

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

-----	X	
	:	Chapter 11
In re:	:	
	:	Case No. 26-[●] (___)
Simply Interior Homes, LLC, <i>et al.</i> ¹	:	
	:	(Joint Administration Requested)
Debtors.	:	
	:	
-----	X	

**DECLARATION OF ADAM ZALEV IN SUPPORT OF THE
DEBTORS’ CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS**

I, Adam Zalev, Chief Restructuring Officer of Simply Interior Homes, LLC and certain of its affiliates, as debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the “Debtors”), hereby declare under penalty of perjury:

1. I am a Founding Member and Managing Director of Reflect Advisors, LLC (“Reflect”) and serve as the Chief Restructuring Officer (the “CRO”) of the Debtors. I was appointed CRO on May 8, 2026. The Debtors engaged Reflect in February 2026 to serve as their financial advisor, and Reflect is proposed to be retained as restructuring advisor in these Chapter 11 Cases.

2. I submit this declaration (this “Declaration”) to assist the Court and parties-in-interest in understanding the Debtors, their business, and the circumstances leading to these Chapter 11 Cases, and in support of the Debtors’ voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) filed on the date hereof (the “Petition”).

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number include: Simply Interior Homes, LLC (8509); Simply Interior Homes AcquisitionCo, LLC (9643); SIH Beckham Buyer, LLC (5210); SIH-HSD Holdings, LLC (5402); SIH-BB Holdings, LLC (2303); SIH-DMD Holdings, LLC (2411); and SIH-SR Holdings, LLC (1835). The location of the Debtors’ service address in these chapter 11 cases is 3042 Southcross Boulevard, Suite 102, Rock Hill, SC 29730.

Date”) and in support of the first day motions filed contemporaneously herewith (collectively, the “First Day Motions”).

3. Prior to founding Reflect in 2023, I was a Senior Managing Director of FTI Consulting, Inc. (“FTI”) for six years. Prior to joining FTI, I held progressively more senior roles, culminating as a Managing Director, at Alvarez & Marsal ULC, where I practiced for nine years. Reflect is a boutique financial advisory and restructuring practice whose professionals have been involved in numerous formal and informal restructuring mandates, including many in the retail industry. During my career, I have had extensive experience in chapter 11 cases and, in particular, chapter 11 cases in the consumer products and retail industries. I have also acted in numerous cross-border consumer products and retail bankruptcy cases, principally where U.S. corporate owners controlled Canadian operating subsidiaries. In connection therewith, I have been personally involved in numerous consumer products and retail bankruptcy cases where liquidation consultants were retained to conduct going-out-of-business and other liquidation sales. My personal, recent consumer products and retail liquidation experience includes, but is not limited to, cases such as American Signature, The Hudson’s Bay Company (Canada), Bed Bath & Beyond, Christmas Tree Shops, Old Time Pottery, Toys R Us, Sears, Target Canada, Ben Moss Jewelers, and others.

4. Since commencing its engagement, Reflect has worked closely with the Debtors’ management team and other key members including in the finance, operations, and human resources departments to understand the Debtors’ cash flows and operations, evaluate restructuring options, and prepare for these Chapter 11 Cases. Since my appointment as CRO, I and the Reflect team have conducted an intensive review of the Debtors’ business, finances, and operational situation to familiarize myself with the matters described herein.

5. Except as otherwise indicated herein, the statements in this Declaration are based on: (i) my personal knowledge of, and familiarity with, the Debtors' operations, finances, and restructuring efforts; (ii) my review of relevant documents and information provided to me by employees of or advisors to the Debtors; (iii) my opinion based on my experience and knowledge of the Debtors' operations and financial and business affairs; (iv) information received from the Debtors' employees or advisors working directly with me or under my supervision; and/or (v) the Debtors' records maintained in the ordinary course of business. I am authorized to submit this Declaration on behalf of the Debtors. If called upon to testify, I could and would testify competently to the facts set forth herein.

6. I am not being compensated specifically for this testimony other than through payments received by Reflect as a professional proposed to be retained by the Debtors. I am over the age of 18 years.

7. This Declaration is organized into two sections as follows:

- **Part I** provides background information regarding the Debtors, including the history of their formation from operations previously conducted by Keeco, LLC, the Debtors' business and corporate structure, their capital structure, and the circumstances leading to these Chapter 11 Cases; and
- **Part II** describes the relief sought in the First Day Motions and sets forth the factual basis for the Court to grant such relief on an emergency basis.

* * * *

PART I: BACKGROUND INFORMATION

A. Introduction

8. The Debtors operate a home textiles and home décor business that designs, sources and supplies fashion bedding, window treatments, bath products, decorative textiles, and related home furnishings (referred to as "soft goods") for major retailers. The Debtors were formed in

early 2025 in connection with the carve-out of the soft goods business divisions from Keeco, LLC (“Keeco”), a portfolio company of Centre Lane Partners (“CLP”), and related affiliates (the “Carve Out Transaction”). Prior to the Carve-Out Transaction, Keeco was one of North America’s largest home textile suppliers. Following the Carve-Out Transaction, Keeco was rebranded as “Live Comfortably.”

9. The Debtors commenced these Chapter 11 Cases following a series of compounding and interconnected challenges: an undercapitalized opening balance sheet from the time of the Carve-Out Transaction as compared to CLP’s projections (which, among other things, the Debtors intend to investigate thoroughly during these Chapter 11 cases), the inheritance of diminished customer and supplier relationships from the prior Keeco operations, a reduction in certain major customer programs that severely impaired the Debtors’ revenue base, an ongoing dispute with respect to a Transition Services Agreement with Live Comfortably, the failure of multiple recapitalization, M&A and refinancing efforts all led by the Company’s sponsor, CLP, the refusal of CLP to provide necessary liquidity and capital support for the Debtors in the face of such failed transactions, and the imposition of reciprocal tariffs that eroded the Debtors’ margins.

10. Despite these obstacles, the Debtors’ core business retains real commercial value, including a portfolio of recognized home textiles brands, strong international sourcing capabilities, and close relationships with major retail partners. The Debtors have commenced these Chapter 11 Cases to stabilize their operations, preserve going-concern value to the extent possible, maximize the value of their estates for the benefit of all stakeholders, pursue a value-maximizing transaction through the Chapter 11 process and consider the existence of any possible claims and causes of action as against related or other parties which contributed directly or indirectly to the circumstances for which the Debtors now find themselves in. In connection with the filing, the

Debtors are seeking certain “first day” relief described in Part II of this Declaration to enable them to continue operating their business in the ordinary course and to fund the administration of these Chapter 11 Cases.

B. Keeco and the Formation of the Debtors

11. Keeco was one of North America’s largest diversified home textiles suppliers and a CLP portfolio company, with two core business segments: 1) utility bedding, such as pillows, comforters and mattress pads, and 2) soft goods, including blankets, sheets, comforters, quilts, throws, duvets, decorative pillows, and bed-in-a-bags, and blackout and decorative window curtains and shower curtains(collectively, “Soft Goods”).

12. Over approximately five years, CLP scaled Keeco through a series of acquisitions focused on utility bedding, and in the process of doing so, those acquisitions also added non-core Soft Goods categories that were not synergistic with the manufacturing-focused utility bedding platform.

13. CLP sponsored the Carve-Out Transaction of the Soft Goods division from Keeco into a standalone company, being the Debtors. The Carve-Out Transaction was effectuated through a two-step transaction structure. In the first step, the Collateral Agent under Keeco’s term loan facility that was then in default, conducted a partial strict foreclosure under Article 9 of the Uniform Commercial Code with respect to certain collateral associated with the Soft Goods division. Through the foreclosure, the Collateral Agent transferred the Soft Goods collateral to designated transferee entities established by CLP, ultimately vesting such collateral in Simply Interior Homes, LLC (f/k/a Soft Goods Operating, LLC) (“SIH”), one of the Debtors. Following the Carve-Out Transaction, Keeco rebranded as “Live Comfortably” to focus exclusively on its

core utility bedding business, supplying utility bedding products to major retail and hospitality customers, and maintaining licensed utility bedding brands.

14. In the second step, the parties completed the carve-out upon the closing of a Membership Interest Purchase Agreement (the “MIPA”) among Simply Interior Homes AcquisitionCo, LLC (f/k/a Soft Goods, LLC) (“AcquisitionCo”), as purchaser, Live Comfortably Borrower LLC (f/k/a Keeco Borrower LLC), as seller, and SIH, as the company. The Carve-Out Transaction, originally expected to close in late October 2024, ultimately closed approximately four months late on February 21, 2025. The majority of the cash purchase price under the MIPA was used to satisfy certain subordinated notes issued by SIH in connection with the foreclosure. Upon the closing of the MIPA, the Debtors commenced operations as an independent company from Live Comfortably, with its own management team, but with CLP (and its affiliates) remaining as the indirect sole owner and effective decision-maker of the Debtors, and with the Debtors reliant on Live Comfortably to provide the Debtors with many services essential for its operations, as set out below.

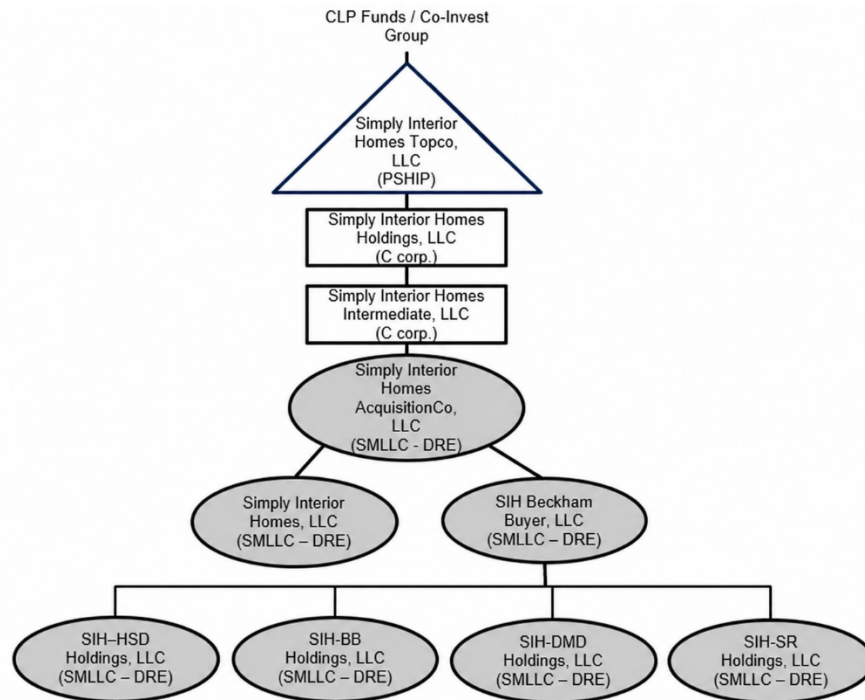
15. In connection with the Carve-Out Transaction, on February 21, 2025, the Debtors and Live Comfortably executed a number of ancillary agreements, including a Transition Services Agreement (the “TSA”), to facilitate the Debtors’ transition to standalone operations following the separation.

C. The Debtors, Their Business and Corporate Structure

i. Corporate Structure

16. A chart depicting the organizational structure of the Debtors and their affiliates is set forth below, with the Debtor entities shaded in gray. AcquisitionCo is the parent Debtor entity, and Debtor SIH is its direct subsidiary. The entities above AcquisitionCo in the corporate

structure—including Simply Interior Homes Intermediate, LLC (“Holdings”), Simply Interior Homes Holdings, LLC, and Simply Interior Homes TopCo, LLC—are not Debtors in these Chapter 11 Cases.



17. The Debtors maintain their principal office in Rock Hill, South Carolina. In addition, the Debtors maintain a showroom in New York, New York, a former Keeco showroom space at 390 Fifth Avenue that the Debtors currently share with Live Comfortably.. The Debtors also maintain overseas sourcing offices in China, Pakistan, and India, and utilize third-party warehousing facilities primarily in Reno, Nevada and Whitestown, Indiana.

ii. Business Description and Operations

18. The Debtors operate a home textiles and home décor business, serving as a business-to-business wholesale supplier and sourcing partner to major retail channels, including department stores, off-price retailers, e-commerce retailers, and home centers. The Debtors’ product assortment spans multiple home categories, including: (a) bedding, including comforters,

duvets, quilts, sheet sets, mattress pads, decorative pillows, and throws; (b) window treatments, including curtains, drapes, valances, curtain liners, and hardware; (c) bath products, including towels, bath mats, shower curtains, and bath rugs; and (d) furniture and décor, including accent pillows, ottomans, chairs, storage shelves, slipcovers, rugs, and floor coverings.

19. The Debtors' business model encompasses private label manufacturing, licensed brand development, and retail merchandising support, with a licensed and proprietary brand portfolio that includes: (i) Eclipse, a window treatment brand featuring noise-reducing and light-blocking curtain solutions carried at Walmart, HomeGoods, Amazon, and other major retailers; (ii) Hookless, an innovative bath brand featuring patented hook-free shower curtain technology carried at Lowe's, Home Depot, and other home improvement and mass merchant channels; (iii) Historic Charleston, a bedding collection inspired by classic decorative arts; and (iv) Kate Spade Home bath accessories, a premium licensed brand. These core brands are premium product lines that represent a key component of the Debtors' strategic value and going-concern business.

20. As of the Petition Date, the Debtors employ approximately 27 employees across their principal office in Rock Hill, South Carolina and their showroom and sourcing locations. The Debtors rely heavily on international sourcing and manufacturing partnerships, maintaining sourcing relationships with manufacturers and suppliers in India, Pakistan, China, and Vietnam, among other countries, with overseas sourcing infrastructure enabling the Debtors to manage tariff impacts, maintain production flexibility, and achieve speed-to-market delivery for their retail partners. In the ordinary course of business, the Debtors rely on third-party logistics providers and freight carriers to ensure the timely transport and delivery of home textiles merchandise and home décor products to their retail partners and distribution centers.

iii. **Transition Services Agreement**

21. In connection with the Debtors' separation from the operations historically associated with Keeco, the Debtors entered into the TSA with Live Comfortably. CLP and Live Comfortably's leadership negotiated and established the TSA in 2024, prior to the hiring of the Debtors' management team that would ultimately be responsible for operating under its terms. CLP appears to have effectively managed Live Comfortably and directed Live Comfortably regarding its performance under the TSA.

22. The services provided under the TSA span substantially all of the Debtors' back-office and certain operational functions, including: (a) corporate information technology infrastructure, cybersecurity, enterprise applications, and end-user computing support; (b) finance and accounting services, including accounts receivable, accounts payable, corporate accounting, financial planning and analysis, tax compliance, and treasury functions; (c) human resources services, including payroll processing, benefits administration, workers' compensation coverage, and recruiting; (d) operations support, including customs bond access, transportation and logistics management, and distribution center access; and (e) sales and marketing support, including demand and supply planning, account management, product development, merchandising, design, and e-commerce platform management.

23. The Debtors had no independent information technology systems of their own at formation and, due to delays in updating the Debtors' formal name change with the Internal Revenue Service, the Debtors were delayed in establishing new vendor accounts with certain major customers and as a result were required to rely upon Live Comfortably to receive and remit to the Debtors their customers' remittance payments throughout the entirety of 2025 and continuing with several major customers in 2026. I understand that Live Comfortably, at the direction of CLP,

frequently delayed remitting such payments to the Debtors, notwithstanding the Debtors' repeated demands for timely remittance. From January to May 2026, the Debtors' customers remitted more than 75% of the Debtors' collections to Live Comfortably's bank accounts. Such amounts ranged from \$300,000 to \$1.5 million per week during this period. Most recently, during the week ended May 31, 2026, Live Comfortably received approximately \$311,000 in payments from the Debtors' customers, which were expected to be remitted to the Debtors in a timely manner the following week. As of June 7, 2026, despite repeated requests for payment, Live Comfortably has not remitted the funds to the Debtors.

24. The Debtors intend to investigate and review the reconciliation of all amounts owing by Live Comfortably to the Debtors,

25. As of the Petition Date, the Debtors remain critically dependent on the services provided under the TSA and have not yet completed the transition to fully independent, stand-alone operations. The Debtors lack certain internal infrastructure, systems, and personnel to perform many of the functions currently provided by Live Comfortably under the TSA, and any disruption or termination of such services would materially impair the Debtors' ability to operate their business, fulfill customer orders, maintain financial reporting, and comply with applicable legal and regulatory requirements.

26. The TSA imposed substantial cost burdens on the Debtors, including trailing annual charges exceeding \$2.7 million. As more fully described below, the Debtors and Live Comfortably became involved in a dispute regarding amounts owing under the TSA, culminating in Live Comfortably, under the direction of CLP, threatening to terminate the TSA and discontinue the critical services provided thereunder, which contributed to the Debtors' decision to commence these Chapter 11 Cases.

D. The Debtors' Prepetition Capital Structure

27. As of the Petition Date, the Debtors' capital structure consists of: (i) funded debt under the Prepetition Credit Facility described below; (ii) subordinated secured and unsecured debt obligations owed to CLP affiliates under the Subordinated Sponsor Notes described below; and (iii) general unsecured liabilities, principally trade payables and disputed TSA obligations. The Debtors' primary assets consist of inventory, accounts receivable, FF&E, brand license agreements, international product sourcing and vendor relationships, and intangible intellectual property. As of the Petition Date, the Debtors had approximately \$293,459 in cash on hand, the majority of which is reserved for employee obligations.

i. The Prepetition Credit Facility

28. As of the Petition Date, the Debtors are obligors with respect to not less than \$17,916,002.34 (plus accrued but unpaid interest, fees, including commitment termination fees and expenses) in funded debt obligations under a revolving credit facility (the "Prepetition Credit Facility"), governed by a Credit and Guaranty Agreement dated as of February 21, 2025 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"), among Simply Interior Homes Intermediate, LLC (f/k/a Soft Goods Intermediate, LLC), as Holdings, AcquisitionCo and Simply Interior Homes, LLC (f/k/a Soft Goods Operating, LLC), as Borrowers, the other Guarantors party thereto, Great Rock Capital Partners Management, LLC, as Administrative Agent, and Lenders (as defined therein) from time to time party thereto. The Lenders under the Prepetition Credit Facility are GRC SPV Investments, LLC and Wingspire Capital LLC (together with the Administrative Agent, the "Prepetition Lenders").

29. The Prepetition Credit Facility provides for a revolving credit facility with aggregate revolving credit commitments of \$30,000,000 and matures on February 21, 2029. The

obligations under the Prepetition Credit Facility are secured by a first-priority lien on substantially all of the assets of the Debtors. As of the Petition Date, the aggregate principal amount, plus accrued interest, owing by the Debtors to the Prepetition Secured Parties under the Prepetition Secured Credit Agreement is not less than \$17,916,002.34 (excluding fees and expenses payable thereunder, including the reasonable and documented fees, disbursements and other charges of counsel to the Prepetition Secured Parties (the “Prepetition Secured Obligations”).

ii. The Subordinated Sponsor Notes

30. In connection with the formation of the Debtors and subsequent capital contributions, CLP, through its affiliated funds, provided capital to the Debtors structured in the form of two subordinated notes (collectively, the “Subordinated Sponsor Notes”). The notes are held by Centre Lane Partners IV, L.P. and 11th Lane Holdings SG, LLC (an affiliate of Centre Lane Partners), respectively, and are subordinated in right of payment and lien priority to the obligations under the Prepetition Credit Facility pursuant to a Subordination and Intercreditor Agreement, dated as of February 21, 2025.

31. The note issued in favor of Centre Lane Partners IV, L.P. is evidenced by the Sixth Amended and Restated Note, dated February 20, 2026, in the principal amount of \$13,827,994.83, with unpaid principal and accrued interest due and payable on August 21, 2029. The Debtors’ obligations under the Fifth Amended and Restated Note are secured by a second-priority lien on substantially all assets of the Debtors pursuant to a Second Lien Security Agreement. The note issued in favor of 11th Lane Holdings SG, LLC is evidenced by an Amended and Restated Promissory Note, dated November 26, 2025, in the principal amount of \$15,047,637.93, with the principal amount payable on September 19, 2028. The obligations under the 11th Lane Holdings SG, LLC note are unsecured.

32. In total, as of the Petition Date, the Debtors' aggregate obligations under the Subordinated Sponsor Notes are approximately \$70 million.

iii. Unsecured Claims

33. As of the Petition Date, the Debtors' unsecured liabilities primarily consist of trade payables owed to vendors, including approximately \$12 million in aged payables owed to non-go-forward vendors. In addition, the Debtors' unsecured liabilities include: (a) amounts owed to go-forward trade vendors, the full scope of which the Debtors continue to assess; (b) disputed amounts asserted by Live Comfortably under the TSA (as more fully described below); (c) lease obligations relating to the Debtors' office, showroom, and other facility locations; and (d) employee-related obligations. The Debtors are continuing to analyze the full scope of their unsecured liabilities and will provide a more detailed description of their liabilities in the Schedules of Assets and Liabilities and Statements of Financial Affairs to be filed in these Chapter 11 Cases.

E. Events Leading to These Chapter 11 Cases

34. The Debtors' path to these Chapter 11 Cases was shaped by a series of compounding and interconnected challenges: an undercapitalized opening balance sheet from the time of the carve-out transaction as compared to CLP's projections, the inheritance of diminished customer and supplier relationships from the prior Keeco operations, a reduction in certain major customer programs that severely impaired the Debtors' revenue base, an ongoing dispute with respect to a Transition Services Agreement with Live Comfortably, the failure of multiple recapitalization, M&A transaction and refinancing efforts led by CLP, the refusal of CLP to provide necessary liquidity and capital support for the Debtors in the face of such failed transactions, and the imposition of reciprocal tariffs that eroded the Debtors' margins. Each of these factors is described in detail below.

i. An Undercapitalized Opening Balance Sheet

35. As described above, the Debtors were formed by way of a carve-out of the Soft Goods divisions historically associated with Keeco. In connection with the formation of the Debtors, CLP projected the Soft Goods business would generate significant sales and EBITDA in its first year of operations (2025), and scaling approximately two-fold thereafter. In terms of liquidity, CLP projected that the new company would have \$5 million of cash when its commenced operations and would have approximately \$49 million of finished goods inventory at closing of the Carve-Out Transaction.

36. The Carve-Out Transaction, originally expected to close in late October 2024, was delayed until February 21, 2025, and due to the delay in closing, CLP pre-funded the purchase price, releasing inventory and enabling CLP's other portfolio company, Live Comfortably, to recognize approximately \$21 million of revenue from the Soft Good Business for January and February 2025 prior to the Debtors' formation. As a result, the Debtors' actual opening balance sheet differed drastically from CLP's projections (which projections were relied upon by the Debtors' prospective lenders to underwrite its financing): the Debtors started with no cash on hand and received only approximately \$27 million of inventory (of which approximately \$22 million consisted of excess and obsolete inventory). In addition, accounts payable assumed by the Debtors, including payables in connection with the above-noted sales, were approximately \$32 million versus the projected \$25 million. This delay and resulting change in the opening financial position of the Debtors upon their formation negatively impacted their ability to manage working capital and maintain the historical profitability of the underlying Soft Goods business. The ultimate assets and liabilities delivered upon closing were, in the case of the assets, significantly lower, and in the case of the liabilities, significantly higher, than what was forecast and represented by CLP to the

Prepetition Lenders and the Company's incoming management team during their respective diligence investigations.

37. I have been advised by SIH's management team that due to the negative change in the opening financial position of the Debtors and Keeco's prior fill rate failures, the newly hired management of the Debtors were required to immediately revise the Debtors' revenue plan for 2025 from \$185 million ultimately down to \$86 million.

38. In sum, the Debtors began their existence as an undercapitalized business with a damaged customer base, excess and obsolete inventory, no cash, and more debt and payables than anticipated, creating fundamental deficits from which the Debtors operated for more than a year but from which they were never able to fully recover.

ii. Inherited Operational Deficiencies and Customer Program Losses

39. In fiscal year 2025, the Debtors' first full year of operations as a stand-alone company, the Debtors generated approximately \$84.7 million in gross revenue and approximately \$3.4 million in Adjusted EBITDA, substantially below projections.

40. The Debtors' underperformance was driven in significant part by the poor customer service levels and inventory mix inherited from Keeco: on the first day of the Debtors' operations, fill rates were approximately 30–40% for most product categories, far below the 95% or greater fill rates expected by the Debtors' retail partners. As a direct consequence, the Debtors lost material sales programs with certain major customers, including Wal-Mart.

41. In light of these deficiencies, the Debtors implemented a comprehensive sales and operations planning and improvement process, which rebounded fill rates to over 90% by the fourth quarter of 2025. However, the damage to customer relationships had already taken effect

and certain programs were not recommenced, which permanently impaired the Debtors' revenue base and made it impossible to achieve the financial performance originally projected.

42. The Debtors' liquidity constraints also compounded the deterioration of their vendor relationships. As a consequence of the Debtors' inability to make timely payments to their supplier base, many vendors moved the Debtors to cash-in-advance or prepayment terms, while others significantly reduced or eliminated trade credit previously extended to the Debtors. These diminished trade terms placed additional strain on the Debtors' already limited working capital, creating a self-reinforcing cycle in which reduced liquidity led to further vendor restrictions, which in turn further constrained the Debtors' ability to procure inventory and fulfill customer orders. This situation was due, in part, to Live Comfortably's failure to remit to SIH the receivables owed to SIH that were collected by Live Comfortably under the TSA.

43. Due to ongoing liquidity shortages, as of the Petition Date, the Debtors have gone more than twelve (12) weeks without making material payments to suppliers, including customs and duties, which resulted in service providers and customs brokers holding the Debtors' inventories at ports and in transit. As a result, the majority of the Debtors' supplier base, including key overseas manufacturing partners, suspended shipments to the Debtors pending receipt of outstanding payments, further impairing the Debtors' ability to maintain adequate inventory levels and service their customers.

iii. Impact of Tariffs and Failed Tariff Exemption Strategy

44. In addition to the foregoing challenges facing the newly formed Debtors, reciprocal tariffs went into effect on April 15, 2025, further reducing the Debtors' margins. Despite management's requests for adequate capital to address the tariff impact, CLP provided limited financial support; instead, CLP directed the Debtors to forgo passing tariff cost increases on to

customers based on CLP's expectation that it would be able to secure an exemption from all applicable tariffs. The compounding effect of the tariff burden further deteriorated the Debtors' financial position throughout the second half of 2025 and into 2026.

iv. Failed Recapitalization and Refinancing Efforts

45. Over the course of 2025 and into 2026, the Debtors and their stakeholders pursued multiple out-of-court alternatives to address the Debtors' deteriorating financial condition, none of which provided a sustainable solution.

46. In early 2026, in a further attempt to address the Debtors' capital needs, CLP advised the Debtors and the Prepetition Lenders that it planned to acquire a new business and roll it into the Debtors' existing business on an accelerated timeline in order to provide additional liquidity to the Debtors through the combined business and additional availability from term financing. To facilitate the transaction, CLP formed new entities, being the Debtors called SIH Beckham Buyer, LLC and its Debtor subsidiaries SIH-HSD Holdings, LLC, SIH-BB Holdings, LLC, SIH-DMD Holdings, LLC and SIH-SR Holdings, LLC.²

47. Ultimately, that transaction could not close due to unavailability of financing. The failure of that transaction eliminated the Debtors' potential path to recapitalization, utilizing significant resources, and left the Debtors without any viable out-of-court restructuring path; a dire situation that CLP determined not to resolve through additional financing or capital support.

48. Following the failure of that transaction, the Debtors and Reflect were required to evaluate all remaining options.

² However, as described herein, the transaction never closed and, therefore, these entities never operated.

v. *TSA Disputes with Live Comfortably*

49. On April 28, 2026, Live Comfortably delivered a formal notice of breach to the Debtors, asserting that the Debtors had failed to pay for transition services under the TSA in the amount of approximately \$5.1 million, and reserving the right to terminate the TSA and to suspend or cease providing services to the Debtors.

50. The Debtors dispute Live Comfortably's characterization of the amounts owed and have demanded a comprehensive reconciliation of all amounts due to and from the parties under the TSA, including a full accounting for all historical wrong-pockets payments received by Live Comfortably on behalf of the Debtors and all setoffs applied by Live Comfortably. Although the reconciliation has not been completed, the Debtors believe that Live Comfortably, at the direction of CLP, may have inappropriately set off a significant amount of cash collections rightly belonging to the Debtors, including customer remittance payments collected by Live Comfortably on the Debtors' behalf throughout 2025 and into 2026 that have not been credited for the account of the Debtors' in the reconciliation between amounts due to and from Live Comfortably and the Debtors.

51. The threatened termination of the TSA by Live Comfortably would not only effectively shut down substantially all of the Debtors' back-office operations, which would be potentially catastrophic to the Debtors' business and operations, but also would likely trigger an event of default under the Prepetition Credit Facility. After good faith efforts by the Debtors to resolve the dispute with Live Comfortably, the Debtors determined that these severe risks could not be mitigated through any available out-of-court mechanism.

vi. *The ABL Default and Proxy Exercise*

52. Beginning in June 2025 and through April 2026, the Administrative Agent under the Prepetition Credit Facility, on behalf of the Prepetition Lenders, delivered to the Debtors and/or

CLP various notices asserting defaults and events of default under the Credit Agreement. Among other things, the Debtors' borrowing base in respect of its borrowing facility from the lenders was in an overadvance position, such that the Debtors had no available financing. As a result, since December 2025 the Prepetition Lenders have provided funding to the Debtors in their permitted discretion, for critical obligations such as payroll, lease payments, vendor payments and payments to the Debtors' third-party logistics provider notwithstanding multiple and extensive events of default under the Prepetition Credit Facility. The lack of available liquidity placed even greater strain on the Debtors' ability to maintain their operations on a going concern basis, exacerbating the Debtors' already significant issues in paying their vendors and servicing their customers on time.

53. After repeated refusal by CLP to provide requested liquidity and capital support to the Debtors, on April 27, 2026, the Administrative Agent delivered to the Debtors a Notice of Exercise of Proxy Rights (the "Proxy Exercise"), pursuant to which the Administrative Agent, acting as Holdings' and SIH's proxy and attorney-in-fact under the Security Agreement, exercised its voting rights and adopted a written consent removing Holdings as the sole member of AcquisitionCo and appointing Stuart Kaufman, Managing Director of Arete Capital Partners, LLC, as Independent Manager of AcquisitionCo, vested with sole and exclusive decision-making authority.

54. Following the Proxy Exercise, the newly constituted management of the Debtors, acting through Goodwin Procter LLP as replacement counsel, directed CLP and its affiliates, including Live Comfortably, to (i) immediately cease engaging with customers, vendors, lenders, and other counterparties on the Debtors' behalf and (ii) cooperate fully with the Independent Manager and the Debtors' officers and advisors in connection with the orderly transition of

management of the business, while expressly demanding Live Comfortably to continue performing all of its obligations under the TSA.

55. Following the Proxy Exercise, the Prepetition Lenders provided additional funding under the Prepetition Credit Facility to fund critical obligations such as payroll, lease payments, and payments to the Debtors' third-party logistics provider. However, such funding was not sufficient to satisfy the Debtors' outstanding obligations to their vendors or to sustain the Debtors' ongoing operations through the Petition Date.

F. Determination to File These Chapter 11 Cases

56. Against this backdrop, the Debtors evaluated all available alternatives to a chapter 11 filing. At every instance, the efforts undertaken by CLP failed on their face and CLP's promises to provide liquidity or financial support to the Debtors did not materialize. Every out-of-court option that was pursued failed to provide a sustainable solution to the Debtors' original structural undercapitalization and ongoing deteriorating financial condition. The Debtors were left with critical liquidity needs that could not be funded outside of a formal restructuring process, a disputed TSA whose termination would destroy the Debtors' ability to operate, damaged supplier relationships, and existing defaults under the Prepetition Credit Facility. After careful consideration of all available alternatives and deliberation with their advisors, the Debtors determined that filing these Chapter 11 Cases and pursuing a value-maximizing sale and liquidation process is in the best interest of the Debtors, their estates, and all of their stakeholders. The Debtors' core business retains real value, and these Chapter 11 Cases are intended to provide a stable platform from which the Debtors can preserve and maximize that value for the benefit of all parties in interest.

57. Together with their advisors, the Debtors determined that preservation of value for all stakeholders would be best accomplished by: (1) commencing an orderly liquidation of the Debtors' inventory and other working capital assets, and (2) pursuing a sale of the Debtors' business and/or assets as a going concern or otherwise.

58. To that end, prior to the Petition Date, and after soliciting proposals from four (4) liquidation firms, the the Debtors engaged SB360 Capital Partners, LLC ("SB360") to serve as the Debtors' liquidation consultant to conduct liquidation sales of the Debtors' on-hand and in-transit inventory, outstanding trade accounts receivable, and FF&E, subject to Court approval ("Liquidation Process").

59. In addition, the Debtors engaged Rock Creek Advisors ("Rock Creek") to serve as their investment banker to develop and implement a comprehensive sale and marketing process designed to maximize the value of the Debtors' business and assets on a going concern basis, for the benefit of their estates and creditors, and to conduct lender outreach to ensure the Debtors has access to competitive debtor-in-possession financing to support the Chapter 11 process. If successful, a transaction consummated by Rock Creek for the sale of any assets would result in the removal of such assets from the Liquidation Process.

60. Rock Creek, having recently been engaged, has begun efforts to broadly market the Debtors' assets and will continue to do so post-petition, with the goal of fostering a robust bidding process and a competitive auction for the sale of the Debtors' assets. While the Debtors have not identified a stalking horse bidder as of the Petition Date, the Debtors intend to file a motion seeking approval of bidding procedures shortly after the commencement of these Chapter 11 Cases and, through such process, will seek to identify and designate a stalking horse bidder to serve as a floor for the auction of the Debtors' assets, subject to higher and better bids and Court approval.

61. In addition, while the Debtors negotiated a DIP financing facility with the Prepetition Lenders, Rock Creek contacted potential alternative sources of DIP financing on behalf of the Debtors. None were willing to provide financing on a fully unsecured or junior secured basis. Accordingly, the DIP facility offered by the Prepetition Lenders represents the best and only financing option available to the Debtors under the circumstances.

* * *

Part II: First Day Motions

62. Contemporaneously herewith, the Debtors have filed several First Day Motions seeking orders that grant various forms of relief intended to stabilize the Debtors' business operations, facilitate the efficient administration of these Chapter 11 Cases, and expedite a swift and smooth sale process. On or around the Petition Date, the Debtors filed the following First Day Motions:

- **DIP Motion.** *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtor to (A) Obtain Postpetition Financing and (B) Utilize Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief*
- **Cash Management Motion.** *Debtors' Motion for Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate the Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Continue Intercompany Transactions, and (D) Maintain Existing Business Forms; (II) Authorizing the Debtors' Banks to Honor All Related Payment Requests; and (III) Granting Related Relief*
- **Liquidation Services Agreement Motion.** *Motion of Debtors for Interim and Final Orders (I)(A) Confirming, on an Interim Basis, that the Services Agreement is Operative and Effective and (B) Authorizing, on a Final Basis, the Debtors to Assume the Services Agreement; (II) Authorizing and Approving the Sales of Liquidation Assets Free and Clear of All Liens, Claims, and Encumbrances; and (III) Granting Related Relief*
- **Tax Motion.** *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Certain Prepetition Taxes and Fees and (II) Granting Related Relief*
- **Wages Motion.** *Debtors' Motion for Entry of Interim and Final Orders (A) Authorizing, but Not Directing, the Debtor to (I) Pay Prepetition Wages, Compensation, Employee Benefits, and Other Employee Obligations, (II) Continue Certain Employee Benefit Programs in the Ordinary Course, (B) Authorizing All Banks to Honor Prepetition Checks for Payment of Prepetition Employee Obligations, and (C) Granting Related Relief*

- **Insurance Motion.** *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain Insurance and Surety Coverage, and Letters of Credit Entered into Prepetition and Satisfy Prepetition Obligations Related Thereto, (B) Renew, Amend, Supplement, Extend, or Purchase Insurance Policies, Surety Bonds, and Letters of Credit, (C) Continue to Pay Broker Fees, and (D) Honor and Renew Their Premium Financing Agreements, and (II) Granting Related Relief*
- **Epiq Retention Application.** *Debtors' 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 Debtors, Effective Nunc Pro Tunc to the Petition Date, and (II) Granting Related Relief*
- **Joint Administration Motion.** *Debtors' Motion for an Order Directing Joint Administration of the Debtors' Chapter 11 Cases*
- **PII Redaction Motion.** *Motion of Debtors for Entry of Interim and Final Orders (A) Authorizing the Debtors to Redact Certain Personally Identifiable Information and (B) Granting Related Relief*

63. **The DIP Motion.** Through the DIP Motion, the Debtors seek authority to (a) enter into a superpriority senior secured, asset-based debtor-in-possession financing and other financial accommodations (the “DIP Facility”), consisting of a (i) senior secured superpriority revolving credit facility in the aggregate principal amount of \$5,000,000 (excluding fees, premiums and other amounts payable-in-kind, the “New Money DIP Commitments”, and the loans made pursuant thereto, the “New Money DIP Loans”) and a (ii) second out roll-up tranche in the amount of \$3.00 of Prepetition Secured Obligations for every \$1.00 of the New Money DIP Loans funded with such rolled up loans not to exceed \$10,000,000 in the aggregate and (b) use Cash Collateral (as defined in section 363(a) of the Bankruptcy Code) consistent with an approved budget and the terms of the proposed interim and final orders authorizing the DIP Facility, with the consent of the Prepetition Lenders.

64. The Debtors have limited liquidity to continue business in the ordinary course and satisfy accruing administrative expenses. All of the Debtors' cash on hand as of the Petition Date is subject to the liens of the Prepetition Lenders and thus constitutes Cash Collateral. For that reason, the Debtors require both debtor-in-possession financing and the use of Cash Collateral to

fund their proposed sale and marketing process and ensure the administrative solvency of the Debtors' estates. Absent the funding available under the DIP Facility and immediate access to Cash Collateral, the Debtors would be unable to sustain operations, pay their employees or vendors, or achieve a successful outcome through the Chapter 11 process. Accordingly, the Debtors have an urgent and immediate need for entry of the interim order as requested in the DIP Motion.

65. As described above, the Debtors were unable to obtain post-petition financing on a fully unsecured or junior secured basis. Following a series of arm's-length negotiations with the Prepetition Lenders, the Debtors ultimately agreed to the terms of the proposed DIP Facility and the use of Cash Collateral, which provides the Debtors with sufficient runway to execute a value-maximizing sale transaction on reasonable terms given the Debtors' circumstances. Absent a consensual resolution, the Debtors anticipate there would have been a contentious dispute on the first day of these Chapter 11 Cases with respect to nonconsensual use of Cash Collateral and/or the priming of the Prepetition Lenders' collateral, the outcome of which would have been uncertain.

66. Furthermore, the Prepetition Lenders made it evident in their negotiations with the Debtors that the inclusion of roll-up loans was a required part of any DIP Facility. Given the thorough negotiations with the Prepetition Lenders and the Debtors' assessment that they were unlikely to find better currently available alternatives given the circumstances, agreeing to the roll-up was a reasonable exercise of the Debtors' business judgment. Moreover, the roll up loans are subject to challenge during the Challenge Period and are, therefore, not prejudicial to the rights of creditors in these Chapter 11 Cases.

67. Even with access to Cash Collateral, the Debtors require the proceeds from the DIP Facility to fund operations during these Chapter 11 Cases. Absent immediate access to the DIP Facility and Cash Collateral, the Debtors will have insufficient liquidity to satisfy, among other

things, (a) their working capital and business operating needs; (b) the administrative costs of these Chapter 11 Cases; and (c) the funding requirements necessary to run a value-maximizing sale process for the benefit of all stakeholders. Any delay or inability to draw under the DIP Facility and use Cash Collateral will require the Debtors to cease operations and cause immediate and irreparable harm to the value of the Debtors' estates to the detriment of all stakeholders.

68. For all of these reasons, the Debtors have an urgent and immediate need for entry of the interim order requested in the DIP Motion.

69. In my capacity as Chief Restructuring Officer, I believe that the relief requested in the First Day Motions is necessary and essential to ensuring the Debtors' immediate needs are met, and that the Debtors (and other constituencies) will not suffer any immediate and irreparable harm as a result of the commencement of these Chapter 11 Cases. My opinion as to the necessity of the First Day Motions is based upon my firsthand experience as Chief Restructuring Officer and my review of various materials and information provided to me by the Debtors' other members of senior management and the Debtors' advisors, as well as discussions had in connection therewith. In considering the necessary first-day relief, the Debtors' other members of senior management, the Debtors' advisors, and I were cognizant of the level of cash on hand and, in light of these limitations, narrowed the relief requested at the outset of these Chapter 11 Cases to only those matters that require urgent relief to preserve value during the pendency of these cases.

70. I have reviewed each of the First Day Motions (including the exhibits and schedules thereto) and am familiar with the content and substance contained therein. The facts set forth in each First Day Motion are true and correct to the best of my knowledge and belief with appropriate reliance on other officers and advisors and I can attest to such facts.

71. For a more detailed description of the First Day Motions, I respectfully refer the Court to the respective First Day Motion. The facts set forth in each of the First Day Motions, listed below, are incorporated herein in their entirety. To the extent that this Declaration and the provisions of any of the First Day Motions are inconsistent, the terms of the First Day Motions control.

72. The Debtors have tailored their requests for immediate relief to those circumstances when the failure to receive such relief would cause immediate and irreparable harm to the Debtors and their estates. I believe an orderly transition into chapter 11 is critical to the viability of the Debtors' operations and that any delay in granting the relief described below could hinder the Debtors' operations and cause irreparable harm. Other requests for relief will be deferred for consideration at a later hearing.

[Remainder of Page Intentionally Left Blank]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true correct.

Dated: June 8, 2026
Nashville, Tennessee

By: /s/ Adam Zalev
Name: Adam Zalev
Title: Chief Restructuring Officer