

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

In re:

WAG! GROUP CO., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-_____ ()

(Joint Administration Requested)

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) AUTHORIZING THE DEBTORS TO PAY PREPETITION TRADE CLAIMS IN
THE ORDINARY COURSE OF BUSINESS AND (II) GRANTING RELATED RELIEF**

The debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”) hereby file this motion (this “Motion”) for the entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** (the “Proposed Interim Order”) and **Exhibit B** (the “Proposed Final Order,” and together with the Proposed Interim Order, the “Proposed Orders”), respectively: (i) authorizing, but not directing, the Debtors to pay allowed prepetition claims for goods and services related to the Debtors’ operations and other ordinary course operational expenses and claims (collectively, the “Trade Claims”) of creditors (collectively, the “Trade Creditors”) in the ordinary course of business, (ii) authorizing applicable banks and other financial institutions (the “Banks”) to honor and process related checks and transfers, and (iii) granting related relief. In support of this Motion, the Debtors rely upon and incorporate by reference the *Declaration of Alec Davidian in Support of Chapter 11 Petition and*

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their federal tax identification numbers, to the extent applicable, are Wag! Group Co. (0180), Wag Labs, Inc. (4381), Wag Wellness, LLC (N/A), Pawsome, LLC (2404), Compare Pet Insurance Services, Inc. (4657), We Compare, Inc. (5054), and Furmacy, Inc. (9977). The Debtors’ headquarters is located at 2261 Market Street, Suite 86056, San Francisco, California 94114.

First Day Pleadings (the “First Day Declaration”),² filed contemporaneously herewith. In further support of this Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated as of February 29, 2012. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and the Debtors confirm their consent pursuant to Rule 9013-1(f) of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

2. Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory and legal predicates for the relief sought herein are sections 105(a), 363(b), 503(b)(9), 1107, and 1108 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Local Rule 9013-1(m).

BACKGROUND

I. General

4. On the date hereof (the “Petition Date”), each of the Debtors filed voluntary petitions in the Court under chapter 11 of the Bankruptcy Code (these “Chapter 11 Cases”). The

² Capitalized terms used but otherwise not defined herein shall have the meanings given to them in the First Day Declaration.

Debtors are authorized to operate their business and manage their properties as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. No official committee has been appointed in these Chapter 11 Cases, and no request has been made for the appointment of a trustee or an examiner.

6. Additional information regarding the Debtors' business, capital structure, and the circumstances leading to the filing of these Chapter 11 Cases is set forth in the First Day Declaration.

RELIEF REQUESTED

7. By this Motion, the Debtors respectfully request entry of the Proposed Orders: (i) authorizing, but not directing, the Debtors to pay all Trade Claims of Trade Creditors in the ordinary course of business, (ii) authorizing the Banks to honor and process related checks and transfers, and (iii) granting related relief. As described in further detail below, the obligations that the Debtors seek authority to pay are summarized in the following table:

Category	Description of Claims	Estimated Amount of Trade Claims Due and Payable Within Interim Period	Estimated Total Amount of Trade Claims
Ordinary Course Vendor Claims	Claims of certain Trade Creditors that maintain the going concern value of the Debtors' enterprise.	\$1,850,000	\$1,850,000
Foreign Vendor Claims	Claims held by service providers based outside the United States.	\$350,000	\$350,000
Warehousemen Claims	Claims held by third-party distribution facilities, distributors, and logistics providers as part of a distribution network.	\$25,000	\$25,000
Total Trade Claims:		\$2,225,000	\$2,225,000

THE DEBTORS' BUSINESS MODEL

I. The Debtors' Business Model and Trade Creditors.

8. As discussed more fully in the First Day Declaration, the Debtors are the developers and operators of a proprietary marketplace technology platform available as a website and mobile app (the "Wag! Platform") that is designed to address Pet Parents' (defined below) basic service, product, and wellness needs. Through the Wag! Platform and the Debtors' other online services, the Debtors connect over 1 million pet parents (the "Pet Parents") with over 500,000 pet caregivers (the "Pet Caregivers") nationwide, pet experts, and third-party service and product partners with respect to a multitude of pet care services. The Debtors' success is dependent upon their partnerships with certain goods and services providers, whose goods and services contribute to the Debtors' objective—making pet parenthood easier—by connecting Pet Parents with the services and products that they and their pets want and need.

9. The Trade Creditors provide the Debtors with the goods and services that facilitate their operations. The Trade Claims include claims of:

- vendors who provide marketing and advertising services through websites, social media, and print sources;
- vendors who provide the Debtors with certain software and technology services that are critical to the Debtors' upkeep of the Wag! Platform;
- vendors who provide third-party customer service and support services for Pet Parents, Pet Caregivers, and vendors;
- warehousemen services as part of a distribution network; and
- business services vendors and other general operational providers that are not addressed in other first day motions.

II. The Debtors' Trade Claims.

10. The Debtors incur numerous fixed, liquidated, and undisputed payment obligations to the Trade Creditors in the ordinary course of business. The Trade Claims are comprised of

(a) prepetition claims held by Trade Creditors that maintain the going concern value of the Debtors' enterprise; (the "Ordinary Course Vendors", and such claims, the "Ordinary Course Vendors Claims") totaling approximately \$1,850,000; (b) prepetition claims held by essential marketing Trade Creditors based outside the United States (the "Foreign Vendors", and such claims, the "Foreign Vendor Claims") totaling approximately \$350,000; and (c) prepetition claims held by third-party distribution facilities, distributors, and logistics providers as part of a distribution network with respect to the Debtors' receipt of physical inventory in connection with their apparel services (collectively, the "Warehousemen," and such claims, the "Warehousemen Claims") totaling approximately \$25,000. The Debtors' average monthly payment to Trade Creditors is approximately \$4,000,000. The Debtors estimate that, as of the Petition Date, they owe a total of approximately \$2,225,000 on account of undisputed prepetition Trade Claims, approximately \$2,225,000 of which will become due and owing within twenty-one (21) days following the Petition Date (the "Interim Period").

11. The Debtors are not seeking to pay these amounts immediately or in one lump sum. Rather, the Debtors intend to pay these amounts as they become due and payable in the ordinary course of the Debtors' business. Concurrently with the filing of this Motion, the Debtors have filed the *Debtors' Motion for Entry of Interim and Final Orders (I) Granting Expedited Relief, (II) Approving Postpetition Financing, (III) Granting Liens and Providing Superpriority Administrative Expense Status, (IV) Authorizing Use of Cash Collateral, (V) Granting Adequate Protection, (VI) Modifying Automatic Stay, and (VII) Granting Related Relief* (the "DIP Motion"), which, in addition to the cash generated by the Debtors' business, will provide the necessary additional liquidity for the Debtors to continue operations in the ordinary course of business. As set forth in the DIP Motion, the Debtors' proposed expenditures include payment of the Trade

Claims that the Debtors are seeking authority to pay pursuant to this Motion. Accordingly, subject to the Court granting the DIP Motion, the Debtors believe they will have ample liquidity to pay the Trade Claims in the ordinary course during the administration of these Chapter 11 Cases.

12. The Debtors request authority to pay all Trade Claims on the following terms and conditions:

- The Debtors shall, in their sole discretion, and subject to the limitations set forth below, determine which Trade Claims, if any, will be paid pursuant to the Proposed Orders.
- Before making a payment to a creditor under the Proposed Orders, the Debtors may, at their sole discretion, settle all or some of the prepetition claims of such creditor for less than their face amount without further notice or hearing.

13. Out of an abundance of caution, and to successfully implement the relief requested herein and to further their reorganization efforts, the Debtors also request that any orders entered provide that (a) the Debtors may require that each payee maintain or apply, as applicable, terms (“Customary Trade Terms”) during the pendency of these Chapter 11 Cases that are at least as favorable as those terms existing as of the Petition Date, or terms satisfactory to the Debtors at their sole discretion, as a condition to receiving any payment authorized pursuant to the relief requested in this Motion, and (b) if any payee, after receiving such a payment, ceases to provide Customary Trade Terms, then the Debtors may, at their sole discretion, deem such payment to apply instead to any postpetition amount that may be owing to such payee or treat such payment as an avoidable postpetition transfer of property.

14. Failure to fulfill these Trade Claims could disrupt the Debtors’ timely receipt of necessary services, which could negatively impact the Debtors’ operations, including the Debtors’ ability to maintain the Wag! Platform, and ability to meet their commitments in the ordinary course. This jeopardizes the Debtors’ quality of services, damages their market reputation, and

could possibly result in termination of subscriptions and a loss of customers. Therefore, it is imperative that the Debtors maintain positive relationships with the providers of the goods and services for their business operations throughout these Chapter 11 Cases. The Debtors negotiated the terms of the *Joint Prepackaged Plan of Reorganization of Wag! Group Co. and Certain of Its Affiliates* (as it may be amended, supplemented, restated, or modified from time to time, the “Prepackaged Plan”) with this goal in mind. Under the Prepackaged Plan, the legal, equitable, and contractual rights of Holders of General Unsecured Claims, including the Trade Creditors, must be unimpaired to avoid disruption to the normal operations of the business during the pendency of these Chapter 11 Cases.³ See Prepackaged Plan Article III. Accordingly, the relief requested in this Motion furthers the Debtors’ overarching restructuring goals to maximize the value of the estates without prejudice to the Debtors’ stakeholders, all in accordance with the Prepackaged Plan.

15. Furthermore, all executory contracts and unexpired leases to which any of the Debtors are parties, and which have not expired by their own terms on or before the effective date of the date an order is entered confirming the Prepackaged Plan, shall be assumed. Any outstanding amounts owed under any executory contract or unexpired lease to be assumed under the Prepackaged Plan shall be paid or otherwise “cured” pursuant to section 365(b)(1) of the Bankruptcy Code.

³ The Debtors intend to reject one contingent, unliquidated, disputed litigation claim which, as set forth in the Prepackaged Plan, will be impaired.

BASIS FOR RELIEF

I. Payment of the Trade Claims Is Warranted Under Section 363(b)(1) of the Bankruptcy Code and the Doctrine of Necessity.

16. A bankruptcy court may authorize a debtor to pay certain prepetition obligations pursuant to section 363(b) of the Bankruptcy Code. 11 U.S.C. § 363(b)(1). Section 363(b) provides, in pertinent part, that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” *Id.* To approve the use of assets outside the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code, courts require only that the debtor “show that a sound business purpose justifies such actions.” Dai-Ichi Kangyo Bank, Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.), 242 B.R. 147, 153 (D. Del. 1999) (internal citations omitted); see also In re Phx. Steel Corp., 82 B.R. 334, 335–36 (Bankr. D. Del. 1987); In re Tower Air, Inc., 416 F.3d 229, 238 (3d Cir. 2005) (stating that “[o]vercoming the presumptions of the business judgment rule on the merits is a near-Herculean task”); In re AbitibiBowater, 418 B.R. 815, 831 (Bankr. D. Del. 2009) (finding that the business judgment standard is “not a difficult standard to satisfy”).

17. In addition, the Court has the authority, pursuant to its equitable powers under section 105(a) of the Bankruptcy Code, to authorize the relief requested herein, because such relief is necessary for the Debtors to carry out their fiduciary duties under section 1107(a) of the Bankruptcy Code. 11 U.S.C. § 1107(a). Section 105(a) of the Bankruptcy Code empowers bankruptcy courts to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Section 1107(a) of the Bankruptcy Code “contains an implied duty of the debtor-in-possession” to “protect and preserve the estate, including an operating business’ going-concern value,” on behalf of a debtor’s creditors and other parties in interest. In re CEI Roofing, Inc., 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting In

re CoServ, L.L.C., 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002)); see also Unofficial Comm. of Equity Holders v. McManigle (In re Penick Pharm., Inc.), 227 B.R. 229, 232–33 (Bankr. S.D.N.Y. 1998) (“[U]pon filing its petition, the Debtor became debtor in possession and, through its management . . . was burdened with the duties and responsibilities of a bankruptcy trustee.”).

18. Further, in a long line of well-established cases, courts consistently have permitted payment of prepetition obligations where such payment is necessary to preserve or enhance the value of a debtor’s estate for the benefit of all creditors. See, e.g., Miltenberger v. Logansport, C. & S.W.R. Co., 106 U.S. 286, 312 (1882) (payment of pre-receivership claim prior to reorganization permitted to prevent “stoppage of the continuance of [crucial] business relations”); In re Lehigh & New England Ry. Co., 657 F.2d 570, 581 (3d Cir. 1981) (holding that “if payment of a claim which arose prior to reorganization is essential to the continued operation of the . . . [business] during reorganization, payment may be authorized even if it is made out of [the] corpus”); Dudley v. Mealey, 147 F.2d 268, 271 (2d Cir. 1945) (extending doctrine for payment of prepetition claims beyond railroad reorganization cases), cert. denied 325 U.S. 873 (1945); Mich. Bureau of Workers’ Disability Comp. v. Chateaugay Corp. (In re Chateaugay Corp.), 80 B.R. 279, 285–86 (S.D.N.Y. 1987) (approving lower court order authorizing payment of prepetition wages, salaries, expenses, and benefits).

19. This “doctrine of necessity” functions in a chapter 11 reorganization as a mechanism by which the Court can exercise its equitable power to allow payment of critical prepetition claims not explicitly authorized by the Bankruptcy Code. See, e.g., In re Just for Feet, Inc., 242 B.R. 821, 824–25 (D. Del. 1999) (holding that section 105(a) of the Bankruptcy Code provides statutory basis for payment of prepetition claims under the doctrine of necessity particularly when such payment is necessary for the debtor’s survival during chapter 11); In re

Columbia Gas Sys., Inc., 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (confirming that the doctrine of necessity is standard for enabling a court to authorize payment of prepetition claims prior to confirmation of a reorganization plan).

20. It is a sound exercise of the Debtors' business judgment to pay the Trade Claims as they become due in the ordinary course of business because doing so will avoid value-destructive business interruption and will not prejudice the Debtors' other stakeholders. The goods and services provided by Trade Creditors are necessary for the continued, uninterrupted operation of the Debtors' business. The Debtors anticipate that failure to pay the Trade Claims as they become due is likely to result in many Trade Creditors refusing to provide services or conditioning delivery or compliance with onerous and commercially unreasonable terms. In fact, certain vendors and counterparties have recently imposed more burdensome terms on the Debtors due to the Debtors' financial condition.

21. In addition, because the Trade Creditors have a unique familiarity with the Debtors' needs based on the relationships that the Debtors have built with such vendors over the years, they are in the best position to provide the necessary goods and services to the Debtors, and are the most likely to do so on commercially reasonable terms. If certain of the Trade Creditors refuse to perform on their obligations, the Debtors may find it very difficult (and in some cases impossible) to locate replacement vendors necessary to support their operations, and indeed, may make it difficult to maintain business operations. Therefore, even if it were possible to obtain replacement goods and services, doing so would likely cause substantial delay and significant costs. As a result, this makes the Debtors extremely vulnerable to the Trade Creditors ceasing to do business with the Debtors on account of unpaid prepetition amounts.

22. Moreover, no party in interest will be prejudiced by the relief requested herein because all go-forward Trade Claims are unimpaired and will be paid in full under the Prepackaged Plan. See Prepackaged Plan Article III(B). Since the Debtors intend to be in a position to confirm their Prepackaged Plan within forty-two] (42) days, the relief requested herein, therefore, seeks to alter only the timing, not the amount or priority, of such payments. Accordingly, continued payment of the Trade Claims as provided herein is a sound exercise of the Debtors' business judgment, is necessary to avoid immediate and irreparable harm to the Debtors' estates, is in the best interests of the Debtors' and their respective estates and creditors, and is warranted under the circumstances.

II. Certain Trade Claims are Administrative Expenses.

23. Certain Trade Claims—specifically, Trade Claims arising in connection with the Debtors' receipt of physical inventory in connection with their apparel services—may be entitled to the statutory priority for goods delivered to the Debtors in the ordinary course of business within twenty (20) days before the Petition Date (the “503(b)(9) Claims”). Section 503(b)(9) of the Bankruptcy Code provides that claims for goods delivered to the Debtors in the ordinary course of business within twenty (20) days after the Petition Date are administrative expense claims against the applicable Debtor's estate. See 11 U.S.C. § 503(b)(9). The Debtors, therefore, are required to pay such claims in full to confirm a plan of reorganization. See id.; 11 U.S.C. § 1129(a)(9)(A) (requiring payment in full of claims entitled to administrative expense priority). Instead of paying such Trade Claims on the effective date of the Prepackaged Plan, the Debtors seek authority to pay the Trade Claims during the pendency of these Chapter 11 Cases as they become due. The Bankruptcy Code requires, and the Prepackaged Plan provides for, payment in full of administrative expense claims on the effective date of the Prepackaged Plan, or as soon as practicable thereafter. Thus, payment of Trade Claims entitled to priority under section 503(b)(9)

of the Bankruptcy Code under the Proposed Orders will affect only a change in the timing of such payments, not the amounts or priority thereof.

24. To the extent the Debtors identify any Trade Claims that qualify as 503(b)(9) Claims, the Debtors request authority to pay the associated claims asserted by such Trade Vendors in the ordinary course. Authorizing the Debtors to pay Trade Claims pursuant to the terms set forth herein should eliminate the burden on the Court and the Debtors arising from numerous individual motions requesting payment on account of the 503(b)(9) Claims. Finally, the Debtors will ensure that creditors with Trade Claims, where only a portion may be entitled to 503(b)(9) status, will apply funds paid pursuant to this Motion to the 503(b)(9) Claims first before paying down other Trade Claims. As of the Petition Date, the Debtors estimate that the 503(b)(9) Claims total a *de minimis* amount in the aggregate considering the nature of the Debtors' business operations and the scheduling of payments for shipments arranged between the Debtors and any Trade Vendors providing the Debtors with goods.

III. Payment of Trade Claims is a Valid Exercise of the Debtors' Fiduciary Duties.

25. Additionally, authority for payment of the Trade Claims may be found in sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors, operating their businesses as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code, are fiduciaries "holding the bankruptcy estate[s] and operating the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners." In re CoServ, L.L.C., 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002). Implicit in the duties of a chapter 11 debtor in possession is the duty "to protect and preserve the estate, including an operating business's going-concern value." Id. see also In re Penick Pharm., Inc., 227 B.R. at 232-33 ("[U]pon filing its petition, the Debtor became debtor in possession and, through its management . . . was burdened with the duties and responsibilities of a bankruptcy trustee.").

26. The CoServ court has noted that there are instances in which a debtor in possession can fulfill its fiduciary duty “only . . . by the preplan satisfaction of a prepetition claim.” Id.; see also In re Mirant Corp., 296 B.R. 427, 429-30 (Bankr. N.D. Tex. 2003) (allowing debtors to pay claims “reasonably believe[d]” to be authorized under the CoServ test or whose payment was necessary “in the exercise of their business judgment . . . in order for [the] [d]ebtors to continue their respective businesses”). The CoServ court specifically noted that preplan satisfaction of prepetition claims would be a valid exercise of a debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate,” Id. at 497, and also when the payment was to “sole suppliers of a given product.” Id. at 498. The court provided a three-pronged test for determining whether a preplan payment on account of a prepetition claim was a valid exercise of a debtor’s fiduciary duty:

First, it must be critical that the debtor deal with the claimant. Second, unless it deals with the claimant, the debtor risks the probability of harm, or, alternatively, loss of economic advantage to the estate or the debtor’s going concern value, which is disproportionate to the amount of the claimant’s prepetition claim. Third, there is no practical or legal alternative by which the debtor can deal with the claimant other than by payment of the claim.

Id.

27. Payment of the Trade Claims meets each element of the CoServ court’s standard. First, any further disruptions of the Debtors’ operations that result from non-payment of such claims would cost the Debtors’ estates substantial amounts in lost revenues. The harm and economic disadvantage that would stem from the Debtors’ failure to pay the Trade Claims are grossly disproportionate to the amount of the prepetition claims that would have to be paid. In addition, the Debtors have examined other options short of paying certain Trade Claims and could not discern any practical or legal alternative other than paying such Trade Claims if significant disruption of the Debtors’ business operations is to be avoided. Further, the 503(b)(9) Claims must

be paid in full, in cash, for the Debtors to emerge from chapter 11. Therefore, the Debtors only can fulfill their fiduciary duties as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code by paying certain of the Trade Creditors.

IV. No Party Will Be Prejudiced by the Relief Requested in this Motion.

28. No party in interest will be prejudiced by the relief requested by this Motion because all go-forward Trade Claims are unimpaired under the Prepackaged Plan and will be paid in full. Thus, the relief requested herein seeks to alter only the timing, not the amount or priority, of such payments. Moreover, authority to pay the Trade Claims in the ordinary course of business is necessary to avoid the risk of key vendors and service providers withholding services to the Debtors.

V. The Court Should Authorize the Banks to Honor and Pay Checks Issued and Electronic Funds Transferred to Pay the Trade Claims.

29. The Debtors further request that the Court authorize, but not direct, the Banks to receive, process, honor, and pay any and all checks drawn or electronic funds relating to the Trade Claims whether such checks were presented before or after the Petition Date. The Debtors expect to have sufficient liquidity to pay such amounts as they become due in the ordinary course of business, and, under the Debtors' existing cash management system, checks or wire transfer requests can be readily identified as relating to an authorized payment of the Trade Claims. As such, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. The Debtors also seek authority to issue new postpetition checks or effect new electronic fund transfers on account of the Trade Claims to

replace any prepetition checks or electronic fund transfer requests that may be dishonored or rejected as a result of the commencement of these Chapter 11 Cases.

SATISFACTION OF BANKRUPTCY RULE 6003

30. Pursuant to Bankruptcy Rule 6003, the Court may grant relief within twenty-one (21) days after the filing of the petition regarding a motion to “use, sell, lease, or otherwise incur an obligation regarding property of the estate” only if such relief is necessary to avoid immediate and irreparable harm. Fed. R. Bankr. P. 6003(b). As described herein and in the First Day Declaration, the Debtors will suffer immediate and irreparable harm without authorization of the relief requested herein. Accordingly, Bankruptcy Rule 6003 has been satisfied and the relief requested herein should be granted.

WAIVER OF BANKRUPTCY RULE 6004(h)

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

RESERVATION OF RIGHTS

32. Nothing contained herein is intended or shall be construed as: (i) an implication or admission as to the amount of, basis for, or validity of any claim against any of the Debtors under the Bankruptcy Code or other applicable nonbankruptcy law; (ii) an impairment or waiver of any Debtor’s or any other party in interest’s right to dispute any claim against, or interest in, any

Debtor, its property, or its estate on any grounds; (iii) a promise or requirement to pay any particular claim; (iv) an assumption, adoption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code; (v) an implication or admission that any particular claim is of a type specified or defined in this Motion, or any order granting the relief requested by this Motion; (vi) an implication, admission, or finding as to the validity, enforceability, or perfection of any lien on, interest in, or other encumbrance on the property of any Debtor or its estate; (vii) an impairment or waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code of any other applicable law; (viii) a waiver of any Debtor's or any other party in interest's rights under the Bankruptcy Code or any other applicable law; (ix) a waiver of the obligation of any party in interest to file a proof of claim; or (x) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease.

NOTICE

33. Notice of this Motion has been or will be provided to: (i) the Office of the United States Trustee; (ii) the Office of the United States Attorney for the District of Delaware; (iii) the Internal Revenue Service; (iv) the United States Securities and Exchange Commission; (v) counsel to the Prepetition Secured Creditor and DIP Lender; (vi) those creditors holding the thirty (30) largest unsecured claims against the Debtors' estates (on a consolidated basis); and (vii) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors will serve copies of this Motion and an order entered in respect of this Motion as required by Local Rule 9013-1(m). In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

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CONCLUSION

WHEREFORE, the Debtors request that the Court enter the Proposed Orders, granting the relief requested herein and such other and further relief as is just and proper.

Dated: July 21, 2025
Wilmington, Delaware

**YOUNG CONAWAY STARGATT & TAYLOR,
LLP**

/s/ Brynna M. Gaffney

Michael R. Nestor (No. 3526)
Kara Hammond Coyle (No. 4410)
Shella Borovinskaya (No. 6758)
Kristin L. McElroy (No. 6871)
Brynna M. Gaffney (No. 7402)
Sarah Gawrysiak (No. 7403)
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253
Email: mnestor@ycst.com
kcoyle@ycst.com
sborovinskaya@ycst.com
kmcelroy@ycst.com
bgaffney@ycst.com
sgawrysiak@ycst.com

*Proposed Counsel to the Debtors and Debtors in
Possession*

Exhibit A

Proposed Interim Order

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

In re:

WAG! GROUP CO., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-_____ (____)

(Jointly Administered)

Ref. Docket No. ____

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS
TO PAY PREPETITION TRADE CLAIMS IN THE ORDINARY
COURSE OF BUSINESS AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”) (i) authorizing, but not directing, the Debtors to pay allowed prepetition claims for goods or services related to the Debtors’ operations and other ordinary course operational expenses and claims (collectively, the “Trade Claims”) of creditors (collectively, the “Trade Creditors”) in the ordinary course of business, (ii) authorizing applicable banks and other financial institutions (the “Banks”) to honor and process related checks and transfers, and (iii) granting related relief, all as more fully set forth in the Motion; and due and proper notice of the Motion having been given; and having determined that no other or further notice of the Motion is required; and having determined that this Court has jurisdiction to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their federal tax identification numbers, to the extent applicable, are Wag! Group Co. (0180), Wag Labs, Inc. (4381), Wag Wellness, LLC (N/A), Pawsome, LLC (2404), Compare Pet Insurance Services, Inc. (4657), We Compare, Inc. (5054), and Furnacy, Inc. (9977). The Debtors’ headquarters is located at 2261 Market Street, Suite 86056, San Francisco, California 94114.

² Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Motion.

Court for the District of Delaware, dated as of February 29, 2012; and having determined that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and having determined that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis, as set forth herein.
2. **A final hearing on the relief sought in the Motion shall be conducted on [____], 2025 at [____] (prevailing Eastern Time) (the “Final Hearing”).** Any party-in-interest objecting to the relief sought at the Final Hearing or the Proposed Final Order shall file and serve a written objection, which objection shall be served upon (i) Wag! Group Co., 2261 Market Street, Suite 86056, San Francisco, California 94114, Attn: Nicholas Yu (nicholas.yu@wagwalking.com); (ii) proposed counsel for the Debtors, Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801; Attn. Michael R. Nestor, Esq. (mnestor@ycst.com), Kara Hammond Coyle, Esq. (kcoyle@ycst.com), Shella Borovinskaya, Esq. (sborovinskaya@ycst.com), and Kristin L. McElroy, Esq. (kmcelroy@ycst.com); (iii) counsel to any official committee appointed in these Chapter 11 Cases; (iv) counsel to the Prepetition Secured Creditor and DIP Lender, (a) Honigman LLP, 2290 First National Building, 660 Woodward Avenue, Detroit, Michigan, 48226, Attn: Glenn S. Walter, Esq. (gwalter@honigman.com), and (b) The Tuhey Law Firm LLC, 823 Linden Avenue, Oak Park, Illinois 60302, Attn: John M. Tuhey, Esq. (jtuhey@tuheylaw.com); and (v) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Federal Building, 844 King Street, Room 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Jane M. Leamy, Esq. (jane.m.leamy@usdoj.gov); in each case no later than [____], 2025 at

4:00 p.m. (prevailing Eastern Time). If no objections to the entry of the Proposed Final Order are timely filed, this Court may enter the Proposed Final Order without further notice or a hearing.

3. The Debtors are authorized, but not directed, pursuant to sections 105(a), 363(b), 363(c), and 503(b)(9) of the Bankruptcy Code, in the reasonable exercise of their business judgment, to pay, in the ordinary course of business, some or all of the prepetition Trade Claims of Trade Creditors in full; provided that the Debtors are authorized, but not directed, to pay only undisputed amounts due and payable as of the Petition Date and amounts that are or become due and payable between the Petition Date and the date that a final order on the Motion is entered, in an aggregate amount not to exceed \$2,225,000, unless otherwise ordered by this Court; and in all cases subject to the following:

- (a) The Debtors shall, at their sole discretion, subject to the limitations set forth below, determine which Trade Claims, if any, will be paid pursuant to this Interim Order.
- (b) Before making a payment to a creditor under the Proposed Orders, the Debtors may, at their sole discretion, settle all or some of the prepetition claims of such creditor for less than their face amount without further notice or hearing.

4. The Debtors are authorized, but not directed, to require that, as a condition to receiving any payment under this Interim Order, a payee maintain or apply, as applicable, Customary Trade Terms, which are terms at least as favorable to the Debtors as those terms in place in the twelve months prior to the Petition Date, or such other terms satisfactory to the Debtors. If a payee, after receiving a payment under this Interim Order, ceases to provide Customary Trade Terms, and provided that such payee shall be provided a reasonable opportunity to contest whether it continued to provide goods or services to the Debtors on Customary Trade Terms, then the Debtors may, at their sole discretion, deem such payment to apply instead to any postpetition amount that may be owing to such payee or seek judicial determination that they can treat such payment as an avoidable postpetition transfer of property.

5. The Debtors, at their sole discretion, may require that each Trade Creditor provide written acknowledgement, either by email or through a trade agreement, of its obligation to continue providing services to the Debtors on Customary Trade Terms as a condition of receiving any payment pursuant to this Interim Order; provided, that the Debtors' failure to request such an acknowledgement shall not be, and shall not be deemed to be, a waiver of the Debtors' rights hereunder. Any party, other than an affiliate of the Debtors, that accepts payment from the Debtors on account of a Trade Claim and thereby agrees to be bound by the terms of this Interim Order shall be provided a copy of this Interim Order.

6. Any Trade Creditor that accepts payment from the Debtors on account of all or a portion of a Trade Claim pursuant to this Interim Order shall be deemed to (a) agree to the terms and provisions of this Interim Order and (b) have waived, to the extent so paid, any and all prepetition claims, of any type, kind, or priority (including any reclamation claim), against the Debtors, their assets, and properties. For the avoidance of doubt, the Debtors may not waive or modify the Customary Trade Terms.

7. Nothing in the Motion or this Interim Order shall be deemed to authorize the Debtors to make any payments to any insider (as defined in section 101(31) of the Bankruptcy Code) of the Debtors.

8. Nothing in the Motion or this Interim Order shall be deemed to authorize the Debtors to accelerate any payments not otherwise due prior to the date of the hearing to consider entry of an order granting the relief requested in the Motion on a final basis.

9. The Banks are authorized to receive, process, honor, and pay all checks, drafts, electronic fund transfers, or other forms of payment drawn or issued on the Debtors' bank accounts before the Petition Date for the Trade Claims that have not been honored and paid as of the Petition

Date (or to reissue checks, drafts, electronic fund transfers, or other forms of payment drawn or issued on the Debtors' bank accounts, as may be necessary), and are authorized to rely on the Debtors' directions or representations as to which checks, drafts, transfers, or other forms of payment drawn or issued on the Debtors' bank accounts are subject to this Interim Order; provided that sufficient funds are on deposit in the applicable bank accounts to cover such payments, and any such banks and financial institutions shall not have any liability to any party for relying on such directions or representations by the Debtors as provided in this Interim Order.

10. The Debtors are further authorized, but not directed, to issue postpetition checks, or to effect postpetition funds transfer requests, in replacement of any checks or funds transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to any prepetition amounts that are authorized to be paid pursuant to this Interim Order.

11. Nothing in the Motion or this Interim Order or the relief granted herein (including any actions taken or payments made by the Debtors) is to be construed as (a) an implication or admission as to the amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable non-bankruptcy law; (b) an impairment or waiver of the Debtors' or any other party in interest's right to dispute any claim against, or interest in, any Debtor, its property, or its estate on any grounds; (c) a promise or requirement to pay any particular claim; (d) an assumption, adoption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code; (e) an implication or admission that any particular claim is of a type specified or defined in the Motion or this Interim Order; (f) an implication, admission, or finding as to the validity, enforceability, or perfection of any lien on, interest in, or other encumbrance on the property of any Debtor or its estate; (g) an impairment or waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law;

(h) a waiver of any Debtor's or any other party in interest's rights under the Bankruptcy Code or any other applicable law; (i) a waiver of the obligation of any party in interest to file a proof of claim; or (j) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease. Nothing contained in this Interim Order shall be deemed to increase, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

12. The Debtors are authorized to take any and all actions necessary to effectuate the relief granted herein.

13. The requirements of Bankruptcy Rule 6003(b) have been satisfied because the relief set forth in this Interim Order is necessary to avoid immediate and irreparable harm.

14. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be effective and enforceable immediately upon its entry.

15. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

Exhibit B

Proposed Final Order

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

In re:

WAG! GROUP CO., *et al.*,¹

Debtors.

Chapter 11

Case No. 25-_____ (____)

(Jointly Administered)

Ref. Docket Nos. __ & __

**FINAL ORDER (I) AUTHORIZING THE DEBTORS
TO PAY PREPETITION TRADE CLAIMS IN THE ORDINARY
COURSE OF BUSINESS AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)² of the debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) for entry of a final order (this “Final Order”) (i) authorizing, but not directing, the Debtors to pay allowed prepetition claims for goods or services related to the Debtors’ operations and other ordinary course operational expenses and claims (collectively, the “Trade Claims”) of creditors (collectively, the “Trade Creditors”) in the ordinary course of business, (ii) authorizing applicable banks and other financial institutions (the “Banks”) to honor and process related checks and transfers, and (iii) granting related relief, and upon consideration of the Motion and all pleadings related thereto, including the First Day Declaration; and due and proper notice of the Motion having been given; and having determined that no other or further notice of the Motion is required; and having determined that this Court has jurisdiction to consider the Motion in accordance with 28 U.S.C.

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of their federal tax identification numbers, to the extent applicable, are Wag! Group Co. (0180), Wag Labs, Inc. (4381), Wag Wellness, LLC (N/A), Pawsome, LLC (2404), Compare Pet Insurance Services, Inc. (4657), We Compare, Inc. (5054), and Furnacy, Inc. (9977). The Debtors’ headquarters is located at 2261 Market Street, Suite 86056, San Francisco, California 94114.

² Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Motion.

§§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated as of February 29, 2012; and having determined that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and having determined that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on a final basis, as set forth herein.
2. The Debtors are authorized, but not directed, pursuant to sections 105(a), 363(b), 363(c), and 503(b)(9) of the Bankruptcy Code, in the reasonable exercise of their business judgment, to pay, in the ordinary course of business, some or all of the prepetition Trade Claims of Trade Creditors in full, subject to the following:
 - (a) The Debtors shall, at their sole discretion, subject to the limitations set forth below, determine which Trade Claims, if any, will be paid pursuant to the Final Order.
 - (b) Before making a payment to a creditor under the Proposed Orders, the Debtors may, at their sole discretion, settle all or some of the prepetition claims of such creditor for less than their face amount without further notice or hearing.
3. The Debtors are authorized, but not directed, to require that, as a condition to receiving any payment under this Final Order, a payee maintain or apply, as applicable, Customary Trade Terms, which are terms at least as favorable to the Debtors as those terms in place in the twelve months prior to the Petition Date, or such other terms satisfactory to the Debtors. If a payee, after receiving a payment under this Final Order, ceases to provide Customary Trade Terms, and provided that such payee shall be provided a reasonable opportunity to contest whether it continued to provide goods or services to the Debtors on Customary Trade Terms, then the Debtors may, at their sole discretion, deem such payment to apply instead to any postpetition amount that may be

owing to such payee or seek judicial termination that they can treat such payment as an avoidable postpetition transfer of property.

4. The Debtors' banks and financial institutions are authorized to receive, process, honor, and pay all checks, drafts, electronic fund transfers, or other forms of payment drawn or issued on the Debtors' bank accounts before the Petition Date for the Trade Claims that have not been honored and paid as of the Petition Date (or to reissue checks, drafts, electronic fund transfers, or other forms of payment drawn or issued on the Debtors' bank accounts, as may be necessary), and are authorized to rely on the Debtors' directions or representations as to which checks, drafts, transfers, or other forms of payment drawn or issued on the Debtors' bank accounts are subject to this Final Order; provided that sufficient funds are on deposit in the applicable bank accounts to cover such payments, and any such banks and financial institutions shall not have any liability to any party for relying on such directions or representations by the Debtors as provided in this Final Order.

5. The Debtors, at their sole discretion, may require that each Trade Creditor provide written acknowledgement, either by email or through a trade agreement, of its obligation to continue providing services to the Debtors on Customary Trade Terms as a condition of receiving any payment pursuant to this Final Order; provided, that the Debtors' failure to request such an acknowledgement shall not be, and shall not be deemed to be, a waiver of the Debtors' rights hereunder. Any party, other than an affiliate of the Debtors, that accepts payment from the Debtors on account of a Trade Claim shall be provided a copy of this Final Order.

6. Any Trade Creditor that accepts payment from the Debtors on account of all or a portion of a Trade Claim pursuant to this Final Order shall be deemed to (a) agree to the terms and provisions of this Final Order and (b) have waived, to the extent so paid, any and all prepetition

claims, of any type, kind, or priority (including any reclamation claim), against the Debtors, their assets, and properties. For the avoidance of doubt, the Debtors may not waive or modify the Customary Trade Terms.

7. Nothing in the Motion or this Final Order shall be deemed to authorize the Debtors to make any payments to any insider (as defined in section 101(31) of the Bankruptcy Code) of the Debtors.

8. The Debtors are further authorized, but not directed, to issue postpetition checks, or to effect postpetition funds transfer requests, in replacement of any checks or funds transfer requests that are dishonored as a consequence of these Chapter 11 Cases with respect to any prepetition amounts that are authorized to be paid pursuant to this Final Order.

9. Nothing in the Motion or this Final Order or the relief granted herein (including any actions taken or payments made by the Debtors) is to be construed as (a) an implication or admission as to the amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable non-bankruptcy law; (b) an impairment or waiver of the Debtors' or any other party in interest's right to dispute any claim against, or interest in, any Debtor, its property, or its estate on any grounds; (c) a promise or requirement to pay any particular claim; (d) an assumption, adoption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code; (e) an implication or admission that any particular claim is of a type specified or defined in the Motion or this Final Order; (f) an implication, admission, or finding as to the validity, enforceability, or perfection of any lien on, interest in, or other encumbrance on the property of any Debtor or its estate; (g) an impairment or waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law; (h) a waiver of any Debtor's or any other party in interest's rights under the Bankruptcy Code or any

other applicable law; (i) a waiver of the obligation of any party in interest to file a proof of claim; or (j) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease. Nothing contained in this Final Order shall be deemed to increase, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

10. The Debtors are authorized to take any and all actions necessary to effectuate the relief granted in this Final Order.

11. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Final Order shall be effective and enforceable immediately upon its entry.

12. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.