

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

In re:

SYNTHEGO CORPORATION,¹

Debtor.

Chapter 11

Case No. 25-10823 (___)

**DECLARATION OF ALLEN SOONG IN SUPPORT OF THE
DEBTOR'S CHAPTER 11 PETITION AND FIRST DAY RELIEF**

I, Allen Soong, hereby declare under penalty of perjury that the following is true to the best of my knowledge, information, and belief:

1. I am a partner of Paladin Management Group, LLC ("Paladin"). I have nearly 30 years of experience in providing turnaround services to companies in a variety of industries and have frequently been appointed as interim management and chief restructuring officer of these businesses. My corporate finance experience stems from restructuring advisory, private equity and consulting roles. I began my career at the international management consultancy, McKinsey & Company, focusing on high-level strategic, operational and organizational issues followed by roles at private equity firms SCF Partners and Celerity Partners. From December 2001 through February 2008, I rose to the level of Managing Director at XRoads Solutions Group LLC, providing financial restructuring services and turnaround/interim management to distressed companies and their stakeholders. Between March 2008 and August 2009, I served as an Executive Director at Las Vegas Sands Corporation, responsible for its Financial Transformation initiative, which sought to reengineer the company's global finance/accounting function and reporting systems.

¹ The Debtor's mailing address is 3696 Haven Avenue, Suite A, Redwood City, California, 94063, and the last four digits of the Debtor's federal tax identification number is 9518.

2. I returned to the restructuring field in September 2009, providing turnaround/interim management and restructuring services as a Vice President of Deloitte CRG (formerly CRG Partners Group LLC) and beginning in February 2016 as a Managing Director at Armory Strategic Partners. In July 2018, I co-founded Paladin, which has grown from a single office to providing services to distressed companies from a national footprint.

3. I am the Chief Restructuring Officer (“CRO”) of the above-captioned debtor and debtor in possession (“Synthego,” the “Debtor” or the “Company”). In that capacity and in connection with Paladin’s provision of consulting services as the Company’s financial advisor effective as of March 23, 2025, I have become familiar with the Company’s business, financial affairs, and day-to-day operations.

4. I am authorized to submit this declaration on behalf of the Debtor. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge of the Debtor’s operations and finances, information learned from my review of relevant documents, and information I have received from other members of the Debtor’s management or the Debtor’s advisors. If I were called upon to testify, I could and would testify competently to the facts set forth herein on that basis.

5. On the date hereof (the “Petition Date”), the Debtor commenced a case (the “Chapter 11 Case”) by filing a petition for relief under chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Court”).

6. I submit this declaration to provide an overview of the Debtor’s business, the events leading to the commencement of this Chapter 11 Case and in support of the relief requested in the Debtor’s “first day” applications and motions (collectively, the “First Day Pleadings”).

APPOINTMENT OF RESTRUCTURING COMMITTEE AND CRO

7. On April 25, 2025, the Company's Board of Directors (the "Board") established a committee (the "Restructuring Committee") to assume all of the power and authority of the Board that may be delegated to a committee in respect of a financial restructuring, including a potential chapter 11 case, debtor in possession financing facility, sale of the Company's assets, confirmation of a chapter 11 plan and appointment of a Chief Restructuring Officer of the Company. The Restructuring Committee consists of Craig Barbarosh, Robert Warshauer, and John T. Young.

8. On May 5, 2025, the Restructuring Committee took the following actions, *inter alia*: (a) authorized the commencement of this Chapter 11 Case; (b) appointed me Chief Restructuring Officer; (c) authorized the Chief Executive Officer, Chief Legal Officer, me, or any other officer authorized by any of us, to take all actions necessary and proper in connection with the Chapter 11 Case and to enable the Company to conduct its operations consistent with its ordinary course of business to the extent permitted by the Bankruptcy Code; (d) authorized the Company to retain counsel, investment bankers, a claims and noticing agent, and other professionals in connection with the Chapter 11 Case; (v) authorized the Company to obtain debtor in possession financing; (e) authorized the officers of the Company to take all actions necessary to successfully confirm a chapter 11 plan; and (f) approved the form of Asset Purchase Agreement with Perceptive (as defined below).

PREPETITION CAPITAL STRUCTURE

9. **Prepetition Secured Debt:** Pursuant to that certain Credit Agreement and Guaranty, dated January 24, 2022 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Prepetition Credit Agreement"), among the Company, as borrower, the guarantors from time to time party thereto, the lenders from time to time party thereto (the "Prepetition Lenders"), and Perceptive Credit Holdings III, LP, as administrative agent (the

“Prepetition Agent,” and together with the Prepetition Lenders, the “Prepetition Secured Parties”), the Debtor incurred indebtedness to the Prepetition Secured Parties (such facility, the “Prepetition Facility”). As of the Petition Date, the aggregate principal amount outstanding under the Prepetition Facility was not less than \$73,411,918.28 plus interest, fees and all other obligations owing under the Prepetition Facility and as set forth in the Prepetition Credit Agreement and the other credit and security documents related thereto (such documents, collectively, the “Prepetition Credit Documents,” and such obligations, collectively, the “Prepetition Obligations”). The Prepetition Lenders are also the DIP Lenders in this case, and they are also the stalking horse bidder for the Debtor’s assets.

10. As set forth more fully in each of the Prepetition Credit Documents, prior to the Petition Date, the Company granted to the Prepetition Secured Parties first-priority liens (the “Prepetition Liens”) on substantially all of the Company’s assets, including, but not limited to, all accounts, chattel paper, commercial tort claims, deposit accounts, books and documents, equipment, general intangibles, inventory, investment property, letter-of-credit rights, goods, intellectual property, money, and all products and proceeds of the foregoing, senior to all other prepetition liens except as expressly set forth in the Prepetition Credit Documents.

11. Subsequent to obtaining the Prepetition Facility, the Company entered into various subordination agreements, specifically: (a) that certain Amended and Restated Subordination Agreement, dated as of December 29, 2023, among the Debtor, the Prepetition Agent, and each noteholder party thereto (the “December 2023 Subordination Agreement”); (b) that certain Junior Lender Subordination Agreement, dated as of March 20, 2024, among the Debtor and each noteholder party thereto (the “Junior Lender Subordination Agreement”); and (c) that certain Senior Lender Subordination Agreement, dated as of March 20, 2024, among the Debtor, the Prepetition Agent, and

each noteholder party thereto (the “Senior Lender Subordination Agreement,” and together with the December 2023 Subordination Agreement and the Junior Lender Subordination Agreement, the “Subordination Agreements”). Pursuant to the Subordination Agreements, the obligations owed by the Company to certain of its noteholders are subordinated to its obligations to Perceptive under the Prepetition Credit Agreement, as set forth in the Subordination Agreements.

12. **Unsecured Convertible Notes:** In August 2023, the Company raised \$23.4 million in additional working capital through the sale and issuance of certain subordinated convertible promissory notes, pursuant to which the Company entered into that certain Note Purchase Agreement, dated as of August 22, 2023. In December 2023, the Company sought to raise an additional \$26.6 million in working capital through the sale of certain subordinated convertible promissory notes and entered into that certain Amended and Restated Note Purchase Agreement (which amended and restated the August 22, 2023, Note Purchase Agreement, the “December 2023 Note Purchase Agreement”). Pursuant to this capital raise, the Company entered into the December 2023 Subordination Agreement, pursuant to which the lenders thereunder agreed that the obligations under the December 2023 Note Purchase Agreement would be subordinate to the Prepetition Obligations. Through subsequent conversions and accruals, the total outstanding balance owed on these notes is approximately \$43 million as of the Petition Date.

13. **Unsecured Non-Convertible Notes:** Perceptive, as well as other investors, is also party to that certain Note Purchase Agreement, dated as of March 20, 2024 (the “March 2024 Note Purchase Agreement”), pursuant to which such investors acquired certain unsecured, non-interest bearing, non-convertible, senior subordinated promissory notes (the “March 2024 Notes”). The March 2024 Note Purchase Agreement was amended as of September 4, 2024, in order to permit additional closings of similar notes in connection with a “rights offering” to the holders of Preferred

Stock of the Company and was amended again on February 4, 2025, in order to permit additional closings. The amount owed by the Company to Perceptive under such notes is around \$20 million and the amounts owed to the remaining holders of the March 2024 Notes is approximately \$78 million, for an outstanding total of approximately \$98 million as of the Petition Date. The March 2024 Notes are subordinated to the obligations owed by the Company to Perceptive pursuant to the Junior Lender Subordination Agreement and the Senior Lender Subordination Agreement.

14. **Other Unsecured Debt:** In addition, as of the Petition Date, the Company estimates that it owes trade and other unsecured creditors approximately \$7.7 million.

15. **Equity Investments:** In addition to the debt raises discussed above, the Company raised approximately \$392 million in multiple rounds of equity funding, the most recent Series E being contemporaneous with the Prepetition Facility:

Equity Financing Summary: Inception to Date		
Funding Round	Period	Amount (\$ Millions)
<i>Seed / Series A</i>	2012-2015	\$ 9
<i>Series B</i>	2016	42
<i>Series C</i>	2018	110
<i>Series D</i>	2019	100
<i>Series E</i>	2021-2022	131
TOTAL	2012-2022	\$ 392

**FINANCIAL CONDITION AND EVENTS LEADING TO THE
COMMENCEMENT OF THIS CHAPTER 11 CASE**

16. I am advised that, from 2020 through 2023, the Company enjoyed rapid revenue growth from sales of its cutting-edge gene editing tools and solutions to major research and biopharmaceutical companies around the world. This growth was outpaced by the cost and investment required to support continued advancement of its technologies, however, leading to declining margins

and growing operating losses. In response, the Company raised additional capital to continue its important work, but by the end of 2023, the Company was still not generating positive cash flow and the interest burden had expanded in excess of ten times what it was in 2020-2021.

17. By Spring 2024, after the arrival of Mr. Christianson and the sale of the Company's engineered cell business division (EditCo), Synthego was able to reduce its operating losses by around a third, but by February 2025 remained unable to generate sufficient cash flow to service its debt. Accordingly, the Company, in consultation with its legal and financial advisors, determined that the commencement of this Chapter 11 Case was necessary to preserve enterprise value, protect business operations and effectuate a sale of the Company.

PROPOSED DIP FINANCING

18. The Debtor is a biotechnology company that has not yet achieved profitability. According to the Approved Budget filed with the *Motion of the Debtor for Entry of Interim and Final Orders (I) Authorizing the Debtor to Obtain Postpetition Financing and Use Cash Collateral, (II) Granting Liens and Providing Superpriority Administrative Expense Status, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief* (the "DIP Motion"), the Debtor's cash operating losses are expected to approach \$5 million over the next 13 weeks of these cases. Non-operating and restructuring-related expenditures of the Debtor are projected to be approximately \$7.5 million over the same period. The Debtor therefore requires an immediate infusion of new money and access to Cash Collateral in order to: (a) maintain operations, (b) fund its proposed sale process and liquidating chapter 11 plan, and (c) satisfy accruing administrative expenses. Specifically, the proposed DIP Facility will prime the existing Prepetition Obligations, "roll up" \$37.5 million of the existing Prepetition Obligations, and provide the Company with \$12.5 million in new money (of which \$5 million shall be available on an interim basis). The

proposed DIP Facility will be secured by substantially all the Company's assets (except avoidance actions and commercial tort claims until entry of a final order). The proposed roll-up of \$37.5 million of the Prepetition Obligations is an integral component of and a requirement in connection with the DIP Facility.

19. Absent immediate access to Cash Collateral and the funding available under the proposed DIP Facility, the Debtor would be unable to sustain operations, pay its employees or vendors, or achieve a successful sale and plan through the chapter 11 process. Accordingly, the Debtor has an urgent and immediate need for entry of an interim order approving the DIP Motion.

20. Against that backdrop, the Debtor negotiated with the DIP Lenders / Prepetition Lenders to develop the Approved Budget and a sale and plan timeline that would induce the DIP Lenders to commit to the DIP Facility and the Prepetition Lenders to consent to the use of its Cash Collateral in light of the Debtor's circumstances. After extensive good faith and arms' length negotiations, the Debtor and the DIP Lenders / Prepetition Lenders ultimately agreed on the terms of the DIP Facility and consensual use of Cash Collateral. The Debtor believes that the financing available under DIP Facility, along with consensual access to Cash Collateral, all in accordance with the projections in the Approved Budget, is adequate and that the funding contemplated thereunder is reasonable and on market terms. The proposed DIP Facility and access to Cash Collateral will allow the Debtor to have adequate liquidity to satisfy its accruing administrative expenses during the course of this case, while pursuing a sale of its assets followed by confirmation and implementation of a liquidating chapter 11 plan.

FINANCING EFFORTS

21. The Debtor initially engaged Paladin in early 2024 as financial advisor and then subsequently in March 2025 to provide the services of a Chief Restructuring Officer. Just prior to

the Petition Date, I was appointed as the Debtor's Chief Restructuring Officer. Over the last couple of months, Paladin has re-familiarized itself with the Debtor's assets, liabilities, and operations, and taken the lead in preparing the Approved Budget. It quickly became clear to Paladin that the Debtor does not generate positive cash flow and requires additional financing to maintain operations. Naturally, the Prepetition Lenders, who have been advancing money to the Debtor in the past, were the most logical source for additional funding. Indeed, in late March 2025 and again in late April 2025, the Prepetition Lenders advanced additional funds to the Debtor in the amounts of \$3.5 million and \$4.3 million, respectively, to bridge the Debtor's funding needs to a chapter 11 bankruptcy filing.

22. Leading up to the Petition Date, the Debtor and its advisors engaged in vigorous, arms-length negotiations with the DIP Lenders and the Prepetition Lenders regarding the proposed terms of a DIP facility and use of Cash Collateral. Paladin also contacted various other third-party funding sources about the possibility of providing debtor in possession financing to the Debtor. Ultimately, given the Prepetition Lenders' senior collateral position in substantially all assets of the Debtor and unwillingness to consent to any priming in favor of any third party, the DIP Lenders / Prepetition Lenders were the only parties willing to lend money to the Debtor on a postpetition basis. The DIP Lenders / Prepetition Lenders also have stepped up as the stalking horse bidder for substantially all of the Debtor's assets and have set a floor for the value of such assets as part of their pending credit bid.

23. The proposed DIP Facility and the authorization to use Cash Collateral as offered by the DIP Lenders / Prepetition Lenders are the only financing option that the Debtor could obtain under the circumstances. Fully unsecured postpetition financing was not available to the Debtor. As noted, other potential sources of debtor in possession financing for the Debtor, including on a junior secured basis, were also nonexistent. The only viable path for the Debtor is to (a) obtain financing from the

DIP Lenders on the terms of the proposed DIP Facility and (b) use Cash Collateral with the consent of the Prepetition Lenders, all on the terms set forth in the DIP Motion.

24. In addition, the Prepetition Lenders and the Debtor have agreed on a “stalking horse” credit bid asset purchase agreement for substantially all of the Company’s assets, which will leave sufficient cash in the bankruptcy estate for the Company to satisfy administrative and priority claims and the costs of plan implementation and winddown. The Company’s motion seeking approval for the procedures governing the sale of its business will be filed concurrently herewith.

25. Finally, to implement an orderly exit from chapter 11 and distribute the proceeds of any residual assets to creditors, the Company intends to file a liquidating chapter 11 plan within 21 days of the Petition Date.

FIRST DAY PLEADINGS

26. Contemporaneously herewith, the Debtor has filed a number of First Day Pleadings seeking orders that grant various forms of relief intended to stabilize the Debtor’s business operations, facilitate the efficient administration of this Chapter 11 Case, and expedite a swift and smooth sale process:

- **Cash Management Motion.** *Motion for Entry of Interim and Final Orders Authorizing the Debtor to (A) Continue Operating Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Continue Company Credit Card Program and Disbursements Process, (D) Maintain Existing Business Forms, and (E) Granting Related Relief*
- **Customer Program Motion.** *Debtor’s Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Honor Certain Prepetition Obligations to Customers and (B) Otherwise Continue the Debtor’s Customer Credits Program in the Ordinary Course of Business and (II) Granting Related Relief*
- **DIP Financing Motion.** *Motion of the Debtor for Entry of Interim and Final Orders (I) Authorizing the Debtor to Obtain Post-Petition Secured Financing, (II) Authorizing the Use of Cash Collateral, (III) Granting Liens and Superpriority Administrative Expense Status, (IV) Granting Adequate Protection, (V) Modifying the Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief*

- **Employee Wage and Benefits Motion.** *Motion for Entry of Interim and Final Orders (I) Authorizing, but not Directing, the Debtor to (A) Pay Prepetition Employee Wages, Salaries, Other Compensation, and Reimbursable Employee Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief*
- **Sale Motion.** *Motion for (I) an Order (A) Authorizing Entry Into Asset Purchase Agreement with Respect to the Sale of Substantially all of the Debtor's Assets, (B) Approving Bid Procedures for the Sale of Substantially all of the Debtor's Assets, (C) Scheduling an Auction and Sale Hearing, (D) Approving the Form and Manner of Notice Thereof, (E) Approving Certain Termination Fee and Expense Reimbursement Provisions, and (F) Granting Related Relief; and (II) an Order (A) Approving the Sale of the Debtor's Assets Free and Clear of All Encumbrances, (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief*
- **Section 156(c) Retention Application.** *Debtor's Application for Entry of an Order (I) Approving the Retention and Appointment of Epiq Corporate Restructuring, LLC as the Claims and Noticing Agent to the Debtor, Effective as of the Petition Date, and (II) Granting Related Relief*
- **Tax Motion.** *Motion for Entry of Interim and Final Orders: (I) Authorizing the Payment of Certain Taxes; and (II) Granting Related Relief*
- **Utility Motion.** *Motion for Entry of Interim and Final Orders (I) Approving Proposed Form of Adequate Assurance of Payment to Utility Companies; (II) Establishing Procedures for Resolving Objections by Utility Companies; (III) Prohibiting Utility Companies from Altering, Refusing, or Discontinuing Service; and (IV) Granting Related Relief*

27. Among other relief, the First Day Pleadings request authority to pay certain prepetition claims. I understand that Federal Rule of Bankruptcy Procedure 6003 provides, in relevant part, that the Court shall not consider motions to pay prepetition claims during the first twenty-one days following the filing of a chapter 11 petition, "except to the extent relief is necessary to avoid immediate and irreparable harm." In light of this requirement, the Debtor has narrowly tailored its request for immediate authority to pay only those prepetition claims where the failure to pay such claims would cause immediate and irreparable harm to the Debtor and its estate. Other relief will be deferred for consideration at a later hearing.

28. I am familiar with the factual information set forth, and the relief requested, in each First Day Pleading and believe that the relief sought in each such motion (a) is necessary to enable the Debtor to undertake certain postpetition activities in connection with their sale efforts, (b) constitutes a critical element for the Debtor to successfully implement the foregoing chapter 11 objectives, and (c) best serves the Debtor's estate and creditors' interests.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that, to the best of my knowledge and after reasonable inquiry, the foregoing is true and correct.

Dated: May 5, 2025

/s/ Allen Soong

Allen Soong
Chief Restructuring Officer