

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

FOOD52, INC.,¹

Debtor.

Chapter 11

Case No. 25-12277 (___)

**DEBTOR'S MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) AUTHORIZING THE DEBTOR TO PAY AND HONOR CERTAIN
(A) PREPETITION WAGES, BENEFITS, AND OTHER COMPENSATION
OBLIGATIONS; (B) PREPETITION EMPLOYEE BUSINESS EXPENSES; AND
(C) WORKERS' COMPENSATION OBLIGATIONS; (II) AUTHORIZING BANKS TO
HONOR AND PROCESS CHECKS AND TRANSFERS RELATED TO SUCH
OBLIGATIONS; AND (III) GRANTING RELATED RELIEF**

The above-captioned debtor and debtor in possession (the “**Debtor**”) hereby submits this motion (this “**Motion**”) for the entry of interim and final orders, substantially in the form 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**”) (a) authorizing, but not directing, the Debtor, in its discretion, to (i) pay accrued prepetition Workforce (as defined below) wages, salaries, and other compensation, including accrued prepetition commissions owed to Former Employees (as defined below), (ii) pay prepetition business expenses incurred by the Employees (as defined below), (iii) make contributions to prepetition benefit programs and continue such programs in the ordinary course of its business, (iv) honor workers’ compensation obligations, (v) make payments for which prepetition payroll deductions were made, (vi) pay processing costs and administrative expenses relating to the foregoing payments and contributions, and (vii) make payments to third parties incident to the foregoing payments and contributions, and (b) authorizing banks and

¹ The Debtor in this chapter 11 case is Food52, Inc. and the last four digits of the Debtor’s federal tax identification number are 2604. For the purpose of this chapter 11 case, the Debtor’s service address is 1 Dock 72 Way, 13th Floor, Brooklyn, New York 11205.



other financial institutions (collectively, the “**Banks**”) to honor and process check and electronic transfer requests related to the foregoing. In support of this Motion, the Debtor relies upon and incorporates by reference the *Declaration of Erika Badan in Support of Chapter 11 Petition and First Day Motions* (the “**First Day Declaration**”),² filed contemporaneously herewith. In further support of this Motion, the Debtor respectfully states 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 (the “**Amended Standing Order**”). This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and the Court may enter a final order consistent with Article III of the United States Constitution. Venue is proper in the Court pursuant to 28 U.S.C. §§ 1408 and 1409. Pursuant to Rule 9013-1(f) of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), the Debtor consents to the entry of a final judgment or order with respect to this Motion if it is determined that the Court would lack Article III jurisdiction to enter such final judgment or order absent consent of the parties.

2. The statutory and legal predicates for the relief requested herein are sections 105(a), 363(b), 507(a)(4), and 507(a)(5) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “**Bankruptcy Code**”), and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

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

BACKGROUND

3. On the date hereof (the “**Petition Date**”), the Debtor commenced a voluntary case under chapter 11 of the Bankruptcy Code. The Debtor is authorized to operate its businesses and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No official committees have been appointed in this chapter 11 case and no request has been made for the appointment of a trustee or an examiner.

4. Additional information regarding the Debtor’s businesses, its capital structure, and the circumstances leading to the filing of this chapter 11 case is set forth in the First Day Declaration.

THE DEBTOR’S WORKFORCE

5. As of the Petition Date, the Debtor employs approximately 20 employees (the “**Employees**”), not including the Remaining Union Employees (defined below). Three (3) of the Employees are employed in Portland, Oregon and the rest of the Employees are either employed in New York, New York or work remotely. 18 of the Debtor’s Employees are salaried Employees and two (2) of the Employees are paid on an hourly basis.

6. As set forth more fully in the First Day Declaration, preceding the Petition Date, the Debtor terminated approximately 80 employees (collectively, the “**Former Employees**”). Certain of the Former Employees were paid commissions and other incentive payments, in addition to their base salaries. The quarterly commissions are based on the Debtor’s revenue collected during the applicable quarter and credited to such employee’s book of business. Such commissions are paid 45 days after the quarter end. The employment agreement requires the employee to be employed and in good standing with the Debtor when payable. Due to the proximity of their termination to the Petition Date, the Former Employees’ commissions and other incentive payments have not yet accrued and are not owed. However, out of an abundance of

caution, the Debtor is seeking authorization, in its discretion, to pay amounts owed to Former Employees.

7. Additionally, certain of the employees are unionized employees (the “**Union Employees**”). All Union Employees were provided notice of termination prior to the Petition Date; however, to comply with the notice requirements in the Union Employees’ collective bargaining agreement, 17 Union Employees (the “**Remaining Union Employees**”) will not be terminated until after the Petition Date. A majority of the Remaining Union Employees will be terminated on or prior to January 2, 2026, with all of the Remaining Union Employees being terminated on or prior to January 12, 2026.

8. The value of the Employees cannot be overstated. The institutional knowledge, experience, and skills of the Employees are essential to the Debtor’s ability to continue business operations during this chapter 11 case. Absent the relief sought herein, certain Employees will likely seek employment elsewhere. The loss of Employees at this critical juncture would have a material adverse impact on the Debtor’s businesses and ability to maximize value through the prosecution of this chapter 11 case. While the Former Employees no longer provide services to the Debtor, such employees relied on their payroll for their daily living expenses, and the Former Employees will not be paid in excess of the priority cap set forth in section 507(a)(4) of the Bankruptcy Code.

9. In addition to its Employees, the Debtor uses the services of three (3) independent contractors (the “**Independent Contractors**,” and together with the Employees and the Remaining Union Employees, the “**Workforce**”) who assist in the Debtor’s operations. As with the Debtor’s regular Employees, if the Debtor fails to procure the relief sought herein, it is likely

that the Debtor will lose the Independent Contractors' valuable services to the detriment of the Debtor's ongoing business operations.

10. The Workforce relies on their compensation and benefits to pay their daily living expenses. Not only will these workers be irreparably harmed if the Debtor is not permitted to continue paying compensation and providing health and other benefits during this chapter 11 case, any interruption in payment will also likely jeopardize their continued performance and loyalty to the Debtor.

RELIEF REQUESTED

11. By this Motion, the Debtor seeks entry of the Proposed Orders: (a) authorizing, but not directing, the Debtor, in accordance with its stated policies, in its discretion, to (i) pay accrued prepetition Workforce wages, salaries, and other compensation, including accrued commissions or other amounts owed to the Former Employees, (ii) pay prepetition business expenses incurred by the Employees, (iii) make contributions to prepetition benefit programs and continue such programs in the ordinary course of its business, (iv) honor workers' compensation obligations, (v) make payments for which prepetition payroll deductions were made, (vi) pay processing costs and administrative expenses relating to the foregoing payments and contributions, and (vii) make payments to third parties incident to the foregoing payments and contributions (collectively and as described in greater detail below, the "**Workforce Wages and Benefits**"). The Debtor also requests the Court to authorize the Banks to honor and process checks and electronic transfer requests related to the Workforce Wages and Benefits.

12. The Debtor believes that, as of the Petition Date, there will be approximately \$215,750 in accrued and unpaid Workforce Wages and Benefits, approximately \$85,750 of which will come due in the next thirty (30) days, as set forth below:

Workforce Wage and Benefit	Approximate Amount Accrued Prepetition for Current Employees
Unpaid Wages and Amounts Owed to the Employees	\$17,000
Unpaid Wages and Amounts Owed to the Independent Contractors	\$50,000
Paylocity Fees	\$6,750
Employee Expenses	\$2,000
Unpaid Compensation Owed to Former Employees	\$130,000
Unpaid Wages and Amounts Owed to Union Employees	\$5,000
Wage Deductions	\$1,500
Trust Fund and Payroll Taxes	\$3,500
Total:	\$215,750

I. OBLIGATIONS ON ACCOUNT OF EMPLOYEE WAGES AND OTHER COMPENSATION, BUSINESS EXPENSES, DEDUCTIONS, AND PAYROLL TAXES

A. Unpaid Wages and Other Compensation

13. Historically, the Debtor's combined gross aggregate payroll liability is approximately \$1,400,000 per month. With respect to the employees, the Debtor pays Employee's wages and salaries on a semi-monthly basis, on the 15th and last day of the month, and Union Employee's wages and salaries on a weekly basis ("**Payroll**") via direct deposit or check. As of the Petition Date, the Employees are owed wages of approximately \$17,000 and the Remaining Union Employees are owed wages of approximately \$5,000.

14. As discussed above, certain Former Employees were historically paid commissions and other incentive payments, in addition to their base salaries. Commissions for certain Former Employees would be paid 45 days after the quarter end of December 31, 2025. The employment agreements require the employee to be employed and in good standing with the Debtor when

payable. However, out of an abundance of caution, the Debtor is seeking authorization, in its discretion, to pay amounts owed to Former Employees.

15. With respect to the Independent Contractors, the Debtor generally issues payment following the completion of an Independent Contractor's work and submission of an invoice. In anticipation of the filing of this chapter 11 case, the Debtor processed the Independent Contractors' Workforce Wages and Benefits on December 26, 2025 for amounts owed through and including December 28, 2025. The relief requested herein with respect to the Independent Contractors includes the amount owed to the Independent Contractors as of the Petition Date and, out of an abundance of caution, the amounts processed prior to the Petition Date but that may not have yet transferred to the Independent Contractors.

16. As discussed more fully below, the Debtor uses a third-party payroll processor, Paylocity Corporation (the "**Paylocity**"), to administer its Payroll. Paylocity is typically funded each Wednesday in advance of Friday Payroll. As of the Petition Date, the Debtor estimates that approximately \$72,000³ is owed to the Employees, the Remaining Union Employees, and the Independent Contractors on account of accrued and unpaid prepetition wages, salaries, and other compensation due from the Debtor to the Employees, the Remaining Union Employees, and the Independent Contractors, along with an additional \$130,000 in unpaid compensation that may be owed Former Employees (collectively, the "**Unpaid Wages**").

17. Through this Motion, the Debtor requests authority from the Court to satisfy any obligations owed to the Workforce and the Former Employees on account of Unpaid Wages, up to the \$17,150.00 statutory cap (the "**Statutory Cap**"). The Debtor's failure to remit payment of

³ As discussed above, this amount includes the amount that the Debtor processed to the Independent Contractors on December 26, 2025. Out of an abundance of caution, the Debtor has included the amount of such payments in the amount requested herein to the extent that such payments have not yet been transferred to the applicable Independent Contractors as of the Petition Date.

the Unpaid Wages up to the caps set forth in the Proposed Orders would inflict great financial hardship on the Employees and the Independent Contractors, and, with respect to the Workforce, would damage morale and impair the Debtor's chapter 11 efforts. The Debtor, therefore, requests authority from the Court to satisfy any obligations owed to the Workforce and Former Employees on account of Unpaid Wages up to the Statutory Cap.

B. Payroll Processor

18. As discussed above, the Debtor retains Paylocity to administer its payroll. Paylocity charges the Debtor a fee for its services, which totals approximately \$6,750 per month, and the Debtor is invoiced by Paylocity when services are rendered. As of the Petition Date, the Debtor believes that approximately \$6,750 in prepetition service fees are owed to Paylocity. The Debtor seeks authorization, but not direction, to continue using Paylocity and to pay Paylocity's fees, including the outstanding prepetition fees, in the ordinary course of business and in accordance with its prepetition practices.

C. Employee Expenses

19. Prior to the Petition Date, and in the ordinary course of the Debtor's business, the Employees incurred, and the Employees continue to incur, various expenses on behalf of the Debtor in the scope of their employment, including expenses for travel, meetings with vendors, office supplies, material purchases, and other business-related expenses ("**Employee Expenses**"). The Debtor, through Ramp Business Corporation ("**Ramp**"), reimburses the Employees for Employee Expenses after a request reimbursement expense report is submitted and approved. On average over the past year, the Debtor has paid approximately \$29,500 per month on account of Employee Expenses. As of the Petition Date, certain employees are owed approximately \$2,000 in Employee Expenses.

20. Certain Employee Expenses were incurred personally by Employees, while other Employee Expenses were incurred on corporate credit cards (the “**Corporate Cards**”). The Debtor provided Corporate Cards issued by Ramp to approximately five (5) Employees. The Corporate Cards were used for corporate expenses incurred by the Debtor, as well as corporate travel and related expenses. The names listed on the Corporate Cards may either be the name of a corporate division of Food52 or the Employee’s name. The total amount historically spent on the Corporate Cards was approximately \$100,000 per month. As of the Petition Date, the amounts owed in connection with the Corporate Cards is approximately \$96,000. The Debtor seeks authorization, in its discretion, to pay any amounts owed in connection with the Corporate Cards through this Motion.

21. The Employee Expenses are ordinary course expenses that Employees incurred while performing their job functions. They were incurred on the Debtor’s behalf and with the understanding that the Employees would be reimbursed for any and all such amounts. Therefore, to avoid harming the Employees who incurred the Employee Expenses, the Debtor seeks authorization, but not direction, to continue reimbursing the employees for the Employee Expenses in the ordinary course of business and in accordance with its prepetition practices and policies.

D. Wage Deductions, Trust Fund Taxes, and Payroll Taxes

22. During an applicable pay period, the Debtor deducts certain amounts from its employees’ compensation that represent earnings that judicial or government authorities, or employees, have designated for deduction, including, but not limited to: (a) garnishments, child support, and similar deductions, and (b) other pre-tax and after-tax deductions payable pursuant to certain of the employee benefit plans discussed herein, such as health care benefits, insurance premiums, 401(k) contributions, legally ordered deductions, and other miscellaneous deductions (collectively, the “**Wage Deductions**”), and forward those amounts to various third-party

recipients. On average, the Debtor has historically deducted, in the aggregate, approximately \$96,750 in Wage Deductions from its employees' pay on a monthly basis. The Debtor believes that, as of the Petition Date, approximately \$1,500 has not yet been remitted to the various third-party recipients on account of the Wage Deductions. Through this Motion, the Debtor seeks authority to continue to forward prepetition Wage Deductions to the applicable third-party recipients on a postpetition basis in the ordinary course of its business.

23. Furthermore, the Debtor is required by law to withhold from Employees' pay certain amounts related to, among other things, federal, state, and local income taxes and social security and Medicare taxes (collectively, the "**Trust Fund Taxes**") for remittance to the appropriate federal, state, or local taxing authorities. The Debtor must then match from its own funds for social security and Medicare taxes and pay, based upon a percentage of gross payroll, additional amounts for state and federal unemployment insurance (the "**Payroll Taxes**"). On average, the Debtor remits approximately \$207,750 per month in Trust Fund Taxes and Payroll Taxes. The Debtor remits Trust Fund Taxes and Payroll Taxes to the Payroll Processors after each Payroll, and the Payroll Processors hold such amounts until they are paid to the appropriate authority.

24. The Debtor believes that, as of the Petition Date, approximately \$3,500 is outstanding on account of the Trust Fund Taxes and the Payroll Taxes. By this Motion, the Debtor seeks authority, but not the direction, to remit Wage Deductions, Trust Fund Taxes, and Payroll Taxes in the ordinary course of business, including (but not limited to) any amounts related a Payroll that covered prepetition work.

II. EMPLOYEE BENEFITS⁴

25. In the ordinary course of business, the Debtor provides its eligible Employees, directly or indirectly, a number of benefits, including, but not limited to: (a) medical, dental, and vision insurance; (b) paid sick days, parental leave, bereavement leave, leave for jury duty and witness service, and other paid time off for salaried Employees (“**Paid Time Off**”); (c) a 401(k) plan; (d) certain other miscellaneous employee benefits, including, but not limited to, short-term and long-term disability insurance, accident coverage, critical illness insurance, and certain benefits to Employees after their termination, retirement, or disability leave, including, but not limited to, benefits provided under the Consolidated Omnibus Budget Reconciliation Act of 1985 (“**COBRA**”) (collectively, “**Disability Benefits**”); and (e) certain state specific benefits (collectively, the “**Employee Benefits**”).

26. By this Motion, the Debtor seeks authority, but not direction, to: (a) continue to provide the Employee Benefits for its Employees in the ordinary course of business; (b) continue to honor obligations related to the Employee Benefits, including, but not limited to, any premiums and administrative fees; and (c) pay amounts owed related to the Employee Benefits to the extent that they remain unpaid as of the Petition Date. Certain of the Employee Benefits are discussed below.

A. Health Benefits

27. The Debtor’s sponsor health and welfare benefit plans, including medical, dental, and vision coverage for eligible Employees (the “**Health Benefits**”). The Health Benefits are provided by Anthem Blue Cross and Blue Shield. Eligible employees are able to choose from

⁴ Employees and Union Employees receive different employee benefits. Because all Union Employees have been terminated prior to the Petition Date or will be terminated as of January 12, 2026, only Employees’ employee benefits are listed in this Motion.

three (3) medical plans including a high-deductible plan that includes a health savings account (“**HSA**”), two (2) different dental plans, and two (2) different vision plans. As of the Petition Date, the Debtor estimates that no accrued and unpaid prepetition amounts are currently due in connection with the Health Benefits. The Debtor contributes \$800 annually to each Employee’s HSA, if they have one.

28. By this Motion, the Debtor seeks authority to: (a) continue to provide the Health Benefits and COBRA coverage to the employees in the ordinary course of business; (b) continue making payments to such benefit programs; (c) continue to pay amounts related thereto, including administrative costs (including, without limitation, those of third party insurance administrators); and (d) pay such amounts to the extent that any such amounts are unpaid as of the Petition Date.

B. Paid Time Off

29. The Debtor also provides various forms of Paid Time Off to qualifying Employees as a benefit. Subject to the Court’s approval of the requested relief, the Debtor intends to comply with its policies and applicable federal, state, and local laws related to Paid Time Off. Through this Motion, the Debtor requests authority, but not direction, from the Court to continue to honor its Paid Time Off policies, to comply with applicable federal, state and local laws related to Paid Time Off in the ordinary course of business, and to honor and pay, in its discretion, prepetition amounts related thereto. The Debtor will not pay prepetition obligations in excess of the Statutory Cap, including on account of Paid Time Off, unless required by applicable federal, state, or local law.

C. Additional Employee Benefits

1. 401(k) Plan

30. The Debtor offers eligible Employees a retirement savings plan, managed by John Hancock Life Insurance Company, U.S.A. (“**John Hancock**”), pursuant to section 401 of the

Internal Revenue Code (“**401k Plan**”). The 401(k) Plan provides for pre-tax salary deductions of eligible compensation, which amounts are generally deducted automatically from Employees’ paychecks in the ordinary course of business. The Debtor does not contribute to the 401(k) Plan. The Debtor seeks authorization, but not direction, to continue to pay any amounts associated with the 401k Plan, including fees owed to John Hancock, in the ordinary course of business.

2. Disability Benefits

31. The Debtor offers various Disability Benefits to eligible Employees, including short-term and long-term disability insurance, accident coverage, and critical illness insurance through the Guardian Life Insurance Company of America and COBRA benefits. Employees who elect to participate in the Disability Benefits pay all amounts associated with such programs, and the Debtor does not contribute to the Disability Benefits. The Debtor seeks authorization, but not direction, to continue to offer Disability Benefits in the ordinary course of business.

III. WORKERS’ COMPENSATION PROGRAM

32. Under applicable state law, the Debtor is required to maintain workers’ compensation insurance programs to provide its Employees with workers’ compensation insurance coverage for claims arising from or related to their employment with the Debtor (the “**Workers’ Compensation Program**”). To implement the Workers’ Compensation Program, the Debtor maintains a workers’ compensation policy through Zurich American Insurance Company (the “**WC Policy**”). The WC Policy is due to be renewed on April 1, 2026. The Debtor has separately sought authority to continue making such payments in the ordinary course of business through the *Debtor’s Motion for Interim and Final Orders (I) Authorizing Payment of Prepetition Obligations Incurred in the Ordinary Course of Business in Connection with the Debtor’s Insurance Programs, Including Payment of Policy Premiums and Broker Fees, (II) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto; (III) Scheduling a Final*

Hearing; and (IV) Granting Related Relief (the “**Insurance Motion**”) filed contemporaneously herewith.

33. Through this Motion, the Debtor seeks to continue the WC Policy in the ordinary course, including by renewing or replacing the WC Policy post-petition as needed, and to pay prepetition amounts outstanding in connection with the WC Policy, to the extent such authority is not already granted pursuant to the order approving the Insurance Motion. In addition, to ensure that claims incurred under the Workers’ Compensation Program are resolved, the Debtor seeks to pay any outstanding prepetition liabilities associated with the Workers’ Compensation Program as such amounts become due and owing. For the claims administration process in this chapter 11 case to operate as efficiently as is possible, and to ensure that the Debtor complies with state law requirements, the Workers’ Compensation Program must continue in the ordinary course of business.

BASIS FOR RELIEF

I. THE COURT SHOULD AUTHORIZE, BUT NOT DIRECT, THE DEBTOR, IN ITS DISCRETION, TO PAY OR OTHERWISE HONOR THE WORKFORCE WAGES AND BENEFITS

34. The Debtor seeks the relief requested herein because any delay in paying or otherwise honoring the Workforce Wages and Benefits could severely disrupt the Debtor’s relationship with its Employees and irreparably impair the Employees’ morale at a time when their continued dedication, confidence, and cooperation are most critical to the Debtor and the success of this chapter 11 case. The Debtor faces the risk that the success of this case and its ability to operate its businesses without any unexpected or inopportune interruption may be severely jeopardized if the Debtor is not immediately granted authority to pay the Workforce Wages and Benefits.

35. The Employees are crucial to the operation of the Debtor's businesses. The Debtor simply cannot risk the substantial disruption of its businesses and affairs that would, in all likelihood, accompany any decline in workforce morale attributable to the Debtor's failure to pay the Workforce Wages and Benefits in the ordinary course of business. Absent the requested relief, the Workforce would suffer great hardship and, in many instances, financial difficulties, since these monies are needed to enable them to meet their personal obligations. Additionally, without the requested relief, the Debtor's stability would be undermined by the potential threat that the otherwise loyal workforce at all levels would seek other employment, which would be particularly damaging given the Debtor's ongoing sale process and the Employees' extremely specialized knowledge and skillsets.

36. Pursuant to section 507(a)(4) of the Bankruptcy Code, employees may be granted a priority claim for:

allowed unsecured claims, but only to the extent of \$17,150 for each individual or corporation, as the case may be, earned within 180 days before the date of the filing of the petition or the date of the cessation of the debtor's business, whichever occurs first, for—

- (A) wages, salaries, or commissions, including vacation, severance, and sick leave pay earned by an individual; or
- (B) sales commissions earned by an individual or by a corporation with only 1 employee, acting as an independent contractor in the sale of goods or services for the debtor in the ordinary course of the debtor's business if, and only if, during the 12 months preceding that date, at least 75 percent of the amount that the individual or corporation earned by acting as an independent contractor in the sale of goods or services was earned from the debtor.

11 U.S.C. § 507(a)(4).

37. Likewise, under section 507(a)(5) of the Bankruptcy Code, employees may ultimately be granted priority claims for:

allowed unsecured claims for contributions to an employee benefit plan—

- (A) arising from services rendered within 180 days before the date of the filing of the petition or the date of the cessation of the debtor's business, whichever occurs first; but only
- (B) for each such plan, to the extent of—
 - (i) the number of employees covered by each such plan multiplied by \$17,150; less
 - (ii) the aggregate amount paid to such employees under paragraph (4) of this subsection, plus the aggregate amount paid by the estate on behalf of such employees to any other employee benefit plan.

11 U.S.C § 507(a)(5).

38. The Debtor believes that the Unpaid Wages for the Employees, the Former Employees, and the Independent Contractors are entitled to priority status under section 507(a)(4) of the Bankruptcy Code, to the extent such wages do not exceed \$17,150.00 per individual. Therefore, the Debtor seeks authority to pay the Unpaid Wages for the Employees, the Former Employees, and the Independent Contractors up to the priority cap.

39. Moreover, the vast majority of the Employees, the Former Employees, and the Independent Contractors rely exclusively on their full compensation or reimbursement of their wages or expenses to continue to pay their daily living expenses, and these individuals will be exposed to significant financial difficulties if the Debtor is not permitted to pay Unpaid Wages. Additionally, the Debtor believes that if they are unable to honor such obligations, the morale and loyalty of the Workforce will be jeopardized at a time when such support is critical to, among other things, its chapter 11 efforts and its ability to effectively prosecute this chapter 11 case.

40. Additionally, the Wage Deductions, Trust Fund Taxes, and Payroll Taxes principally represent portions of the Employees' and Former Employees' pay that governments

(in the case of the Trust Fund Taxes and Payroll Taxes), the employees (in the case of the voluntary Wage Deductions), and certain authorities (in the case of the involuntarily Wage Deductions) have designated for deduction from the employees' pay. The Debtor's failure to pay these amounts could result in hardship to certain employees and an administrative burden for the Debtor. Indeed, the Debtor would expect inquiries from garnishors regarding any failure by the Debtor to submit, among other things, child support and alimony payments that are not the Debtor's property but, rather, have been withheld from the employees' pay on such parties' behalf. Moreover, if the Debtor cannot remit these amounts, the employees may face legal action due to the Debtor's failure to submit such payments.

41. The Employees are essential, among other things, to the orderly and successful prosecution of this chapter 11 case and to avoid any unexpected or inopportune interruption of the Debtor's business operations. They have an intimate knowledge of the Debtor's infrastructure and operations, and any deterioration in the workforce's morale and welfare at this critical time undoubtedly would adversely impact the Debtor and the success of this chapter 11 case.

42. Finally, maintaining the Workers' Compensation Program is justified because applicable state law mandates this coverage. Furthermore, with respect to any claims related to the Workers' Compensation Program, the risk that eligible claimants will not receive timely payments with respect to employment-related injuries could have a devastating effect on the financial well-being and morale of the Employees and their willingness to remain in the Debtor's employ. Entry of the Proposed Orders will alleviate any such concerns, as it will allow the Debtor to avoid any unexpected or inopportune interruptions to its business operations and enable it to maximize the value of its estate for the benefit of all stakeholders.

43. For these reasons, the Debtor submits that the relief requested herein is necessary, prudent, and in the best interest of the Debtor, its estate, and its creditors, and should therefore be granted.

CAUSE EXISTS TO AUTHORIZE THE DEBTOR'S FINANCIAL INSTITUTIONS TO HONOR CHECKS AND ELECTRONIC FUND TRANSFERS

44. The Debtor further requests that the Court (a) authorize the Banks to receive, process, honor, and pay all checks presented for payment and electronic payment requests relating to the relief sought herein to the extent that the Debtor has sufficient funds on deposit in its accounts with the Banks, whether such checks were presented or electronic requests were submitted before or after the Petition Date, and (b) authorize the Banks to rely on the Debtor's designation of any particular check or electronic payment request as appropriate pursuant to this Motion without any duty of further inquiry and without liability for following the Debtor's instructions. The Debtor anticipates having sufficient funds to pay the amounts described herein. In addition, under the Debtor's existing cash management system, the Debtor can readily identify whether checks or wire transfer requests are payments authorized by the relief requested herein. Accordingly, the Debtor believes that checks or wire transfer requests, other than those relating to payments authorized by the relief requested herein, will not be honored inadvertently.

BANKRUPTCY RULE 6003 HAS BEEN SATISFIED AND BANKRUPTCY RULE 6004 SHOULD BE WAIVED

45. Under Bankruptcy Rule 6003, the Court may grant a motion to "use . . . property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition" within 21 days after the commencement of a chapter 11 case to the extent "relief is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003. The Debtor believes an immediate and orderly transition into chapter 11 is critical to the success of this chapter 11 case. As discussed in detail above and demonstrated by the First Day Declaration, immediate and

irreparable harm would result if the relief requested herein is not granted. The Debtor believes that, among other things, the success of its chapter 11 efforts will require the continued focus and dedication of its workforce, as any deterioration in employee morale or significant loss in Workforce will have an adverse impact on the Debtor's ability, among other things, to continue to operate its businesses without any unexpected or inopportune interruption and to successfully prosecute this chapter 11 case. Thus, if the relief requested herein is not granted, the failure to satisfy the Workforce Wages and Benefits would cause the Debtor's estate immediate and irreparable harm by detracting from, and potentially derailing, the Debtor's chapter 11 efforts. Accordingly, the Debtor submits that it has satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 and, therefore, respectfully requests that the Court approve the relief requested in this Motion on an emergency basis.

46. The Debtor also requests 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 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). As described above, the relief sought herein is necessary for the Debtor to operate its businesses without interruption, thereby preserving value for its estate. Accordingly, the Debtor respectfully requests that the Court waive the fourteen-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

RESERVATION OF RIGHTS

47. Nothing in the Proposed Orders or this Motion: (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtor and its estate; (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtor and its estate with respect to the

validity, priority, or amount of any claim against the Debtor and its estate; or (c) shall be construed as a promise to pay a claim.

NOTICE

48. Notice of this Motion will be given to: (a) the Office of the United States Trustee for the District of Delaware; (b) counsel to the DIP Lender; (c) counsel to The Chernin Group; (d) counsel to Avidbank; (e) the creditors listed on the Debtor's list of twenty (20) creditors holding the largest unsecured claims against the Debtor; (f) the United States Attorney for the District of Delaware; (g) the Internal Revenue Service; (h) the state attorneys general for states in which the Debtor conducts business; (i) the Banks; and (h) all parties entitled to notice pursuant to Bankruptcy Rule 2002. Notice of this Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). The Debtor submits that, under the circumstances, no other or further notice is required.

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WHEREFORE, the Debtor respectfully requests that the Court enter the Proposed Orders granting the relief requested in this Motion and such other and further relief as may be just and proper.

Dated: December 29, 2025
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Andrew M. Lee

Michael R. Nestor (No. 3526)
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EXHIBIT A

Proposed Interim Order

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

In re:

FOOD52, INC.,¹

Debtor.

Chapter 11

Case No. 25-12277 (____)

Ref. Docket No. ____

**INTERIM ORDER (I) AUTHORIZING THE DEBTOR TO PAY
AND HONOR CERTAIN (A) PREPETITION WAGES, BENEFITS,
AND OTHER COMPENSATION OBLIGATIONS; (B) PREPETITION
EMPLOYEE BUSINESS EXPENSES; AND (C) WORKERS' COMPENSATION
OBLIGATIONS; (II) AUTHORIZING BANKS TO HONOR AND PROCESS CHECKS
AND TRANSFERS RELATED TO SUCH OBLIGATIONS;
AND (III) GRANTING RELATED RELIEF**

Upon consideration of the motion (the “**Motion**”)² of the above-captioned debtor and debtor in possession (the “**Debtor**”) for the entry of an interim order (this “**Interim Order**”), (a) authorizing, but not directing, the Debtor, in accordance with its stated policies and in its discretion, to (i) pay accrued prepetition Workforce wages, salaries, and other compensation, including accrued commissions owed to Former Employees, (ii) pay prepetition business expenses incurred by the Employees, (iii) make contributions to prepetition benefit programs and continue such programs in the ordinary course of its business, (iv) honor workers’ compensation obligations, (v) make payments for which prepetition payroll deductions were made, (vi) pay processing costs and administrative expenses relating to the foregoing payments and contributions, and (vii) make payments to third parties incident to the foregoing payments and contributions, and (b) authorizing Banks to honor and process check and electronic transfer requests related to the foregoing; and upon consideration of the First Day

¹ The Debtor in this chapter 11 case is Food52, Inc. and the last four digits of the Debtor’s federal tax identification number are 2604. For the purpose of this chapter 11 case, the Debtor’s service address is 1 Dock 72 Way, 13th Floor, Brooklyn, New York 11205.

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

Declaration and the record of this chapter 11 case; and due and proper notice of the Motion having been given; and it appearing that no other or further notice of the Motion is required except as otherwise provided herein; and it appearing that this Court has jurisdiction to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order; and it appearing that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having reviewed the Motion and having heard the statements in support of the relief requested in the Motion at a hearing before this Court; and it appearing that the relief requested in the Motion and provided for herein is in the best interest of the Debtor, its estate, and its creditors, and is necessary to avoid immediate and irreparable harm to the Debtor and its estate, as contemplated by Bankruptcy Rule 6003(b); and after due deliberation and sufficient cause appearing therefore,

IT IS HEREBY ORDERED THAT:

1. The Motion is **GRANTED** on an interim basis as set forth herein.
2. Objections to entry of an order granting the Motion on a final basis must be filed by _____, 2026 at 4:00 p.m. (ET) and served on: (a) proposed counsel to the Debtor, 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), Elizabeth S. Justison, Esq. (ejustison@ycst.com), S. Alexander Faris, Esq. (afaris@ycst.com), and Andrew M. Lee, Esq. (alee@ycst.com); (b) the Office of the United States Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, Delaware, 19801, Attn: Benjamin A. Hackman, Esq. (Benjamin.A.Hackman@usdoj.gov); (c) counsel for the DIP Lender, Moore & Van Allen PLLC, 100 N. Tryon Street, Suite 4700, Charlotte, North Carolina 28202, Attn: James R. Langdon, Esq.

(jimlangdon@mvlaw.com) and C. Cowden W. Rayburn, Esq. (cowdenrayburn@mvlaw.com), and Chipman Brown Cicero & Cole, LLP, 1313 N. Market Street, Wilmington, Delaware 19801, Attn: William E. Chipman Jr., Esq. (chipman@chipmanbrown.com); and (d) counsel to any statutory committee appointed in this chapter 11 case. A final hearing, if required, on the Motion will be held on _____, 2026 at _____.m. (ET). If no objections are filed to the Motion, this Court may enter a final order without further notice or hearing.

3. The Debtor is authorized, in its discretion, to pay, honor, or otherwise satisfy amounts and obligations on account of the Workforce Wages and Benefits, including amounts owed to Former Employees in the ordinary course of its business, including, without limitation, any amounts and obligations related to the period prior to the Petition Date, as and when such obligations are due, in an amount not to exceed \$85,750, in the aggregate, pending entry of the Final Order; *provided, however*, that no payments to or on behalf of any member of the Workforce or Former Employee on account of prepetition obligations shall exceed, in the aggregate, the \$17,150.00 statutory cap provided for in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code (the “**Statutory Cap**”) unless such amounts above the Statutory Cap are a result of cash payments for unpaid amounts are required to be paid under applicable state law.

4. Subject to paragraph 3 of this Interim Order, the Debtor is authorized, in its discretion, in the ordinary course of its business, to (a) continue to pay, honor, or otherwise satisfy Unpaid Wages, Paylocity’s fees, Employee Expenses, and Paid Time Off, (b) withhold, and remit to the applicable third-parties, Wage Deductions, Trust Fund Taxes, and Payroll Taxes; (c) administer the Employee Benefits and the Workers’ Compensation Program; and (d) continue its Corporate Card program and continue to pay, honor, or otherwise satisfy any outstanding

obligations in connection therewith, including the \$96,000 owed in connection with the Corporate Card program prepetition.

5. Nothing in this Interim Order authorizes or approves any payment to an insider that is subject to section 503(c) of the Bankruptcy Code.

6. The Debtor is authorized, but not directed, to continue the Workers' Compensation Program, in the ordinary course of business and in accordance with the Debtor's prepetition policies and programs, and to pay any workers' compensation claims, deductibles, retentions, premiums, and other amounts required in connection with the Workers Compensation Program as such amounts become due in the ordinary course during the pendency of this chapter 11 case, regardless of when accrued.

7. Paylocity, on behalf of the Debtor, may pay and remit any and all Employee withholdings and wages, whether these relate to the period prior to or after the Petition Date.

8. Nothing in this Interim Order: (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtor and its estate; (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtor and its estate with respect to the validity, priority, or amount of any claim against the Debtor and its estate; or (c) shall be construed as a promise to pay any claim.

9. The Banks shall be, and are, hereby authorized, when requested by the Debtor, to process, honor, pay, and, if necessary, reissue any and all checks or electronic funds transfers, including prepetition checks and electronic payment and transfer requests that the Debtor reissues or re-requests postpetition, drawn on the Debtor's accounts, whether those checks were presented

before or after the Petition Date, provided that sufficient funds are available in such accounts to make the payments.

10. The Banks may rely on the Debtor's representations with respect to whether any check or other transfer drawn or issued by the Debtor before the Petition Date should be honored pursuant to this Interim Order, and the Banks shall not have any liability to any party for relying on such representations by the Debtor as provided for in this Interim Order.

11. The Debtor is authorized to take any and all actions necessary to effectuate the relief granted herein.

12. The requirements of Bankruptcy Rule 6003(b) are satisfied because the relief set forth in this Interim Order is necessary to avoid immediate and irreparable harm to the Debtor's estate.

13. 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.

14. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Interim Order.

EXHIBIT B

Proposed Final Order

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

In re:

FOOD52, INC.,¹

Debtor.

Chapter 11

Case No. 25-12277(____)

Ref. Docket Nos. ____ & ____

**FINAL ORDER (I) AUTHORIZING THE DEBTOR TO PAY AND HONOR CERTAIN
(A) PREPETITION WAGES, BENEFITS, AND OTHER COMPENSATION
OBLIGATIONS; (B) PREPETITION EMPLOYEE BUSINESS EXPENSES; AND
(C) WORKERS' COMPENSATION OBLIGATIONS; (II) AUTHORIZING BANKS TO
HONOR AND PROCESS CHECKS AND TRANSFERS RELATED TO SUCH
OBLIGATIONS; AND (III) GRANTING RELATED RELIEF**

Upon consideration of the motion (the “**Motion**”)² of the above-captioned debtor and debtor in possession (the “**Debtor**”) for the entry of an order (this “**Final Order**”), (a) authorizing, but not directing, the Debtor, in accordance with its stated policies and in its discretion, to (i) pay accrued prepetition Workforce wages, salaries, and other compensation, including accrued commissions owed to Former Employees, (ii) pay prepetition business expenses incurred by the Employees (as defined below), (iii) make contributions to prepetition benefit programs and continue such programs in the ordinary course of its business, (iv) honor workers’ compensation obligations, (v) make payments for which prepetition payroll deductions were made, (vi) pay processing costs and administrative expenses relating to the foregoing payments and contributions, and (vii) make payments to third parties incident to the foregoing payments and contributions, and (b) authorizing banks and other financial institutions (collectively, the “**Banks**”) to honor and process check and electronic transfer requests related to the foregoing; and upon consideration of the First Day Declaration and

¹ The Debtor in this chapter 11 case is Food52, Inc. and the last four digits of the Debtor’s federal tax identification number are 2604. For the purpose of this chapter 11 case, the Debtor’s service address is 1 Dock 72 Way, 13th Floor, Brooklyn, New York 11205.

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

the record of this chapter 11 case; and due and proper notice of the Motion having been given; and it appearing that no other or further notice of the Motion is required except as otherwise provided herein; and it appearing that this Court has jurisdiction to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order; and it appearing that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and it appearing that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having reviewed the Motion and having heard the statements in support of the relief requested in the Motion at a hearing before this Court, if any; and this Court having previously entered the *Interim Order (I) Authorizing the Debtor to Pay and Honor Certain (A) Prepetition Wages, Benefits, and Other Compensation Obligations; (B) Prepetition Employee Business Expenses; and (C) Workers' Compensation Obligations; (II) Authorizing Banks to Honor and Process Checks and Transfers Related to Such Obligations; and (III) Granting Related Relief* [Docket No. ____]; and it appearing that the relief requested in the Motion and provided for herein is in the best interest of the Debtor, its estate, and its creditors; and after due deliberation and sufficient cause appearing therefore, **IT IS HEREBY ORDERED THAT:**

1. The Motion is **GRANTED** on a final basis as set forth herein.
2. The Debtor is authorized, in its discretion, to pay, honor, or otherwise satisfy amounts and obligations on account of the Workforce Wages and Benefits, including amounts owed to Former Employees, in the ordinary course of its business, including, without limitation, any amounts and obligations related to the period prior to the Petition Date, as and when such obligations are due, in an amount not to exceed \$215,750 in the aggregate; *provided, however*, that no payments to or on behalf of any member of the Workforce or any Former Employee on account of prepetition obligations shall exceed, in the aggregate, the \$17,150.00 statutory cap provided for

in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code (the “**Statutory Cap**”) unless such amounts above the Statutory Cap are a result of cash payments for unpaid amounts are required to be paid under applicable state law.

3. Subject to paragraph 2 of this Final Order, the Debtor is authorized, in its discretion, in the ordinary course of its business, to (a) continue to pay, honor, or otherwise satisfy Unpaid Wages, Paylocity’s fees, Employee Expenses, and Paid Time Off, (b) withhold, and remit to the applicable third-parties, Wage Deductions, Trust Fund Taxes, and Payroll Taxes; (c) administer the Employee Benefits and the Workers’ Compensation Program; and (d) continue its Corporate Card program and continue to pay, honor, or otherwise satisfy any outstanding obligations in connection therewith, including the \$96,000 owed in connection with the Corporate Card program prepetition..

4. Nothing in this Final Order authorizes or approves any payment to an insider that is subject to section 503(c) of the Bankruptcy Code.

5. The Debtor is authorized, but not directed, to continue the Workers’ Compensation Program, in the ordinary course of business and in accordance with the Debtor’s prepetition policies and programs, and to pay any workers’ compensation claims, deductibles, retentions, premiums, and other amounts required in connection with the Workers Compensation Program as such amounts become due in the ordinary course during the pendency of this chapter 11 case, regardless of when accrued.

6. Paylocity, on behalf of the Debtor, may pay and remit any and all Employee withholdings and wages, whether these relate to the period prior to or after the Petition Date.

7. Nothing in this Final Order: (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as

to the validity of any claim against the Debtor and its estate; (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtor and its estate with respect to the validity, priority, or amount of any claim against the Debtor and its estate; or (c) shall be construed as a promise to pay any claim.

8. The Banks shall be, and are, hereby authorized, when requested by the Debtor, to process, honor, pay, and, if necessary, reissue any and all checks or electronic funds transfers, including prepetition checks and electronic payment and transfer requests that the Debtor reissues or re-requests postpetition, drawn on the Debtor's accounts, whether those checks were presented before or after the Petition Date, provided that sufficient funds are available in such accounts to make the payments.

9. The Banks may rely on the Debtor's representations with respect to whether any check or other transfer drawn or issued by the Debtor before the Petition Date should be honored pursuant to this Final Order, and the Banks shall not have any liability to any party for relying on such representations by the Debtor as provided for in this Final Order.

10. The Debtor is authorized to take any and all actions necessary to effectuate the relief granted herein.

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 of this Final Order.