restructuring process through the sale of substantially all of its assets to DCA. The Debtor has faced significant liquidity issues for many years due to declining sales, increased industry headwinds from rising competition, and the costs associated with historical litigation and the Recall. While the Debtor has continued to generate revenue, its revenue stream—even when combined with its extensive cost cutting measures and transition from a manufacturer to a “buy and sell” distributor—have been and will be insufficient to meet the Debtor’s long-term liquidity needs and working capital requirements.

40. The Debtor and the Restructuring Advisors analyzed the Debtor’s liquidity position, including the necessary pre-and-postpetition financing that would be required to operate the Debtor’s business and fund the administrative costs of this chapter 11 process. As part of this analysis and the overall evaluation of the Debtor’s liquidity position, the Debtor prepared a weekly cash flow forecast (the “DIP Budget”), a summary of which is to be filed with the Court in connection with the DIP Motion, which takes into account anticipated cash receipts and disbursements during the projected period and considers a number of factors, including, but not limited to, the effect of a chapter 11 filing on the operations of the business, the fees and expenses associated with the DIP Facility, restructuring costs (including professional fees), required operational payments, and the potential acceleration of demands on available liquidity.

41. Based on the Debtor’s 13-week cash flow forecast, the Debtor will experience liquidity shortfalls absent immediate access to the DIP Facility. The DIP Facility is necessary to fund ordinary course operations, stabilize vendor and customer relationships, pay administrative

expenses of the Chapter 11 Case, and preserve the going-concern value of the Debtor's estate pending a sale process.

42. Without access to the DIP Facility, the Debtor will also lose the ability to run the sale process and market its assets, to the detriment of all creditors and other parties in interest and will not otherwise have funds to proceed with the orderly administration of the Chapter 11 Case. Based on this analysis, the Debtor determined that it would need incremental liquidity to comfortably operate its business in the ordinary course postpetition and satisfy all administrative costs and expenses.

43. The DIP Budget reflects that the DIP Facility, together with cash receipts, is sufficient to fund the Debtor's operations and anticipated administrative expenses during the budget period, subject to the permitted variances set forth in the DIP Term Sheet. The liquidity provided by the DIP Facility will also provide the Debtor with the necessary time to consummate a value-maximizing sale transaction, close such a transaction, confirm the Plan, and distribute proceeds from the transaction to its creditors.

44. The DIP Facility will also provide a strong, clear message to the Debtor's customers, vendors, distributors, and contract counterparties that operations are appropriately funded and that the filing of the Chapter 11 Case will not impact the Debtor's business operationally. Access to the proposed DIP Facility will provide the Debtor with sufficient funds to procure goods and services integral to the Debtor's ongoing business operations, fund operational expenses as set forth in the DIP Budget, thereby enabling it to maintain ordinary course relationships and continue its efforts to market its assets while preserving and maximizing the value of the estate during the Chapter 11 Case.

45. I believe that access to the funds available under the DIP Facility is crucial to avoid immediate and irreparable harm to the Debtor's estate. Moreover, I believe that the terms of the DIP Facility were negotiated at arms' length and in good faith, and I also believe that the terms of the DIP Facility are reasonable as they include favorable pricing and reasonable fees.

V. Evidence in Support of First Day Motions⁵ Related to Case Management and Operations

46. In addition to the DIP Motion, the Debtor has filed several First Day Motions seeking orders granting various forms of relief intended to facilitate the efficient administration of the Chapter 11 Case and otherwise maximize and preserve the value of the estate. The First Day Motions include:

- *Debtor's Application for Appointment of Stretto, Inc. as Claims and Noticing Agent*
- *Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Serve Certain Parties in Interest by Email and (B) Redact Certain Personally Identifiable Information of Individuals; and (II) Granting Related Relief*
- *Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to Pay Certain Prepetition Claims of Certain Critical Vendors, Foreign Vendors, Shippers & Logistics Providers, and 503(B)(9) Claimants; and (II) Granting Related Relief*
- *Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing (A) Continued Use of the Cash Management System, (B) Maintenance of Bank Accounts and Business Forms, (C) Performance of Intercompany Transactions, and (D) Certain Prepetition Obligations to be Honored; (II) Granting Administrative Expense Priority Status to Postpetition Intercompany Claims; and (III) Granting Related Relief*
- *Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to Maintain and Administer Its Existing Customer Programs and Honor Certain Prepetition Obligations Related Thereto and (II) Granting Related Relief*

⁵ Capitalized terms used but not otherwise defined in this Section V shall have the meanings ascribed to them in the applicable First Day Motions.

- *Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing the Payment of Certain Taxes, Fees, Customs and Tariffs, and (II) Granting Related Relief*
- *Debtor's Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to Continue Its Insurance Policies, Including Its Insurance Premium Financing Agreements and Its Surety Bonds, and Pay All Obligations in Respect Thereof and (II) Granting Related Relief*

47. In my capacity as Chief Restructuring Officer, I believe that the relief requested in the First Day Motions is necessary to ensure that the Debtor's immediate needs are met, and that the Debtor (and other constituencies) will not suffer any immediate and irreparable harm as a result of the commencement of the Chapter 11 Case. This opinion is based upon my firsthand experience as Chief Restructuring Officer and my review of various materials and information provided to me by, and discussions with personnel familiar with the Debtor's operations as well as the Debtor's Restructuring Advisors. In considering the necessary first-day relief, the Debtor's advisors and I were cognizant of the limitations imposed by the DIP Budget and, in light of these limitations, narrowed the relief requested at the outset of the Chapter 11 Case to only those matters that require urgent relief to preserve value during the pendency of the Chapter 11 Case.

48. I am familiar with each First Day Motion, and I believe that the relief sought in each First Day Motion (i) is necessary to minimize disruption due to the commencement of the Chapter 11 Case and to permit the Debtor to administer the Chapter 11 Case smoothly, (ii) constitutes a critical element in the Debtor's achievement of the goals in this chapter 11 process, and (iii) best serves the Debtor's estate and its stakeholders' interests. I have reviewed each First Day Motion, and the facts and descriptions of the relief set forth therein are true and correct to the best of my information and belief with appropriate reliance on the Debtor's relevant advisors and are incorporated herein in their entirety by reference. If asked to testify as to the facts supporting each of the First Day Motions, I would testify as to such facts.

49. It is my belief that the relief sought in each of the First Day Motions is necessary to the success of the Debtor's chapter 11 efforts and the maximization of the value of the Debtor's estate through a restructuring process. It is my further belief that, with respect to those First Day Motions requesting the authority to pay specific prepetition claims, the relief requested is essential to the Debtor's chapter 11 efforts and necessary to avoid immediate and irreparable harm to the Debtor's estate.

CONCLUSION

50. For the reasons stated herein and in each of the First Day Motions, I respectfully request that each First Day Motion be granted in its entirety, along with such other and further relief as the Court deems just and proper.

I certify under penalty of perjury that, based upon my knowledge, information and belief as set forth herein, the foregoing is true and correct.

Dated: November 3, 2025

/s/ Richard Wu

Richard Wu
Chief Restructuring Officer

Exhibit A

Organizational Chart

