

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

In re:	)	
	)	Chapter 11
WELLMADE FLOOR COVERINGS	)	
INTERNATIONAL, INC., <i>et al.</i> , ¹	)	Case No. 25-58764
	)	
Debtor.	)	

**DECLARATION OF DAVID BAKER, CTP IN SUPPORT OF
CHAPTER 11 PETITIONS AND FIRST DAY PLEADINGS**

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

1. I am Managing Partner of Aurora Management Partners (“Aurora”) and a Certified Turnaround Professional. I have a bachelor’s degree in accounting from the University of North Carolina at Chapel Hill. At the beginning of my career, I spent approximately eight years as a public accountant. My CPA license is currently inactive.

2. I have over 30 years of financial and operational transformation and restructuring experience. I specialize in advising companies and creditors in distressed and non-distressed situations, focusing on financial and operational reviews, liquidity management, performance improvement, business and asset divestment, business plan preparation and review, recapitalization strategies, and negotiation of reorganization plans. I have regularly served in an interim management capacity, including as Chief Executive Officer, President, Chief Restructuring Officer, and Chief Transformation Officer. My experience covers a broad range of

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

sectors with extensive experience in manufacturing, consumer products and retail, real estate and construction, and transportation and distribution.

3. Aurora has been retained by the above-captioned debtors and debtors in possession (collectively, “Wellmade”, the “Company”, or the “Debtors”) as financial advisors since April 2025. In addition, I was appointed as the Chief Restructuring Officer (“CRO”) of the Debtors in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) on July 3, 2025. I am authorized to submit this declaration on behalf of the Debtors.

4. Based on my review of public and non-public documents and my discussions with, and information provided by, other members of the Debtors’ management team, employees, agents, and advisors, and certain members of my engagement team, I am generally familiar with the Debtors’ business, financial condition, policies and procedures, day-to-day operations, and books and records. Except as otherwise noted, I have personal knowledge of the matters set forth herein or have gained knowledge of such matters from other members of my engagement team or from the Debtors’ employees, agents, attorneys, and advisors, the accuracy and completeness of which information I relied upon to provide this declaration. If called upon to testify, I would testify competently to the facts set forth in this declaration.

5. On the date hereof (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), in the United States Bankruptcy Court for the Northern District of Georgia (the “Court”), thereby commencing these chapter 11 cases (the “Chapter 11 Cases”). The Debtors will continue in possession of their properties and will operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. I submit this First Day Declaration on behalf of the Debtors in support of (i) the Debtors' voluntary petitions for relief (the "Petitions") that were filed under chapter 11 of the Bankruptcy Code; and (ii) the Debtors' "first day" pleadings, which are being filed concurrently herewith (collectively, the "First Day Pleadings").² The Debtors seek the relief set forth in the First Day Pleadings to minimize the adverse effects of the commencement of the Chapter 11 Cases on business operations and to maximize the value of their assets. I have reviewed the Petitions and the First Day Pleadings, and it is my belief that the relief sought therein is essential to ensure the uninterrupted operation of the Debtors' business and to successfully maximize the value of the Debtors' estates.

7. To familiarize the Court with the Debtors, their business, the circumstances leading up to these Chapter 11 Cases, and the relief the Debtors seek in the First Day Pleadings, this declaration is organized as follows:

- **Part I** provides an overview of the Debtors' business, history, and corporate structure;
- **Part II** describes the Debtors' prepetition secured debt;
- **Part III** describes the Debtors' prepetition unsecured debt;
- **Part IV** describes the events leading to the filing of these Chapter 11 Cases; and
- **Part V** provides evidentiary support for the First Day Pleadings.

I. THE DEBTORS' BUSINESS, HISTORY, AND CORPORATE STRUCTURE

A. Overview of the Debtors' Business

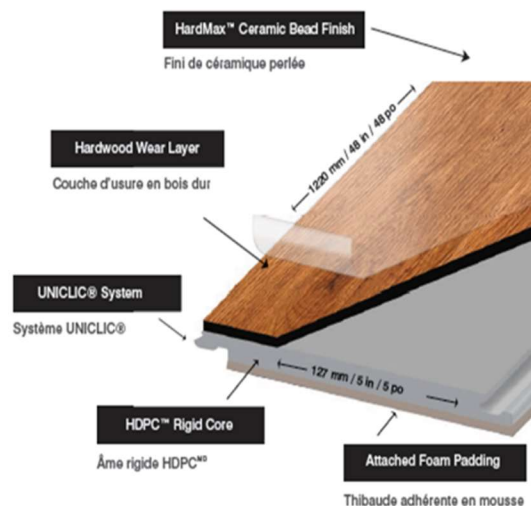
8. A leader in the flooring industry, Wellmade specializes in the design, production, and distribution of market top-line hard surface flooring collections. Established in 2001, the

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the applicable First Day Pleadings.

Company initially focused on solid and engineered bamboo. In 2015, Wellmade invented and patented High-Density Polymer Composite Core (HDPC), a rigid core topped with a vinyl wearlayer. HDPC offers distinct advantages over other rigid core materials, including complete waterproofing, enhanced heat resistance, and increased density while providing superior flexibility.



Building on this innovation, Wellmade launched the award-winning HDPC Opti-Wood, a waterproof solution that incorporates a real wood veneer. The Company also developed and integrated Unclic/Unipush locking technology to enable easy installation without the need for glue, nails, or additional underlayment.



Leveraging these advancements, Wellmade designs, manufactures, and sells waterproof vinyl plank and tile, waterproof natural hardwood flooring, and waterproof strand woven bamboo flooring. Forging a new trend in the industry with its first-to-market waterproof hardwood and bamboo, the Company remains at the forefront of flooring technology and continues to diversify both its product offerings and sales channels throughout the United States and abroad.

B. History

9. Wellmade's origin was with one line of traditional horizontal bamboo for the Chinese market in Nanjing, China where brothers Ming (Allen) Chen and Zhu (George) Chen opened a small plant to manufacture the flooring. Allen Chen moved to Portland, Oregon in 2001 to establish a U.S. sales office, and soon launched the line with a distributor in the Pacific Northwest. After a few years of doing between \$2 million and \$5 million in business, Wellmade landed a very high-profile, large channel retailer's business in 2005. Wellmade supplied that account with carbonized horizontal bamboo flooring, growing the business to \$15 million by 2009.

10. Wellmade was largely centered in horizontal and vertical bamboo, and as the industry moved toward strand bamboo, Wellmade entered that arena as well. Through a strategic, step-by-step expansion, Wellmade grew its operations and established itself as a major player in the solid and engineered bamboo category, supplying major national OEM accounts, large channel retailers, and flooring distributors. At that point, Wellmade recognized the importance of diversification and determined that expanding into higher-volume products would be crucial for the Company's long-term success and stability. Observing the rise of wood plastic composite core structures in an evolving market, Wellmade led the development of the patented HDPC rigid core family of products.

11. Wellmade started to produce what is now known as “rigid core” and received all the patents in China that are in place today for anything called “SPC” or stone plastic composite. The Company then launched its HDPC vinyl flooring with several high-volume customers. As time passed, Wellmade’s product offerings evolved, including using a wood veneer and then a bamboo veneer on top of the HDPC referred to as the wood/vinyl hybrid.

12. To enhance service for U.S. customers with a focus on flexibility, reduced inventory investment, and increased product turnover, Wellmade decided to establish a domestic manufacturing facility in 2020. Replicating its Chinese rigid core plant, the Company constructed a state-of-the-art, 328,000-square-foot manufacturing facility in Cartersville, Georgia, with equipment arriving from China in February 2021. Meticulously designed, the plant incorporates the latest advancements in flooring technology and automation. In less than three years after its launch in 2022, Wellmade expanded the facility, making it the largest manufacturing plant of SPC/HDPC products in the United States and doubling its production capacity to an annual total of 200 million square feet. Today, the Company produces approximately 50% of all the SPC flooring made in the U.S. and serves as a leading OEM supplier, supporting many of the industry’s most recognized brands.



Wellmade's Cartersville Facility

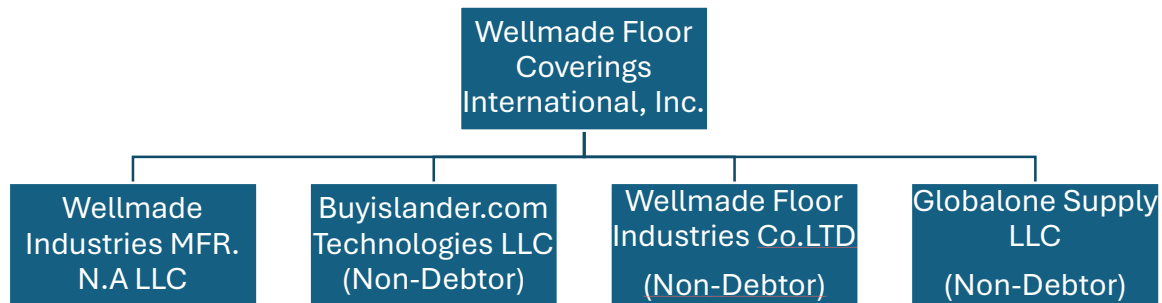
C. Operational and Corporate Structure

13. Wellmade is privately owned and based in the United States. Its manufacturing facility is headquartered in Cartersville, Georgia and its sales offices and warehousing are located in Portland, Oregon. A non-debtor affiliate has operations in China.

14. Debtor Wellmade Floor Coverings International, Inc. ("WFCI"), an Oregon corporation, is privately owned by shareholder Allen Chen (51%) and shareholder George Chen (49%). The parent company, WFCI owns 100% of the membership interests in (i) debtor Wellmade Industries MFR. N.A LLC ("Wellmade Industries"), a Georgia limited liability company; (ii) nondebtor Wellmade Flooring Industries Co. LTD; (iii) nondebtor Globalone Supply LLC; and (iv) nondebtor Buyislander.com Technologies LLC.

15. Wellmade Flooring Industries Co. LTD, Globalone Supply LLC, and Buyislander.com Technologies LLC are not obligated on the Debtors' secured indebtedness and, therefore, are not debtors in these bankruptcy proceedings.

16. The corporate organizational structure of Wellmade is as follows:



D. Corporate Governance and Management

17. The Debtors have a corporate office located in Oregon that houses its accounting, billing and collections, corporate compliance, information technology, and centralized marketing functions.

18. The day-to-day operations of the Company are overseen by the Debtors' co-founder, the Director of WFCI, and the President of Wellmade Industries, Allen Chen. The Debtors' co-founder and former manager George Chen is no longer employed by the Company.

19. As previously mentioned, I have served as the CRO since July 3, 2025. In my capacity as CRO, I have the sole authority to, without limitation, manage the Debtors' cashflow, file chapter 11 cases for the Debtors, determine a restructuring or sale path for these cases, and sell assets of the Debtors.

II. PREPETITION SECURED DEBT

20. As discussed more fully below, as of the Petition Date, the Debtors were indebted to AHF IC, LLC, in its capacity as assignee of Northwest Bank (“AHF IC”), in an amount not less than \$18 million.

21. The Borrowers and AHF IC (as successor to Northwest Bank (“NWB”)) are parties to that certain (i) Loan Agreement, dated as of March 29, 2024, related to a term loan (the “Term Loan”) in the original principal amount of \$20,000,000.00 (as has been or may be further amended, restated, supplemented or otherwise modified from time to time, the “Term Loan Agreement” and the promissory note issued by the Borrowers to NWB in connection therewith, the “Term Loan Note”); and (ii) Loan Agreement, dated as of March 29, 2024, relating to a revolving credit facility (the “Revolving Loan” and together with the Term Loan, collectively, the “Loans”) in the maximum principal amount of \$7,000,000.00 (as has been or may be further amended, restated, supplemented or otherwise modified from time to time, the “RLOC Loan Agreement,” and the promissory note issued by the Borrowers to NWB in connection therewith, the “Revolving Loan Note”; the RLOC Loan Agreement together with the Term Loan Agreement, the “Loan Agreements”; the Term Loan Note and the Revolving Loan Note, collectively, the “Notes”), pursuant to which, among other things, NWB therein agreed, subject to the terms and conditions set forth in the Loan Agreements, to make certain loans and other financial accommodations to the Borrowers. As further inducement for NWB to make the Loans, (iii) Allen Chen executed that certain Guaranty, dated as of March 29, 2024 for the benefit of NWB (the “AC Guaranty”), and (iv) George Chen executed that certain Guaranty, dated as of March 29, 2024 for the benefit of NWB (the “GC Guaranty” and together with the MC Guaranty, the “Guaranties”; the Guaranties together with the Loan Agreements, the Notes, and all other documents executed and delivered by the Borrowers or Guarantors in connection with the Loans, the “Loan Documents”).

22. Pursuant to the Security Documents (as defined in the Loan Agreements, and as amended, restated, supplemented or otherwise modified from time to time prior to the Petition Date, the “Prepetition Security Documents”), by and among each of the Debtors and NWB, each Debtor granted to NWB, to secure the Prepetition Obligations, a security interest in and continuing lien (the “Prepetition Liens”) on substantially all of the Debtors’ assets (including Cash Collateral). All “Collateral,” as defined in the Prepetition Credit Agreement, granted or pledged by the Prepetition Loan Parties pursuant to any Prepetition Security Document or any other Prepetition Loan Document shall collectively be referred to herein as the “Prepetition Collateral”.

23. AHF IC, an affiliate of a significant customer of the Company, acquired the Prepetition Loan Documents from NWB on or about May 20, 2025.

24. Both prior to, and since, its acquisition of the Loan Documents, AHF IC or its affiliates have expressed interest in acquiring the assets of the Company. The Company is in negotiations with AHF IC regarding the terms of a potential stalking horse bid.

III. PREPETITION UNSECURED DEBT

25. As of the Petition Date, the Debtors have estimated aggregate general unsecured debt in the approximate amount of \$10,350,000.

IV. EVENTS LEADING TO THE CHAPTER 11 FILINGS

26. On March 26, 2025, U.S. Immigration and Customs Enforcement (“ICE”), in collaboration with the FBI and the Georgia Bureau of Investigation, executed a search warrant at Wellmade. George Chen, and his nephew, Jiayi Chen, were arrested on charges for trafficking persons for labor servitude.

27. The FBI and ICE are investigating allegations that George Chen and Jiayi Chen engaged in labor trafficking in connection with the recruitment of Chinese residents to come to the U.S. on L-1 Visas to work for the Debtors.

28. A related lawsuit was filed by Chinese nationals Yu Cong Liu, Yixiang Zhang, and Can Gen Han against the Debtors alleging violations of the Trafficking Victims Protection Act, Fair Labor Standards Act, and Georgia's Racketeer Influenced and Corrupt Organizations Act. The case is *Liu et al. v. Wellmade Industries Mfr. N.A LLC et al.*, Case No. 4:25-cv-00134, currently pending in the U.S. District Court for the Northern District of Georgia.

29. To date, no criminal charges have been brought against Wellmade, and my understanding from discussions with Allen Chen and the Company's legal team is that no criminal charges have been threatened.

30. As a result of this incident, NWB issued a notice of default on April 18, 2025 claiming certain covenant defaults under the Prepetition Loan Documents.

31. NWB then imposed on the Debtors a requirement to hire a financial advisor. The Debtors retained Aurora following this demand.

32. On or about May 20, 2025, AHF IC acquired the Prepetition Loan Documents from NWB.

33. On May 29, 2025, the Debtors and AHF IC entered into that certain Forbearance Agreement and First Amendment to Loan Documents (the "Forbearance Agreement").

34. The forbearance period under the Forbearance Agreement expired on July 4, 2025.

35. On July 11, 2025, AHF IC scheduled a foreclosure sale of the Debtors' assets for July 22, 2025.

36. On July 17, 2025, AHF IC rescheduled the foreclosure sale for July 29, 2025.

37. On July 28, 2025, AHF IC rescheduled the foreclosure sale for August 1, 2025.

38. On July 31, 2025, AHF IC rescheduled the foreclosure sale for August 5, 2025.

39. The Debtors filed these Chapter 11 Cases to stay the foreclosure sale and maximize the value of their assets through a sale as a going concern.

1. Debtors' Marketing Process

40. As a result of the operational and financial challenges, in May 2025, the Debtors retained Hilco Corporate Finance, LLC ("Hilco") to assist with exploring strategic transactions, including marketing the Company for sale as a going concern. As a part of that process, Hilco launched a sale process in May 2025 and approached potential strategic buyers and sponsors. Although several parties expressed initial interest, the marketing process for the Debtors' businesses at that time did not result in any viable transactions.

41. As noted above, during Hilco's marketing process, the Debtors have engaged in discussions with AHF IC about a potential acquisition of the Debtors' assets.

42. Subject to the Court's approval of a forthcoming bidding procedures motion, the Debtors anticipate designating a stalking horse bidder in the near future.

2. Evaluation of Strategic Alternatives and the Marketing Process

43. Following the retention of Aurora, the Debtors, together with their advisors, considered several strategic alternatives to address the Debtors continued operations and integrational challenges. After evaluating the alternatives, the Debtors concluded that the best path forward to maximize the value of the Debtors' assets was a sale of the business.

44. Accordingly, the Debtors engaged Hilco to assist the Debtors in pursuing and evaluating value maximizing transactions, including a potential sale of the Debtors. Through this process, the Debtors have received several indications of interest for their assets. The Debtors intend to file a motion seeking approval of proposed bidding and auction procedures within the first several weeks of these Chapter 11 Cases, which will, among other things, identify the stalking

horse bidder and set forth the material terms of the stalking horse bid, including the specific assets being acquired.

3. *Postpetition Financing and Use of Cash Collateral*³

45. The Debtors commenced these Chapter 11 Cases with the goal of consummating the sale of their assets. To that end, SummitBridge National Investments VIII LLC (the “DIP Lender”) has agreed to provide a senior secured priming and superpriority debtor-in-possession credit facility (the “DIP Facility”) in an aggregate principal amount not to exceed \$4,000,000 composed of a multiple draw term loan facility in an aggregate principal amount of \$4,000,0000 of which (a) \$120,000 (the “Initial DIP Loans”) will be made available to be drawn upon entry of this Interim Order, and (b) an additional amount of up to \$3,800,000 (the “Final DIP Loans”, and collectively with the Initial DIP Loans, the “DIP Loans”) will be made available upon the Debtors’ designation of a stalking horse bidder and entry of the Final Order. The transactions discussed herein, including the DIP Facility, will allow the Debtors to maximize the value of their estates for the benefit of all stakeholders.

46. The Debtors have an urgent and necessary need to use cash collateral and obtain a loan under the DIP Facility on an interim basis to avoid immediate and irreparable harm to the Debtors, their estates, their creditors, and other parties-in-interest, and to enable the Debtors to administer and preserve the value of their estates. The ability of the Debtors to maintain business relationships with their vendors and customers, pay their employees, and otherwise finance their operations at this critical stage of the restructuring requires the availability of working capital from

³ Capitalized terms used in this section but not otherwise defined herein have the meanings ascribed to such terms in the *Emergency Motion of the Debtors for Entry of Interim and Final Orders (A) Authorizing the Debtors to Obtain Postpetition Financing and to Use Cash Collateral, (B) Granting Liens and Superpriority Claims, (C) Granting Adequate Protection, (D) Modifying the Automatic Stay, (E) Scheduling Final Hearing, and (F) Granting Related Relief* (the “DIP Motion”), filed contemporaneously herewith.

the DIP Facility and the use of cash collateral. Without the DIP Facility and authority to use cash collateral, the Debtors do not have sufficient available sources of working capital and financing to operate their businesses or maintain their properties in the ordinary course of business.

47. Absent interim approval of the DIP Facility, the Debtors will suffer immediate and irreparable harm and would likely have no choice but to cease operations and liquidate their assets for a fraction of what could be garnered through a competitive sale process as proposed in these Chapter 11 Cases. Such a liquidation would result in a deterioration of value for creditor constituencies. In addition, after exploring alternate debtor-in-possession financing options with the assistance of their advisors, the Debtors believe that the proposed DIP Facility is most favorable postpetition financing alternative available under the circumstances. The proposed DIP Facility provides the best path forward to address the Debtors' immediate liquidity needs, to fund these Chapter 11 Cases, and to provide a clear path toward a competitive sale process or restructuring that preserves value for the estates.

48. Given the size of the proposed facility, and the Debtors' current financial condition, financing arrangements, and prepetition capital structure, the Debtors are unable to obtain financing from sources other than the DIP Lenders on terms more favorable than those provided under the DIP Facility and the DIP Loan Documents. The Debtors have been unable to obtain unsecured credit allowable as an administrative expense under section 503(b)(1) of the Bankruptcy Code. The Debtors also have been unable to obtain sufficient credit (a) having priority over administrative expenses of the kind specified in sections 503(b), 507(a), and 507(b) of the Bankruptcy Code, (b) secured by a lien on property of the Debtors and their estates that is not otherwise subject to a lien, or (c) secured solely by a junior lien on property of the Debtors and their estates that is subject to a lien. Accordingly, postpetition financing is not otherwise available

without granting the DIP Lender: (1) perfected priming security interests in and liens on all of the Debtors' existing and after-acquired assets as more fully described in the DIP Motion; (2) superpriority administrative claims; and (3) all other protections set forth and described in the DIP Motion and the Interim DIP Order attached thereto.

49. After considering all alternatives, I believe that the DIP Facility represents the best financing available to the Debtors and that it is in the best interests of the Debtors and their estates to enter into the DIP Facility.

50. I submit that it is within the Debtors' sound and prudent business judgment to obtain the postpetition financing set forth in the DIP Motion. The Debtors have exercised their sound business judgment by entering into the DIP Facility and executing the DIP Loan Documents, which will allow the Debtors to access up to \$4,000,000, including \$120,000 on an interim basis, to fund these Chapter 11 Cases and the contemplated sale process. Further, the DIP Loans benefit the Debtors by allowing the use of Cash Collateral, thereby reducing the amount which must be borrowed.

51. The terms and conditions of the DIP Loan Documents were negotiated by the parties in good faith and at arm's length. I have determined, in the exercise of my business judgment, based upon analysis and the recommendations of the Debtors' professionals, that the DIP Loan Documents provide the best opportunity for postpetition financing on the most favorable terms available. I believe the DIP Facility is necessary to preserve the Debtors' estates and to administer the Chapter 11 Cases and therefore will benefit all creditors. The DIP Loans allow the Debtors to continue operations and maintain the value of the estates for an anticipated sale of all or substantially all of their assets.

52. Additionally, the adequate protection offered to AHF IC (the “Prepetition Adequate Protection”) is fair and reasonable. The Prepetition Adequate Protection proposed in the Interim Order is consistent with customary protections, including replacement liens, superpriority claims, current pay interest, and professional fees. The Prepetition Adequate Protection properly protects AHF IC from any diminution in value of their interests in the use of the Prepetition Collateral, including Cash Collateral, during the Chapter 11 Cases. These provisions were negotiated in good faith and at arm’s-length with AHF IC, who has consented to the use of Cash Collateral subject to the Debtors’ providing the Prepetition Adequate Protection. Without these protections, the Debtors would not be able to use Cash Collateral or obtain the DIP Loans.

53. I believe the modification of the automatic stay in the DIP Motion is ordinary and a standard feature of debtor-in-possession financing facilities, and, in my business judgment, reasonable and fair under the current circumstances.

54. I believe that the Debtors will face immediate and irreparable harm without entry of the Interim Order authorizing the Debtors to obtain the interim funding under the DIP Facility and use Cash Collateral.

V. FIRST DAY PLEADINGS

55. Contemporaneously with the filing of this declaration, the Debtors filed or will file the First Day Pleadings requesting various forms of relief to facilitate the efficient administration of these Chapter 11 Cases, minimize the disruption and adverse effects of the commencement of the Chapter 11 Cases on the Debtors’ operations, and preserve value for their estates and all stakeholders.

The First Day Pleadings include the following:

- **Joint Administration Motion.** *Emergency Motion of the Debtors for Entry of an Order Authorizing and Directing the Joint Administration of the Debtors' Chapter 11 Cases for Procedural Purposes Only.*
- **Creditor Matrix and Customer Noticing Motion.** *Emergency Motion of the Debtors for Entry of an Order (I) Authorizing the Debtors (A) to Prepare and Maintain a Consolidated Master List of Creditors in Lieu of Submitting a Formatted Mailing Matrix for Each Debtor and (B) to Redact Personally Identifiable Information for Individual Creditors and Parties in Interest, and (II) Approving the Form and Manner of Notifying Creditors of the Commencement of These Chapter 11 Cases and Other Information*
- **Schedules and Statements Extension Motion.** *Emergency Motion of the Debtors for Entry of an Order Extending Time to File Schedules of Assets and Liabilities and Statements of Financial Affairs.*
- **Application to Retain Claims, Noticing, Solicitation, and Administrative Agent.** *Emergency Application of the Debtors for Entry of an Order Authorizing the Retention and Employment of Kurtzman Carson Consultants LLC dba Verita Global as Claims, Noticing, Solicitation, and Administrative Agent Effective as of the Petition Date.*
- **Employee and Wages Motion.** *Emergency Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Prepetition Wages, Payroll Taxes, Certain Employee Benefits, and Related Expenses, and (II) Directing Banks to Honor Related Transfers.*
- **Insurance Motion.** *Emergency Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain Existing Insurance Policies, Pay all Policy Premiums, and Renew or Enter Into New Policies, and (B) Continue Insurance Premium Financing Program, Pay Insurance Premium Financing Obligations Arising in Connection Therewith, and Renew Such Premium Financing Arrangements; and (III) Authorizing Banks to Honor and Process Checks and Electronic Transfer Requests Related Thereto.*
- **Tax Motion.** *Emergency Motion of the Debtors for Entry of an Order Authorizing (I) the Debtors to Pay Prepetition Taxes and Regulatory Fees in the Ordinary Course of Business and (II) Banks and Financial Institutions to Honor and Process Checks and Transfers Related Thereto.*
- **Cash Management Motion.** *Emergency Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Maintenance of Bank Accounts and Continued Use of Existing Business Forms and Checks, (II) Authorizing the Continued Use of Cash Management System, (III) Waiving Certain*

Investment and Deposit Guidelines, (IV) Authorizing the Debtors to Maintain Purchasing Card Program and Honor Prepetition Obligations Related Thereto, and (V) Granting Administrative Expense Status to Postpetition Intercompany Claims.

- **Utilities Motion.** *Emergency Motion of the Debtors for Entry of Interim and Final Orders (I) Prohibiting Utility Providers from Altering, Refusing or Discontinuing Service, (II) Deeming Utility Providers Adequately Assured of Future Performance, and (III) Establishing Procedures for Determining Adequate Assurance of Payment.*
- **DIP Motion.** *Emergency Motion of the Debtors for Entry of Interim and Final Orders (A) Authorizing the Debtors to Obtain Postpetition Financing and to Use Cash Collateral, (B) Granting Liens and Superpriority Claims, (C) Granting Adequate Protection, (D) Modifying the Automatic Stay, (E) Scheduling Final Hearing, and (F) Granting Related Relief.*
- **Critical Vendors Motion.** *Emergency Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Certain Prepetition Claims of (A) 503(b)(9) Claimants, (B) Critical Vendors, and (C) Foreign Claimants and (II) Granting Related Relief.*

56. The First Day Pleadings request authority to, among other things, honor workforce-related compensation and benefits obligations, continue to honor certain customer programs, and continue the Debtors' cash management system and other operations in the ordinary course of business to ensure minimal disruption of the Debtors' business operations during these Chapter 11 Cases. For the avoidance of doubt, the Debtors request authority, but not direction, to incur indebtedness, pay amounts or satisfy obligations with respect to the relief requested in the First Day Pleadings, as more specifically set forth in each of the First Day Pleadings.

57. I am familiar with each First Day Pleading, and I believe that the relief sought in each First Day Pleading (i) is necessary to minimize disruption due to the commencement of the Chapter 11 Cases and to permit the Debtors to administer the Chapter 11 Cases smoothly, (ii) constitutes a critical element in the Debtors' achievement of their goals in this chapter 11 process, and (iii) best serves the Debtors' estates and their stakeholders' interests. I have reviewed

each First Day Pleading, and the facts and descriptions of the relief set forth therein are true and correct to the best of my information and belief with appropriate reliance on the Debtors' relevant advisors and are incorporated herein in their entirety by reference. If asked to testify as to the facts supporting each of the First Day Pleadings, I would testify as to such facts.

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

59. Moreover, in accordance with the *Second Amended and Restated General Order 26-2019, Procedures for Complex Chapter 11 Cases*, dated February 6, 2023, I believe that these Chapter 11 Cases should be designated as Complex Chapter 11 Cases, because, among other things, (a) the Debtors have total debt of more than \$25 million, excluding claims of insiders (as defined in 11 U.S.C. § 101), (b) the Debtors are not individuals, and (c) the Debtors are not single asset real estate debtors.

CONCLUSION

60. The Debtors' goal in these Chapter 11 Cases is the maximization of estate value through a sale of its business as a going concern preserving value for the Debtors' creditors, employees, and other parties-in-interest. In the near term, the Debtors' immediate objective is to continue operating their businesses during the early stages of these Chapter 11 Cases with as little interruption or disruption to the Debtors' operations as possible. I believe that if the Court grants the relief requested in each of the First Day Pleadings, the prospect for achieving these objectives and a sale of the Debtors' assets will be substantially enhanced.

61. I therefore respectfully request that all relief requested in the First Day Pleadings be granted together with such other and further relief as is just.

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

Dated: August 5, 2025

/s/ David Baker

David Baker

Chief Restructuring Officer

Wellmade Industries MFR. N.A LLC and

Wellmade Floor Coverings International, Inc.