

Holland N. O'Neil (TX 14864700)  
**FOLEY & LARDNER LLP**  
2021 McKinney Avenue, Suite 1600  
Dallas, TX 75201  
Telephone: (214) 999-3000  
Facsimile: (214) 999-4667  
honeil@foley.com

Timothy C. Mohan  
(*pro hac vice* forthcoming)  
**FOLEY & LARDNER LLP**  
1144 15th Street, Suite 2200  
Denver, CO 80202  
Telephone: (720) 437-2000  
Facsimile: (720) 437-2200  
tmohan@foley.com

Nora J. McGuffey (TX 24121000)  
Quynh-Nhu Truong (TX 24137253)  
**FOLEY & LARDNER LLP**  
1000 Louisiana Street, Suite 2000  
Houston, TX 77002  
Telephone: (713) 276-5500  
Facsimile: (713) 276-5555  
nora.mcguffey@foley.com  
qtruong@foley.com

**PROPOSED COUNSEL TO DEBTORS AND  
DEBTORS IN POSSESSION**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

In re:

Higher Ground Education, Inc., *et al.*,<sup>1</sup>

Debtor.

§  
§ Chapter 11  
§  
§ Case No.: 25-80121-11 (MVL)  
§  
§ (Joint Administration Requested)

**DEBTORS' EMERGENCY MOTION FOR ENTRY OF INTERIM AND FINAL  
ORDERS (I) AUTHORIZING DEBTOR TO (A) OBTAIN POSTPETITION  
SENIOR SECURED FINANCING FROM YYYYY, LLC; (B) OBTAIN  
POSTPETITION JUNIOR SECURED FINANCING FROM GUIDEPOST  
GLOBAL EDUCATION, INC.; (C) UTILIZE CASH COLLATERAL; AND (D)  
PAY CERTAIN RELATED FEES AND CHARGES; (II) GRANTING  
ADEQUATE PROTECTION TO THE PREPETITION LENDER; (III)  
MODIFYING THE AUTOMATIC STAY; (IV) SCHEDULING A FINAL  
HEARING; AND (V) GRANTING CERTAIN RELATED RELIEF**

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal identification number, are: Higher Ground Education Inc. (7265); Guidepost A LLC (8540); Prepared Montessorian LLC (6181); Terra Firma Services LLC (6999); Guidepost Birmingham LLC (2397); Guidepost Bradley Hills LLC (2058); Guidepost Branchburg LLC (0494); Guidepost Carmel LLC (4060); Guidepost FIC B LLC (8609); Guidepost FIC C LLC (1518); Guidepost Goodyear LLC (1363); Guidepost Las Colinas LLC (9767); Guidepost Leawood LLC (3453); Guidepost Muirfield Village LLC (1889); Guidepost Richardson LLC (7111); Guidepost South Riding LLC (2403); Guidepost St Robert LLC (5136); Guidepost The Woodlands LLC (6101); Guidepost Walled Lake LLC (9118); HGE FIC D LLC (6499); HGE FIC E LLC (0056); HGE FIC F LLC (8861); HGE FIC G LLC (5500); HGE FIC H LLC (8817); HGE FIC I LLC (1138); HGE FIC K LLC (8558); HGE FIC L LLC (2052); HGE FIC M LLC (8912); HGE FIC N LLC (6774); HGE FIC O LLC (4678); HGE FIC P LLC (1477); HGE FIC Q LLC (3122); HGE FIC R LLC (9661); LePort Emeryville LLC (7324); AltSchool II LLC (0403). The Debtors' mailing address is 1321 Upland Dr. PMB 20442, Houston, Texas 77043.



Higher Ground Education, Inc. (“HGE”) and its affiliated debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) file this their *Debtors’ Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing Senior Secured Financing from YYYYY, LLC; (B) Obtain Postpetition Junior Secured Financing from Guidepost Global Education, Inc.; (C) Utilize Cash Collateral; and (D) Pay Certain Related Fees and Charges; (II) Granting Adequate Protection to the Prepetition Lender; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* (the “Motion”). In support of the Motion, the Debtors respectfully state as follows:

**I.**  
**INTRODUCTION**

1. The Debtors request authority to: (a) enter into the Senior DIP Facility (defined below) in the aggregate principal amount of \$5,500,000.00 with the Senior DIP Lender, including the Senior Roll-Up (defined below), with up to \$2,000,000.00 available on an interim basis; (b) enter into the Junior DIP Facility (defined below) in the aggregate principal amount of at least \$2,500,000.00 with the Junior DIP Lender (defined below), including the Junior Roll-Up (defined below), with up to \$800,000.00 available on an interim basis; (c) the use of cash collateral of the Prepetition Lender (defined below) under the terms of the Interim DIP Order (defined below) and the DIP Notes (defined below); (d) and granting adequate protection to the Prepetition Lenders with respect to the their Prepetition Obligations (defined below).

2. The DIP Financing will provide the Debtors with sufficient liquidity to fund their business operations and administrative expenses during the contemplated duration of these Chapter 11 Cases. If approved, the Debtors will use the proceeds of the DIP Financing to, among other things, honor employee wages and benefits, maintain and operate the Debtors’ schools,

fund general and corporate operating needs and the administration of these Chapter 11 Cases, all in accordance with a budget agreed to by the Debtors and the DIP Lenders (the “**Approved Budget**”) attached as Exhibit 3 to the form of proposed interim order attached hereto as Exhibit A (the “**Interim DIP Order**”).

3. The Debtors and their estates would suffer immediate and irreparable harm if they were denied the financing needed to sustain on-going business operations during the critical first weeks of these Chapter 11 Cases. The DIP Financing ensures that the Debtors will have sufficient funding to continue to operate uninterrupted in these Chapter 11 Cases as they work towards a value-maximizing reorganization. Further, as set forth in the *Declaration of Jonathan McCarthy in Support of Debtors’ Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing Senior Secured Financing from YYYYY, LLC; (B) Obtain Postpetition Junior Secured Financing from Guidepost Global Education, Inc.; (C) Utilize Cash Collateral; and (D) Pay Certain Related Fees and Charges; (II) Granting Adequate Protection to the Prepetition Lender; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* (the “**DIP Declaration**”), attached hereto as Exhibit B and incorporated herein by reference, the terms of the DIP Financing are reasonable under the circumstances and were the product of good faith, arm’s length negotiations.

4. The Debtors believe that approval of the DIP Financing will maximize the value of the Debtors’ estates for the benefit of all stakeholders and is an exercise of sound business judgment. Accordingly, the Debtors respectfully request that the Court approve the relief requested herein and enter an interim order substantially in the form of the Interim DIP Order

attached hereto and a final order (the “**Final DIP Order**,” and together with the Interim DIP Order, the “**DIP Orders**”).

## **II.**

### **JURISDICTION, VENUE, AND PREDICATES FOR RELIEF**

5. This United States Bankruptcy Court for the Northern District of Texas (the “**Court**”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). The Debtors confirm their consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), to the entry of a final order by the Court.

6. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

7. The bases for the relief requested herein are sections 105, 361, 362, 363, 364, 506, and 507 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”), Bankruptcy Rules 2002, 4001, 6003, 6004, and 9014, R ules 2002-1 and 9013-1 of the Local Bankruptcy Rules of the United States Bankruptcy Court for the Northern District of Texas (the “**Bankruptcy Local Rules**”), and Section D of the Procedures for Complex Cases in the Northern District of Texas (the “**Complex Case Procedures**”).

## **III.**

### **BACKGROUND**

8. From their inception in 2016 through the beginning of 2025, the Debtors grew to over 150 schools (the “**Schools**”), becoming the largest owner and operator of Montessori schools in the world. The Debtors’ mission was to modernize and mainstream the Montessori education movement. In addition to owning and operating the Schools, the Debtors provided training and consulting services to Montessori schools around the world. The Debtors sought to offer an end-to-end experience that covers the entire lifecycle of a family at school, virtually, and at home, from birth through secondary education—enabled by next-gen, accredited Montessori instruction.

Information on the Debtors, their businesses, and a summary of the relief requested in this Motion can be found in the *Declaration of Jonathan McCarthy in Support of First Day Motions* (the “**First Day Declaration**”), filed concurrently herewith and incorporated herein by reference.

9. On June 17, 2025 (the “**Petition Date**”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors remain in possession of their property and are managing their businesses as debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. The Court has not appointed a trustee, and no official committee has been established.

10. Contemporaneously with the filing of this Motion, the Debtors have filed with the Court a motion requesting joint administration of the Chapter 11 Cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b).

#### **IV. RELIEF REQUESTED**

11. By this DIP Motion, the Debtors seek entry of the Interim DIP Order, and subsequently, the Final Order:

- a. authorizing the Debtors to obtain debtor-in-possession financing, on a superpriority senior secured basis (the “**Senior DIP Facility**”), in an aggregate maximum principal amount of \$5,500,000, including the Senior Roll-Up (as defined below) (the “**Senior DIP Commitment**”), including up to \$2,000,000 on an interim basis, pursuant to the terms and conditions of that certain senior secured, postpetition priming promissory note in substantially the form attached as Exhibit 1 to the Interim DIP Order (the “**Senior DIP Note**” and, together with any additional agreements, documents, instruments, and certificates executed, and any orders entered in connection therewith, or otherwise delivered in connection therewith, the “**Senior DIP Documents**” and all obligations arising thereunder, the “**Senior DIP Obligations**”) by the Debtors, as borrower, and YYYYY, LLC (“**Five Y**”) as lender (the “**Senior DIP Lender**”);
- b. authorizing the Debtors to obtain debtor-in-possession financing, on a superpriority junior secured basis (the “**Junior DIP Facility**” together with the Senior DIP Facility, the “**DIP Financing**”), in an aggregate principal amount of at least \$2,500,000, including the Junior Roll-Up (as

defined below) (the “**Junior DIP Commitment**” and together with the Senior DIP Commitment, the “**Maximum DIP Commitment**”), including up to \$800,000 on an interim basis, pursuant to the terms and conditions of that certain junior secured, postpetition priming promissory note in substantially the form attached as Exhibit 2 to the Interim DIP Order (the “**Junior DIP Note**” and, together with any additional agreements, documents, instruments, and certificates executed, and any orders entered in connection therewith, or otherwise delivered in connection therewith, the “**Junior DIP Documents**” and all obligations arising thereunder, the “**Junior DIP Obligations**”; the Junior DIP Documents together with the Senior DIP Documents, the “**DIP Documents**”) by the Debtors, as borrower, and Guidepost Global Education, Inc. (“**Guidepost**”) as lender (the “**Junior DIP Lender**” together with the Senior DIP Lender, the “**DIP Lenders**”);<sup>2</sup>

- c. authorizing, upon entry of the Interim DIP Order, the roll-up and conversion of up to an aggregate principal amount of \$500,000 of the prepetition senior DIP bridge obligations (the “**Prepetition Senior Bridge Obligations**”), held by the Senior DIP Lender pursuant to the Prepetition Senior Bridge Loan (as defined below) into the Senior DIP Facility and the automatic substitution and exchange of such outstanding Prepetition Senior Bridge Obligations for Senior DIP Obligations for all purposes under the Interim DIP Order as if originally funded upon entry of the Interim DIP Order (the “**Senior Roll-Up**”);
- d. and authorizing, upon entry of the Interim DIP Order, the roll-up and conversion of up to an aggregate principal amount of \$1,500,000 of prepetition junior DIP bridge obligations (the “**Prepetition Junior Bridge Obligations**”) held by the Junior DIP Lender (the “**Prepetition Junior Bridge Loan**”) pursuant to the Prepetition Junior Bridge Loan (as defined below) into the Junior DIP Facility and the automatic substitution and exchange of such outstanding Prepetition Junior Bridge Obligations for Junior DIP Obligations for all purposes under the Interim DIP Order as if originally funded upon entry of the Interim DIP Order (the “**Junior Roll-Up**” and together with the Senior Roll-up, the “**Roll-Up**”);
- e. authorizing the Debtors to execute and deliver the DIP Notes and other DIP Documents and to perform such other and further acts as may be necessary or desirable in connection with the DIP Documents;
- f. ordering that, subject to the Carve Out, in all respects, all obligations of the Debtors to the Senior DIP Lender under the Senior DIP Documents shall be:

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<sup>2</sup> The Junior DIP Note and the Senior DIP Note may, collectively, be referred to herein as the “**DIP Notes**.”

- i. entitled to superpriority claim status under section 364(c)(1) of the Bankruptcy Code, with priority over all administrative expense claims and unsecured claims now existing or hereafter arising under the Bankruptcy Code; and
  - ii. secured, pursuant to section 364(c)(2) and 364(d)(1) of the Bankruptcy Code, by a first priority priming lien on all of the pre and postpetition property of the Debtors whether existing on the Petition Date or thereafter acquired;
- g. ordering that, subject to the Carve Out, in all respects, all obligations of the Debtors to the Junior DIP Lender under the Junior DIP Documents shall be:
  - i. entitled to superpriority claim status under section 364(c)(1) of the Bankruptcy Code, with priority over all administrative expense claims and unsecured claims now existing or hereafter arising under the Bankruptcy Code; and
  - ii. secured, pursuant to section 364(c)(2) and 364(d)(1) of the Bankruptcy Code, by a second priority priming lien on all of the pre and postpetition property of the Debtors whether existing on the Petition Date or thereafter acquired subject and subordinate only to the lien of the Senior DIP Lender;
- h. authorizing the Debtors' use of cash collateral, as defined in section 363(a) of the Bankruptcy Code, pursuant to the terms and conditions set forth in the Interim DIP Order and the DIP Notes;
- i. granting adequate protection to WTI Fund X, Inc. ("**Fund X**"), Venture Lending & Leasing IX, Inc. ("**Fund IX**" and together with Fund X, "**WTI**") and Learn Capital Venture Partners IV, L.P, Inc., as collateral agent on behalf of the Bridge CN-3 Notes (collectively, the "**Prepetition Lenders**") with respect to the Prepetition Lenders Obligations (as defined below);
- j. modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of the DIP Orders, as applicable;
- k. waiving any applicable stay (including under Bankruptcy Rule 6004) and providing for immediate effectiveness of the Interim DIP Order and, upon entry, the Final Order; and
- l. subject to and effective only upon the entry of the Final DIP Order granting such relief: (x) waiving any right of the Debtors to surcharge against the DIP Collateral or Prepetition Lenders Collateral (each as

defined below), including pursuant to section 506(c) of the Bankruptcy Code or otherwise, and (y) providing that the DIP Lenders and the Prepetition Lenders are not subject to the equitable doctrine of “marshaling,” or any other similar doctrine with respect to the DIP Collateral;

- m. scheduling a final hearing (the “**Final Hearing**”) to consider entry of the Final DIP Order to consider final approval of the DIP Financing and use of cash collateral as set forth in this Motion and the DIP Documents.

**V.**

**CONCISE STATEMENT PURSUANT TO BANKRUPTCY RULE 4001(B) AND SECTION D OF THE COMPLEX CASE PROCEDURES**

12. The below chart contains a summary of the material terms of the proposed DIP Facility, together with references to the applicable sections of the relevant source documents, as required by Bankruptcy Rules 4001(b)(1)(B) and 4001(c)(1)(B) and Sections D.10 and D.13 of the Complex Case Procedures:<sup>3</sup>

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
<b>Borrowers</b> Bankruptcy Rule 4001(c)(1)(B)	Higher Ground Education Inc., Guidepost A LLC, Prepared Montessorian LLC, and Terra Firma Services LLC  <i>See Senior DIP Note, Intro Paragraph.</i>	Higher Ground Education Inc., Guidepost A LLC, Prepared Montessorian LLC, and Terra Firma Services LLC  <i>See Junior DIP Note, Intro Paragraph.</i>
<b>Guarantors</b> Bankruptcy Rule 4001(c)(1)(B)	N/A	N/A
<b>DIP Lender</b> Bankruptcy Rule 4001(c)(1)(B)	YYYYYY, LLC  <i>See Senior DIP Note, Introductory Paragraph.</i>	Guidepost Global Education, Inc.  <i>See Junior DIP Note, Intro Paragraph.</i>
<b>Maturity and Termination</b> Bankruptcy Rule 4001(b)(1)(B)(iii) 4001(c)(1)(B)	<i>Maturity Date.</i> Except as otherwise set forth herein or in the DIP Orders, or as otherwise contemplated by the terms of the Plan, the Senior DIP Obligations, including interest, shall be due and payable on the first to occur of the following (the “ <b>Maturity Date</b> ”): (i) the Effective Date; (ii) September 30, 2025; (iii) upon acceleration of the Senior DIP Note pursuant to the terms hereof; and (iv) a	<i>Maturity Date.</i> Except as otherwise set forth herein or in the DIP Orders, or as otherwise contemplated by the terms of the Plan, the Junior DIP Obligations, including interest, shall be due and payable on the first to occur of the following (the “ <b>Maturity Date</b> ”): (i) the Effective Date; (ii) September 30, 2025; (iii) upon acceleration of the Junior DIP Note pursuant to the terms hereof; and (iv) a

<sup>3</sup> Capitalized terms used in the following summary chart but not otherwise defined have the meanings ascribed to them elsewhere in this Motion, in the Interim DIP Order, or in the DIP Notes, as applicable. Further, the below summary chart is only a summary, and is qualified in its entirety by the terms of the Interim DIP Order, which shall control.



Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<p>Termination Date. On the Maturity Date, the Senior DIP Lender's obligation to provide Senior Loans shall terminate.</p> <p>See Senior DIP Note § 2(d).</p> <p><i>Termination Date.</i> Except with respect to the payment of the Carve Out, the Senior DIP Lender's agreement to provide the Senior DIP Financing in accordance with the Senior DIP Documents and the Debtor's authorization to use Cash Collateral shall immediately and automatically terminate (except as the Senior DIP Lender may otherwise agree in writing in its reasonable discretion), upon the earliest to occur of any of the following (each, a "<b>Termination Date</b>"): </p> <ul style="list-style-type: none"> <li>(i) September 30, 2025;</li> <li>(ii) the date of final indefeasible payment and satisfaction in full in cash of the Senior DIP Obligations;</li> <li>(iii) the entry of an order by the Court granting a motion by the Debtors to obtain additional financing from a party other than Senior DIP Lender under section 363 or 364 of the Bankruptcy Code unless the proceeds from such financing are used to immediately repay in cash the Senior DIP Obligations or unless such financing is subordinate to the Senior DIP Obligations and consented to in writing by the Senior DIP Lender (which consent may be withheld in its sole and absolute discretion);</li> <li>(iv) the dismissal of the Chapter 11 Cases or the conversion of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code;</li> <li>(v) the DIP Order is stayed, reversed, vacated, amended or otherwise modified in any respect without the prior written consent of the Senior DIP Lender (which consent may be withheld in its sole and absolute discretion);</li> <li>(vi) the Effective Date; or</li> <li>(vii) upon expiration of the Default Notice Period.</li> </ul>	<p>Termination Date. On the Maturity Date, the Junior DIP Lender's obligation to provide Junior Loans shall terminate.</p> <p>See Junior DIP Note § 2(d).</p> <p><i>Termination Date.</i> Except with respect to the payment of the Carve Out, the Junior DIP Lender's agreement to provide the Junior DIP Financing in accordance with the Junior DIP Documents and the Debtors' authorization to use Cash Collateral shall immediately and automatically terminate (except as the Senior DIP Lender may otherwise agree in writing in its reasonable discretion and with written notice to the Junior DIP Lender), upon the earliest to occur of any of the following (each, a "<b>Termination Date</b>"): </p> <ul style="list-style-type: none"> <li>(i) September 30, 2025;</li> <li>(ii) the date of final indefeasible payment and satisfaction in full in cash of both the Senior DIP Obligations and the Junior DIP Obligations;</li> <li>(iii) the entry of an order by the Court granting a motion by the Debtors to obtain additional financing from a party other than Senior DIP Lender and the Junior DIP Lender under section 363 or 364 of the Bankruptcy Code unless the proceeds from such financing are used to immediately repay in cash the Senior DIP Obligations and the Junior DIP Obligations or unless such financing is subordinate to both the Senior DIP Obligations and the Junior DIP Obligations and consented to in writing by both the Senior DIP Lender and the Junior DIP Lender (which consent may be withheld in each of their sole and absolute discretion);</li> <li>(iv) the dismissal of the Chapter 11 Cases or the conversion of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code;</li> <li>(v) the DIP Order is stayed, reversed, vacated, amended or otherwise modified in any respect without the prior written consent of the Senior DIP Lender (which consent may be withheld in its sole and absolute discretion) and with written</li> </ul>

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	See Senior DIP Note § 4(d).	notice to the Junior DIP Lender; (vi) the Effective Date; or (vii) upon expiration of the Default Notice Period. See Junior DIP Note § 4(d).
<b>Commitment</b> Bankruptcy Rule 4001(c)(1)(B)	The Senior DIP Facility consists of a \$5,500,000 term loan credit facility, including the Senior Roll-up of \$500,000 of the Prepetition Senior Bridge Obligations, with up to \$2,000,000 on an interim basis.  See Interim DIP Order, intro paragraphs; <i>see also</i> Senior DIP Note, intro paragraphs.	The Junior DIP Facility consists of at least \$2,500,000 term loan credit facility, including the Junior Roll-up of \$1,500,000 of the Prepetition Junior Bridge Obligations, with up to \$800,000 on an interim basis.  See Interim DIP Order, intro paragraphs; <i>see also</i> Junior DIP Note, intro paragraphs.
<b>Conditions of Borrowing</b> Bankruptcy Rule 4001(c)(1)(B)	Subject to the terms and conditions set forth in this Senior DIP Note, the Senior DIP Lender shall make advances to the Debtors as follows (each individually a “ <b>Senior Loan</b> ” and collectively, the “ <b>Senior Loans</b> ”):  (i) on the first business day after entry of the Interim DIP Order, an amount equal to \$2,000,000.00 (the “ <b>Initial Senior Loan</b> ”); and  (ii) on every other Monday after the date of the Initial Senior Loan (unless such date is not a business day at which point funding shall occur on the next succeeding business day) (each, a “ <b>Funding Date</b> ”) an amount equal to the estimated “ <b>Disbursements</b> ” for the following two weeks (starting on the Funding Date) in the Budget plus \$100,000 provided, further, that amounts that were budgeted for a prior week but not spent in such week shall be added to the budgeted amounts for the immediately succeeding week without reduction of the amounts that would otherwise have been budgeted and acceptable to the Senior DIP Lender, and the Debtor will be allowed the Permitted Variance (as defined below).  Except for a draw to fund the Carve Out and Professional Fee Reserve, following the occurrence of the Termination Date or other such event triggering the funding of the Carve Out and Professional Fee Reserve (each, a “ <b>Back-Stop Draw</b> ”), the Senior DIP Lender shall not be obligated to make any Senior Loan (including the Initial Loan hereunder), or to take, fulfill or perform any other action hereunder or under the DIP Order unless the	Subject to the terms and conditions set forth in this Junior DIP Note, the Junior DIP Lender shall make advances to the Debtors as follows (each individually a “ <b>Junior Loan</b> ” and collectively, the “ <b>Junior Loans</b> ”):  (i) on the first business day after entry of the Interim DIP Order, an amount equal to \$800,000.00 (the “ <b>Initial Junior Loan</b> ”); and  (ii) on every other Monday after the date of the Initial Junior Loan (unless such date is not a business day at which point funding shall occur on the next succeeding business day) (each, a “ <b>Funding Date</b> ”) an amount equal to the estimated “ <b>Disbursements</b> ” for the following two weeks (starting on the Funding Date) in the Budget plus \$100,000; <i>provided, further</i> , that amounts that were budgeted for a prior week but not spent in such week shall be added to the budgeted amounts for the immediately succeeding week without reduction of the amounts that would otherwise have been budgeted and acceptable to the Junior DIP Lender, and the Debtors will be allowed the Permitted Variance (as defined below).  Except for a draw to fund the Carve Out and Professional Fee Reserve, following the occurrence of the Termination Date or other such event triggering the funding of the Carve Out and Professional Fee Reserve (each, a “ <b>Back-Stop Draw</b> ”), the Junior DIP Lender shall not be obligated to make any Junior Loan (including the Initial Loan hereunder), or to take, fulfill or perform any other action hereunder or under the DIP Order unless the

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<p>Debtors certify, in a writing signed by an officer of the Debtors, that the following conditions (each, a “<b>Draw Condition</b>”) are met as of the date of each draw:</p> <p>(i) All of the representations and warranties contained in the Senior DIP Documents are true and correct in all material respects as of that date.</p> <p>(ii) This Senior DIP Note and each other Senior DIP Document shall have been executed or entered, as applicable, and delivered, if applicable, to the Senior DIP Lender in form and substance reasonably acceptable to the Senior DIP Lender, subject to Section 6 herein, and shall be in full, force and effect in all material respects.</p> <p>(iii) The consummation of the transactions contemplated hereby or entered into in contemplation hereof shall not contravene, violate, or conflict with, nor involve the Senior DIP Lender in, a violation of applicable law or regulation in any material respect.</p> <p>(iv) All consents, authorizations and filings, if any, required in connection with the execution, delivery and performance by the Debtor, and the validity and enforceability against the Debtor, of the Senior DIP Note, shall have been obtained or made, and such consents, authorizations and filings shall be in full force and effect in all material respects.</p> <p>(v) Prior to the making of the Initial Senior Loan, the Senior DIP Lender shall have received a schedule describing all material insurance maintained by the Debtors.</p> <p>(vi) The Senior DIP Lender shall have received a copy of the applicable DIP Order, and such DIP Order shall have been entered by the Bankruptcy Court in form and substance acceptable to the Senior DIP Lender in its reasonable discretion, subject to Section 6 herein, and shall be in full force and effect and shall not have been vacated, stayed, reversed, modified, or amended.</p> <p>(vii) No event shall have occurred and be continuing, or would result from the Senior Loan requested thereby, that with the giving of notice or the passage of time or both,</p>	<p>Debtors certify, in a writing signed by an officer of the Debtors, that the following conditions (each, a “<b>Draw Condition</b>”) are met as of the date of each draw:</p> <p>(i) All of the representations and warranties contained in the Junior DIP Documents are true and correct in all material respects as of that date.</p> <p>(ii) This Junior DIP Note and each other Junior DIP Document shall have been executed or entered, as applicable, and delivered, if applicable, to the Junior DIP Lender in form and substance reasonably acceptable to the Junior DIP Lender, subject to Section 6 herein, and shall be in full, force and effect in all material respects.</p> <p>(iii) The consummation of the transactions contemplated hereby or entered into in contemplation hereof shall not contravene, violate, or conflict with, nor involve the Junior DIP Lender in, a violation of applicable law or regulation in any material respect.</p> <p>(iv) All consents, authorizations and filings, if any, required in connection with the execution, delivery and performance by the Debtors, and the validity and enforceability against the Debtors, of the Junior DIP Note, shall have been obtained or made, and such consents, authorizations and filings shall be in full force and effect in all material respects.</p> <p>(v) Prior to the making of the Initial Junior Loan, the Junior DIP Lender shall have received a schedule describing all material insurance maintained by the Debtors.</p> <p>(vi) The Junior DIP Lender shall have received a copy of the applicable DIP Order, and such DIP Order shall have been entered by the Bankruptcy Court in form and substance acceptable to the Junior DIP Lender in its reasonable discretion, subject to Section 6 herein, and shall be in full force and effect and shall not have been vacated, stayed, reversed, modified, or amended.</p> <p>(vii) No event shall have occurred and be continuing, or would result from the Junior Loan requested thereby, that with the</p>

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<p>would constitute an Event of Default (as defined below) and no Event of Default shall be continuing.</p> <p>(viii) Except with respect to the Initial Senior Loan, the Debtors shall have timely delivered a Borrowing Notice related to such Loan that was in form and substance satisfactory to the Senior DIP Lender and consistent with the Budget. For the avoidance of doubt, the Debtors may not draw amounts under the Senior DIP Financing in excess of the Budget, and the amounts requested by the Debtors shall be used for an authorized purpose and in accordance with the Budget, subject to a Permitted Variance.</p> <p>(ix) The aggregate principal and amount of all Senior DIP Loans extended shall not exceed the Senior Maximum Commitment.</p> <p>(x) The Debtors (and any successors thereto or any representatives thereof, including any trustees appointed in these Chapter 11 Cases or any successor case) shall be deemed to have waived any rights, benefits or causes of action under section 506(c) of the Bankruptcy Code as they may relate to or be asserted against the Senior DIP Lender, the Senior DIP Liens, or the DIP Collateral (as defined in the Interim DIP Order).</p> <p>(xi) All information, approvals, documents or other instruments as Senior DIP Lender may reasonably request, and which are customary for postpetition lenders or plan sponsors to request, shall have been received by Senior DIP Lender in all material respects</p> <p><i>See Senior DIP Note § 1(b), (d).</i></p>	<p>giving of notice or the passage of time or both, would constitute an Event of Default (as defined below) and no Event of Default shall be continuing.</p> <p>(viii) Except with respect to the Initial Junior Loan, the Debtors shall have timely delivered a Borrowing Notice related to such Loan that was in form and substance satisfactory to the Junior DIP Lender and consistent with the Budget. For the avoidance of doubt, the Debtors may not draw amounts under the Junior DIP Financing in excess of the Budget, and the amounts requested by the Debtors shall be used for an authorized purpose and in accordance with the Budget, subject to a Permitted Variance.</p> <p>(ix) The Debtors (and any successors thereto or any representatives thereof, including any trustees appointed in these Chapter 11 Cases or any successor case) shall be deemed to have waived any rights, benefits or causes of action under section 506(c) of the Bankruptcy Code as they may relate to or be asserted against the Junior DIP Lender, the Junior DIP Liens, or the DIP Collateral (as defined in the Interim DIP Order).</p> <p>(x) All information, approvals, documents or other instruments as Junior DIP Lender may reasonably request, and which are customary for postpetition lenders or plan sponsors to request, shall have been received by Junior DIP Lender in all material respects.</p> <p><i>See Junior DIP Note § 1(b), (d).</i></p>
<b>Interest Rate</b> Bankruptcy Rule 4001(c)(1)(B)	<p>The DIP Obligations shall bear interest at an interest rate of nine percent (9%) per annum as provided in the DIP Notes. After an Event of Default, the interest shall accrue at an interest rate of twelve percent (12%) per annum payable monthly as provided in the DIP Notes.</p> <p><i>See Interim DIP Order ¶ 7; see also Senior DIP Note § 2(a)-(b).</i></p>	<p>Same terms as the Senior DIP Facility. <i>See Interim DIP Order ¶ 7; see also Junior DIP Note § 2(a)-(b).</i></p>

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<b>Roll-Up DIP Loans</b> Complex Case Procedures D.10(c)	<p>Upon entry of this Interim DIP Order, the Debtors shall be deemed, automatically, and without any further action, to substitute and exchange the outstanding \$500,000 Prepetition Senior Bridge Obligations for \$500,000 of Senior DIP Obligations on a cashless basis subject to the terms and conditions set forth in the Senior DIP Documents, and the Prepetition Senior Bridge Loan shall be deemed indefeasibly paid. The cashless substitution and exchange of the Prepetition Senior Bridge Loan by “rolling up” such amount into Senior DIP Obligations as described herein shall be authorized as compensation for, in consideration for, as a necessary inducement for, and on account of the agreement of the Senior DIP Lender to fund the Senior DIP Facility and not as adequate protection for, or otherwise on account of, the Prepetition Senior Bridge Obligations.</p> <p><i>See Interim DIP Order, ¶ 37.</i></p>	<p>Upon entry of this Interim DIP Order, the Debtors shall be deemed, automatically, and without any further action, to substitute and exchange the outstanding \$1,500,000 Prepetition Junior Bridge Obligations for \$1,500,000 of Junior DIP Obligations on a cashless basis subject to the terms and conditions set forth in the Junior DIP Documents, and the Prepetition Junior Bridge Loan shall be deemed indefeasibly paid. The cashless substitution and exchange of the Prepetition Junior Bridge Loan by “rolling up” such amount into Junior DIP Obligations as described herein shall be authorized as compensation for, in consideration for, as a necessary inducement for, and on account of the agreement of the Junior DIP Lender to fund the Junior DIP Facility and not as adequate protection for, or otherwise on account of, the Prepetition Junior Bridge Obligations.</p> <p><i>See Interim DIP Order, ¶ 37.</i></p>
<b>Use of DIP Financing Facility and Cash Collateral</b> Bankruptcy Rule 4001(b)(1)(B)(ii)	<p><i>Use of Proceeds of DIP Facilities.</i> The DIP Financing may be used in accordance with the terms of this Interim DIP Order and the DIP Notes (and subject to the Approved Budget) to fund the day-to-day working capital needs of the Debtors’ operations and the chapter 11 administrative expenses incurred during the pendency of these Chapter 11 Cases and to allow the Debtors, if subsequently approved by the Court, to effectuate the Restructuring Transaction via the Plan.</p> <p><i>See Interim DIP Order ¶ 3; see also Senior DIP Note § 3(a).</i></p> <p><i>Borrowing; Use of Cash Collateral.</i> Subject to the budget attached as <u>Exhibit A</u> to the DIP Notes (as modified from time to time with the unanimous written consent of the DIP Lenders in their sole and discretion, but without need for further Court order, the “<b>Approved Budget</b>”) and solely in compliance therewith and subject further to the terms and conditions of this Interim DIP Order and the DIP Documents, (a) the DIP Lenders will provide the DIP Financing in accordance with the terms of the DIP Documents, and (b) the Debtors are authorized to use the Cash Collateral in accordance with the terms of this Interim DIP Order. Notwithstanding the foregoing, the Approved Budget shall be mutually agreed upon by the Debtors and the applicable DIP Lender, (i) in an</p>	<p>Same as Senior DIP Facility. <i>See Interim DIP Order ¶¶ 3, 6, 19; see also Junior DIP Note § 3(a).</i></p>

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	<p>amount not to exceed \$5,500,000 under the Senior DIP Facility, and (ii) in an amount of at least \$2,500,000 under the Junior DIP Facility, in each case as may be modified from time to time by the Debtors with the consent of the applicable DIP Lender, in its sole and absolute discretion, but without need for further Court order; provided, however, under no circumstance shall such borrowings and disbursements be for an amount in excess of the Maximum Commitment.</p> <p><i>See Interim DIP Order ¶ 6.</i></p> <p><i>Limitation on Use of DIP Financing Proceeds and Prepetition Collateral (Including Cash Collateral).</i> 19. Notwithstanding the foregoing, none of the Carve Out, proceeds from the DIP Financing or Cash Collateral may be used (a) to investigate or challenge in any respect to the validity, perfection, priority, extent or enforceability of the Priming DIP Liens, Prepetition Liens, or Adequate Protection Liens except the professionals of a committee appointed pursuant to section 1102 of the Bankruptcy Code shall be entitled to payment of up to \$50,000 of allowed professional fees and expenses (aggregated among all such professionals) from the Carve Out, proceeds from the DIP Financing or Cash Collateral incurred in connection with any review and investigation of the validity, perfection, priority, extent or enforceability of the Prepetition Secured Lenders Obligations or the Prepetition Liens, (b) to delay, challenge or impede any rights of the DIP Lenders under any of the DIP Documents, or the DIP Orders or the Prepetition Secured Lenders under the Prepetition Loan Documents, or (c) to pursue any claims or causes of action of any kind against the DIP Lenders or the Prepetition Secured Lenders (except for purposes of enforcement of the DIP Orders or the DIP Notes). Nothing herein shall restrict the ability of any other party to investigate or object to a disclosure statement or a plan of reorganization.</p> <p><i>See Interim DIP Order ¶ 19.</i></p>	
<b>Adequate Protection</b> Bankruptcy Rules 4001(b)(1)(B)(iv), 4001(c)(1)(B)(ii)	The consent of the Prepetition Secured Lenders to the priming of the Prepetition Liens by the Priming DIP Liens is limited to the DIP Financing presently before this Court and authorized by this Interim DIP Order (as amended, supplemented, or otherwise modified	Same as the Senior DIP Facility. <i>See Interim DIP Order ¶ 31.</i>

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	<p>in accordance with the terms thereof and hereof), and shall not be deemed to extend to any other postpetition financing with any other party (other than any permitted successors and assigns of the DIP Lenders) or any increase in the total amount of the DIP Financing approved by this Interim DIP Order. Furthermore, the consent of the Prepetition Secured Lenders to the priming of the Prepetition Liens by the Priming DIP Liens as provided in this Interim DIP Order does not constitute, and shall not be construed as constituting, an acknowledgment or stipulation by the Prepetition Secured Lenders that their interests in the Prepetition Secured Lenders Collateral are adequately protected pursuant to this Interim DIP Order or otherwise. Nothing in this Interim DIP Order, including any of the provisions herein with respect to adequate protection, shall constitute, or be deemed to constitute, a finding that the interests of the Prepetition Secured Lenders are or will be adequately protected with respect to any non-consensual use of Cash Collateral or non-consensual priming of the Prepetition Liens</p> <p><i>Adequate Protection Obligations.</i> Until the indefeasible repayment in full in cash of the Prepetition Secured Lenders Obligations, as adequate protection for the interests of the Prepetition Secured Lenders in the Prepetition Secured Lenders Collateral, each of the Prepetition Secured Lenders is hereby granted the following (collectively, “<b>Adequate Protection</b>”):</p> <p>(i) <i>Adequate Protection Liens.</i> Pursuant to sections 361(2), 362, 363(c)(2), and 363(e) of the Bankruptcy Code, each of the Prepetition Secured Lenders is hereby granted a continuing valid, binding, enforceable and perfected, lien and security interest in and on all of the DIP Collateral and any proceeds thereof (the “<b>Adequate Protection Liens</b>”). The Adequate Protection Liens shall be subordinate only to (1) the Carve Out, (2) the Priming DIP Liens, and (3) subject to entry of the Final DIP Order, any valid, perfected, unavoidable liens or security interests in existence as of the Petition Date, or that are perfected subsequent to the Petition Date as permitted by Bankruptcy Code section 546(b). The Adequate Protection Liens shall be deemed legal, valid, binding,</p>	

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	<p>enforceable, and perfected liens, not subject to subordination, impairment or avoidance, for all purposes in these Chapter 11 Cases and any successor case. Except as described above, no other liens or security interests, whether for adequate protection or otherwise, shall be senior, equal to or <i>pari passu</i> with the Adequate Protection Liens in these Chapter 11 Cases or any successor case without the prior written consent of the Prepetition Secured Lenders (which consent may be withheld in their sole and absolute discretion).</p> <p>(ii) <i>Adequate Protection Claims.</i> As and to the extent provided by section 507(b) of the Bankruptcy Code, each of the Prepetition Secured Lenders shall have an allowed superpriority administrative expense claim in these Chapter 11 Cases and any successor case (the “<b>Adequate Protection Claim</b>”) against the Debtors and their estates. The Adequate Protection Claim shall have the priority set forth in Section 507(b) of the Bankruptcy Code; provided that the Adequate Protection Claim shall be subordinate to (1) the Carve Out, (2) the Priming DIP Liens, and (3) the Superpriority Claims. Except as described above, no cost or expense of administration under any provision of the Bankruptcy Code (whether incurred in these Chapter 11 Cases or any successor case, whether for adequate protection, the lack of, or failure to provide, adequate protection, or otherwise), shall be senior to, equal to, or <i>pari passu</i> with, the Adequate Protection Claims.</p> <p><i>Adequate Protection Obligations.</i> The Adequate Protection Liens and Adequate Protection Claims shall secure the payment of the Prepetition Lenders Obligations in an amount equal to any diminution in the value of the interests of the Prepetition Lenders in the Prepetition Lenders Collateral from and after the Petition Date (the amount of such diminution, the “<b>Adequate Protection Obligations</b>”). The Adequate Protection Obligations shall also be deemed to include the other obligations arising on account of the Adequate Protection set forth in the Interim DIP Order.</p> <p><i>Reservation of Rights of Prepetition Lenders.</i></p>	



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	<p>Notwithstanding any other provision hereof, the relief granted hereby is without prejudice to the right of the Prepetition Secured Lenders to seek additional adequate protection of their interests. The Prepetition Secured Lenders acknowledges that the Priming DIP Liens securing the DIP Obligations are senior to the Prepetition Liens securing the Prepetition Secured Lenders Obligations, and the Superpriority Claims are senior to the Prepetition Secured Lenders Obligations. Except as expressly provided herein, nothing contained in this Interim DIP Order shall impair or modify any rights, claims or defenses available in law or equity to the Prepetition Secured Lenders. The consent of the Prepetition Secured Lenders to the priming of the Prepetition Liens by the Priming DIP Liens and the Carve Out is limited to the Senior DIP Facility, Junior DIP Facility and the Carve Out and does not constitute, and shall not be construed as constituting, an acknowledgement or stipulation by the Prepetition Secured Lenders that, absent such consent, their interests in the Prepetition Secured Lenders Collateral would be adequately protected pursuant to this Interim DIP Order.</p> <p><i>See Interim DIP Order ¶ 31.</i></p>	
<p><b>DIP Lender Liens and Superpriority Claims</b> Bankruptcy Rule 4001(c)(1)(B(i))</p>	<p><i>Superpriority Claims.</i> The DIP Lenders are hereby granted, as and to the extent provided by section 507(b) of the Bankruptcy Code, all of the DIP Obligations shall constitute allowed superpriority administrative expense claims in these Chapter 11 Cases and any successor case (the “<b>Superpriority Claims</b>”). The Superpriority Claims shall have the priority set forth in Section 507(b) of the Bankruptcy Code.</p> <p><i>See Interim DIP Order ¶ 12.</i></p> <p><i>Liens to Secure the DIP Obligations.</i> As security for the DIP Obligations, effective and perfected upon the date of this Interim DIP Order and without the necessity of the execution, recordation of filings by the Debtors or any DIP Lender of mortgages, security agreements, control agreements, pledge agreements, financing statements, or other similar documents, or the possession or control by any DIP Lender of or over any DIP Collateral (as defined below), the following security interests and liens (such security interests and liens with respect to the Senior DIP Facility, the “Senior DIP Priming Liens,” such security</p>	<p>Same as Senior DIP Facility. <i>See Interim DIP Order ¶¶ 12, 22-23.</i></p>

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	<p>interests and liens with respect to the Junior DIP Facility, the “<b>Junior DIP Priming Liens</b>,” and, together, the “<b>Priming DIP Liens</b>”), subject only to the payment of the Carve Out (and, in the case of the Junior DIP Priming Liens, the Senior DIP Priming Liens), are hereby granted by the Debtors to (i) the Senior DIP Lender for its benefit and (ii) the Junior DIP Lender for its benefit, in each case, pursuant to this Interim DIP Order and the DIP Documents (all property identified in clauses (a) and (b) below being collectively referred to as the “<b>DIP Collateral</b>”)</p> <p>(i) <i>First Lien on All Property</i>. Subject to the priority of the Carve Out, pursuant to sections 364(c)(1), 364(c)(2), and 364(d)(1) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully perfected first priority senior security interest in and lien upon all pre and postpetition property of the Debtors or their estates, whether existing on the Petition Date or thereafter acquired (collectively, “<b>Property</b>”), including, without limitation, any such encumbered cash of the Debtors and any investment of such cash, inventory, accounts receivable, other rights to payment whether arising before or after the Petition Date, contracts, properties, plants, equipment, general intangibles, documents, instruments, interests in leaseholds, real properties, patents, copyrights, trademarks, trade names, other intellectual property, and subject to the entry of a Final DIP Order, the proceeds of the claims and causes of action of the Debtors’ estates under sections 502(d), 544, 545, 547, 548, 549, 550, and 553 of the Bankruptcy Code and any other avoidance actions under the Bankruptcy Code, commercial tort claims, equity interests, and the proceeds of all the foregoing; provided, however, subject to entry of the Final DIP Order, the Priming DIP Liens shall be subject and subordinate to any inchoate governmental claims or statutory liens in existence as of the Petition Date and to any valid, perfected, unavoidable liens or security interests in existence as of the Petition Date, or that are perfected subsequent to the Petition Date as permitted by Bankruptcy Code section 546(b), other than the Prepetition Liens (as the Prepetition Secured Lenders are</p>	

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	<p>consenting to the priming of the Prepetition Liens by the Priming DIP Liens). Notwithstanding anything herein to the contrary and subject to the priority of the Carve Out, (i) the Senior DIP Priming Liens shall be senior in all respects to the Junior DIP Priming Liens and the Prepetition Liens and (ii) the Junior DIP Priming Liens shall be subject and subordinate in all respects to the Senior DIP Priming Liens.</p> <p>(ii) <i>Liens Senior to Certain Other Liens.</i> Other than the Carve Out, the Priming DIP Liens shall not be subject or subordinate to (i) any lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code, (ii) any liens arising after the Petition Date including, without limitation, any liens or security interests granted in favor of any federal, state, municipal or other governmental unit, commission, board or court for any liability of the Debtors to the extent permitted by applicable non-bankruptcy law, except, subject to entry of the Final DIP Order, for liens perfected subsequent to the Petition Date as permitted by Bankruptcy Code section 546(b), or (iii) any intercompany or affiliate liens of the Debtors.</p> <p><i>See Interim DIP Order ¶ 22.</i></p> <p><i>Perfection of Priming DIP Liens.</i> The Priming DIP Liens shall be, and hereby are, deemed duly perfected and recorded under all applicable federal or state or other laws as of the date hereof, and no notice, filing, mortgage recordation, possession, further order, landlord or warehousemen lien waivers, or other third party consents or other act, shall be required to effect such perfection; provided, however, notwithstanding the provisions of section 362 of the Bankruptcy Code, (a) the DIP Lenders, may, at their sole option, file or record or cause the Debtors to obtain any such landlord or warehousemen lien waivers or other third party consents or execute, file, or record any such UCC financing statements, notices of liens and security interests, mortgages, amendments to mortgages, and/or other similar documents or instruments as such DIP Lender may require, and (b) the DIP Lenders may require the</p>	

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	<p>Debtors to deliver to the DIP Lenders any chattel paper, instruments, or securities evidencing or constituting any DIP Collateral, and the Debtors shall cooperate and comply therewith. If the DIP Lenders, in their reasonable discretion, shall elect for any reason to cause to be obtained any landlord or warehouse lien waivers or other third party consents or cause to be filed or recorded any such notices, financing statements, mortgages, amendments to mortgages, or other documents or instruments with respect to such security interests and liens, or if the DIP Lenders, in accordance with the DIP Documents or this Interim DIP Order, elect to take possession of any DIP Collateral, all such landlord or warehouse lien waivers or other third party consents, financing statements, mortgages, amendments to mortgages, or similar documents or instruments or such taking of possession shall be deemed to have been filed, recorded, or taken in these Chapter 11 Cases as of the commencement of these Chapter 11 Cases but with the priorities set forth herein. The DIP Lenders may (in their reasonable discretion), but shall not be required to, file a certified copy of this Interim DIP Order in any filing or recording office in any county or other jurisdiction in which the Debtors have real or personal Property and such filing or recording shall constitute further evidence of the DIP Lenders' interest in the DIP Collateral.</p> <p><i>See Interim DIP Order ¶ 23.</i></p>	
<b>Repayment Features</b> Bankruptcy Rule 4001(c)(1)(B)	<p>The Senior DIP Lender's claim on account of the Senior DIP Obligations (the "<b>Senior DIP Lender Claim</b>") shall be allowed in full under the Plan. The Senior DIP Lender shall have the option, on account of being the holder of the Senior DIP Lender Claim, to exchange a total of up to 100% of the Senior DIP Lender Claim in satisfaction of such amount of its allowed claim for up to a total of 60% of the shares of the issued equity of the reorganized debtor, at a rate of 10% of its Allowed DIP Lender Claim for 6% of the equity of the reorganized debtor (the "<b>Subscription Option</b>"). To the extent any amount of the Allowed DIP Lender Claim remains after the Senior DIP Lender exercises the Subscription Option, then (i) the Plan Sponsor shall repay such outstanding amount in Cash on the Effective Date, which Cash shall be separate from and in addition to the</p>	N/A

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	<p>Consideration; or (ii) the Senior DIP Lender may (at its sole election) consent to the offset or other non-Cash satisfaction of the Senior DIP Lender Claim by the Plan Sponsor until the remaining unpaid amount of the DIP Financing Claim is reduced to \$0.</p> <p><i>See Senior DIP Note § 2(e).</i></p>	
<p><b>Approved Budget and Permitted Variances</b> Bankruptcy Rule 4001(c)(1)(B)</p>	<p>The Debtors shall use the proceeds of all borrowings under the DIP Financing and Cash Collateral in a manner consistent with the Approved Budget and exclusions set forth herein. The budget attached as <u><b>Exhibit A</b></u> to the DIP Notes shall constitute the Approved Budget.</p> <p><i>See Interim DIP Order ¶¶ 3, 6; see also Senior DIP Note § 3(a).</i></p> <p>Except with respect to the Initial Senior Loan, which shall be automatically funded by the Senior DIP Lender, subject to satisfaction of the Draw Conditions (defined below), on the first business day after entry of the Interim DIP Order, by noon prevailing Eastern Time on two business days immediately prior to a Funding Date, the Debtors shall give the Senior DIP Lender written notice of their request for a draw and shall specify the Funding Date (which must provide at least two business days' written notice) and the amount of the requested draw (a <b>"Borrowing Notice"</b>). The Borrowing Notice shall include (1) a calculation of the requested draw amount including reasonable detail regarding the cash on hand included in the calculation and the projected disbursements for the bi-weekly borrowing period, (2) an updated Budget including actuals for prior periods, and (3) a calculation of any variance from the Budget (a <b>"Variance Report"</b>). The Borrowing Notice shall also be accompanied by a comparison of actual weekly receipts to those set forth in the Budget. The obligation of the Senior DIP Lender to fund is subject to compliance with the terms and conditions of this Senior DIP Note, the Interim DIP Order and, subject to its entry, the Final DIP Order. The Senior DIP Lender shall be obligated to fund under this Senior DIP Note and the DIP Orders, as applicable, all amounts set forth in the Borrowing Notice (except for a variance that is not a Permitted Variance, defined below), subject to the Budget.</p>	<p>The Debtors shall use the proceeds of all borrowings under the DIP Financing and Cash Collateral in a manner consistent with the Approved Budget and exclusions set forth herein. The budget attached as <u><b>Exhibit A</b></u> to the DIP Notes shall constitute the Approved Budget.</p> <p><i>See Interim DIP Order ¶¶ 3, 6; see also Junior DIP Note § 3(a).</i></p> <p>Except with respect to the Initial Junior Loan, which shall be automatically funded by the Junior DIP Lender, subject to satisfaction of the Draw Conditions (defined below), on the first business day after entry of the Interim DIP Order, by noon prevailing Eastern Time on two business days immediately prior to a Funding Date, the Debtors shall give the Junior DIP Lender written notice of their request for a draw and shall specify the Funding Date (which must provide at least two business days' written notice) and the amount of the requested draw (a <b>"Borrowing Notice"</b>). The Borrowing Notice shall include (1) a calculation of the requested draw amount including reasonable detail regarding the cash on hand included in the calculation and the projected disbursements for the bi-weekly borrowing period, (2) an updated Budget including actuals for prior periods, and (3) a calculation of any variance from the Budget (a <b>"Variance Report"</b>). The Borrowing Notice shall also be accompanied by a comparison of actual weekly receipts to those set forth in the Budget. The obligation of the Junior DIP Lender to fund is subject to compliance with the terms and conditions of this Junior DIP Note, the Interim DIP Order and, subject to its entry, the Final DIP Order. The Junior DIP Lender shall be obligated to fund under this Junior DIP Note and the DIP Orders, as applicable, all amounts set forth in the Borrowing Notice (except for a variance that is not a Permitted Variance, defined below), subject to the Budget.</p>

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	<p>Each Variance Report shall indicate whether there are any adverse variances that exceed the allowed variances, which means, in each case measured on a cumulative basis for the most recently ended period of two (2) weeks, up to ten percent (10%) of the amount of the Budget (each, a “<b>Permitted Variance</b>”); provided that adverse variances shall be offset by positive variances in subsequent weeks to ensure that the Debtors cash needs under the Approved Budget remain “on-balance” within any given four week period; provided further that in no event shall the DIP Lenders be required to fund amounts exceeding the aggregate of the Approved Budget. Unused amounts set forth in the Budget for any disbursement line item may be carried forward and used to fund such line item in any subsequent week</p> <p><i>See Senior DIP Note § 1(c); see also Interim DIP Order ¶ 8(xxvi).</i></p>	<p>Each Variance Report shall indicate whether there are any adverse variances that exceed the allowed variances, which means, in each case measured on a cumulative basis for the most recently ended period of two (2) weeks, up to ten percent (10%) of the amount of the Budget (each, a “<b>Permitted Variance</b>”). Unused amounts set forth in the Budget for any disbursement line item may be carried forward and used to fund such line item in any subsequent week</p> <p><i>See Junior DIP Note § 1(c); see also Interim DIP Order ¶ 8(xxvi).</i></p>
<b>Events of Default</b> Bankruptcy Rule 4001(c)(1)(B)	<p>The following shall constitute “Events of Default:”</p> <p>(i) the Debtors (A) fail to make any payment (whether principal, interest, or otherwise) when such amount becomes due and payable under the Senior DIP Documents or the Junior DIP Documents or (B) default in any material respect in the due performance or observance of any other term, covenant, or agreement contained in any Senior DIP Document or Junior DIP Document (and, if such default is capable of being remedied, it has not been remedied within the cure period set forth in such DIP Document or, if no such cure period is provided, it has not been remedied to the reasonable satisfaction of the Senior DIP Lender or Junior DIP Lender, as applicable, five (5) business days following written notice to the Debtors of the occurrence of such event of default);</p> <p>(ii) any representation, warranty, or statement made by the Debtors herein or in any DIP Document or in any certificate delivered in connection therewith proves to be untrue in any material respect on the date on which made or deemed made (and, if such default is capable of being remedied, it has not been remedied within the cure period set forth in such DIP Document or, if no such cure period is provided, it has not been remedied to the reasonable satisfaction of the Senior</p>	<p>Same as the Senior DIP Facility. <i>See Interim DIP Order ¶ 8; Junior DIP Note § 4(a).</i></p>

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	<p>DIP Lender or Junior DIP Lender, as applicable, five (5) business days following written notice to the Debtors of the occurrence of such event of default);</p> <p>(iii) the security interest granted to any DIP Lender ceases to be in full force and effect in any material respect, or ceases in any material respect to create a perfected security interest in, and lien on, the DIP Collateral (as defined below) purported to be created thereby;</p> <p>(iv) unless otherwise agreed to by the DIP Lender, any DIP Document is or becomes in-valid, ineffective, or unenforceable against the Debtors in any material respect, in whole or in part, or the Debtors so asserts or at any time denies the liability or the DIP Obligations under any DIP Document;</p> <p>(v) the Court enters an order dismissing any of these Chapter 11 Cases or converting any of them to a case under Chapter 7 or any other chapter of the Bankruptcy Code, or appointing a trustee or other responsible officer or an examiner with enlarged powers relating to the operation of the Debtors' business (be-yond those set forth in sections 1106(a)(3) or (4) of the Bankruptcy Code) under section 1104 of the Bankruptcy Code, in each case, without the unanimous consent of the DIP Lenders in their sole and absolute discretion;</p> <p>(vi) the Court enters an order granting relief from the automatic stay applicable under section 362 of the Bankruptcy Code authorizing an action by a lienholder (other than a DIP Lender) with respect to assets of the Debtors on which the lienholder has a lien with an aggregate value in excess of \$100,000;</p> <p>(vii) the Debtors seek to, advocate, or otherwise support any other person's motion to disallow, in whole or in part, the DIP Obligations or to challenge the validity, priority, or enforceability of the Priming DIP Liens and superpriority claims hereunder (for avoidance of doubt, complying with document requests shall not constitute a breach of the foregoing);</p> <p>(viii) a debtor in possession financing order is entered in form and substance that is not</p>	

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<p>acceptable to a DIP Lender in its reasonable discretion or from and after the date of entry thereof, the Interim DIP Order or the Final DIP Order, as applicable, ceases to be in full force and effect or is vacated, stayed, reversed, modified, or amended (or the Debtors take any step to accomplish any of the foregoing) without the consent of the affected DIP Lender in its reasonable discretion;</p> <p>(ix) any of the orders approving the Plan or the disclosure statement to the Plan (the “<b>Disclosure Statement</b>”) are vacated, stayed, reversed, modified, or amended without the consent of 2HR Learning, Inc. (“<b>2HR</b>”);</p> <p>(x) the Debtors make any payments on any indebtedness that arose before the Petition Date other than as provided in the Approved Budget or otherwise without the unanimous consent of the DIP Lenders in their sole and absolute discretion;</p> <p>(xi) the Debtors fail to obtain an order from the Court approving the Debtors’ motion for authority to assume the Restructuring Support Agreement dated as of June 17, 2025 (as the same may be amended, modified or extended, the “<b>RSA</b>”) entered into by, among others, the Debtors, the DIP Lenders, the Prepetition Secured Lenders, and 2HR, as the proposed plan sponsor of the Plan (“<b>Plan Sponsor</b>”) within forty (40) days of the Petition Date;</p> <p>(xii) a Company Termination Event, Consenting Party Termination Event or GG Termination Event (each as defined in the Restructuring Support Agreement) shall have occurred, including prior to the Debtors’ assumption of the RSA;</p> <p>(xiii) the Debtors take any action, or as to insiders, permit any action, that would result in an “ownership change” as such term is used in section 382 of title 26 of the United States Code;</p> <p>(xiv) the Debtors fail to provide 2HR, Five Y and Guidepost Global and their respective agents with reasonable access to the Debtors’ books, records, and management through the effective date of the Plan (the</p>	



Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<p><b>“Effective Date”);</b></p> <p>(xv) the (a) Plan, (b) Disclosure Statement, (c) order confirming the Plan, (d) the motion of the Debtors seeking authorization from the Court to assume the RSA, (e) the DIP Orders, the related motions, or the documentation evidencing, or otherwise entered into in connection with, the DIP Financing, or (f) any other documents or exhibits related to or contemplated in the foregoing clauses (a) through (e), contains terms and conditions materially inconsistent with the RSA or the Restructuring Transaction;</p> <p>(xvi) the Court grants relief that is materially inconsistent with the RSA, or would reasonably be expected to materially frustrate the purpose of the RSA;</p> <p>(xvii) the Debtors breach or fail to comply with the terms of the DIP Orders or the Plan, in any material respect;</p> <p>(xviii) any of the Chapter 11 Milestones (as defined, and set forth, on Exhibit B to the DIP Notes) are not satisfied;</p> <p>(xix) one or more judgments or decrees is entered against the Debtors or their estates in-volving in the aggregate a postpetition liability (not paid or fully covered by insurance or otherwise considered permitted indebtedness) of \$50,000 or more, and all such judgments or decrees are not vacated, discharged, stayed or bonded pending appeal;</p> <p>(xx) any DIP Note or any other DIP Document ceases, for any reason, to be in full force and effect or the Debtors shall so assert in writing, or the Priming DIP Liens cease to be effective and perfected with respect to any material item of DIP Collateral (as defined below) described therein with the priority purported to be created by the DIP Documents;</p> <p>(xxi) the Debtors fail to provide in any material respect all information, approvals, documents or other instruments as any DIP Lender may reasonably request, and as are customary for postpetition lenders or plan sponsors to request;</p>	

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<p>(xxii) any of the Debtors announces its intention to proceed with any reorganization, merger, consolidation, tender offer, exchange offer, business combination, joint venture, partnership, sale of a material portion of assets, financing (whether debt, including any debtor in possession financing other than the DIP Financing, or equity), recapitalization, workout, or restructuring of the Debtors (including, for the avoidance of doubt, a transaction premised on a chapter 11 plan or a sale of a material portion of assets under section 363 of the Bankruptcy Code), other than the Restructuring Transaction (an “<b>Alternative Transaction</b>”);</p> <p>(xxiii) the Court approves an Alternative Transaction;</p> <p>(xxiv) the Debtors file a plan of reorganization, liquidating plan, or disclosure statement that is inconsistent with the Plan or the RSA;</p> <p>(xxv) the Debtors file an application or motion for the approval of postpetition financing from any party other than the DIP Lenders, including financing that pro-vides for superpriority claims or priming liens on the DIP Lenders’ collateral without the unanimous written consent of the DIP Lenders in their sole and absolute discretion;</p> <p>(xxvi) the Court enters an order terminating the right of the Debtors to use the DIP Financing;</p> <p>(xxvii) the Debtors fails to comply with the Approved Budget; provided, however, for each period of two (2) weeks (or, if shorter, since the Petition Date), for the period from the Petition Date, in each case measured on a cumulative basis, adverse variances under the Approved Budget of up to 10% of the amount of the Approved Budget are permitted (provided that adverse variances shall be offset by positive variances in subsequent weeks to ensure that the Debtors cash needs under the Approved Budget remain “on-balance” within any given four week period; provided further that in no event shall the DIP Lenders be required to fund amounts exceeding the aggregate of the Approved Budget), and unused amounts set forth in the Approved Budget for any</p>	

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<p>disbursement line item may be carried forward and used to fund such line item in any subsequent week; or</p> <p>(xxviii) without the consent of the Senior DIP Lender, any claim or lien having a priority superior to or pari passu with those granted by the DIP Orders to the Senior DIP Lender is granted or allowed prior to the occurrence of (a) the payment in full in cash of immediately available funds of all of the Senior DIP Obligations, (b) the termination or expiration of all commitments to extend credit to the Debtors under the Senior DIP Documents, and (c) the cash collateralization in respect of any asserted claims, demands, actions, suits, proceedings, investigations, liabilities, fines, costs, penalties, or damages for which the Senior DIP Lender may be entitled to indemnification by the Debtors (“<b>Senior DIP Paid in Full</b>”);</p> <p>(xxix) without the consent of the Junior DIP Lender, any claim or lien having a priority superior to or pari passu with those granted by the DIP Orders to the Junior DIP Lender (other than any claim or lien of the Senior DIP Lender pursuant to the Senior DIP Documents) is granted or allowed prior to the occurrence of (a) the payment in full in cash of immediately available funds of all of the Junior DIP Obligations, (b) the termination or expiration of all commitments to extend credit to the Debtors under the Junior DIP Documents, and (c) the cash collateralization in respect of any asserted claims, demands, actions, suits, proceedings, investigations, liabilities, fines, costs, penalties, or damages for which the Junior DIP Lender may be entitled to indemnification by the Debtors (“<b>Junior DIP Paid in Full</b>” and, together with the Senior DIP Paid in Full, “<b>Paid in Full</b>”); or</p> <p>(xxx) The Debtors, without the unanimous prior written consent of the DIP Lenders (which shall be given or refused in each DIP Lender’s sole and absolute discretion) seek to modify, vacate or amend the DIP Orders or any DIP Documents.</p> <p><i>See Interim DIP Order ¶ 8; see also Senior DIP Note § 4(a).</i></p>	

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
<b>Rights and Remedies Upon Event of Default</b> 4001(c)(1)(B)	<p>Subject to Paragraph 20 of the Interim DIP Order, upon the occurrence of an Event of Default and after five (5) business days' written notice by the DIP Lenders to the Notice Parties (the "<b>Default Notice Period</b>"), and an opportunity to seek an expedited hearing before the Court, the automatic stay shall terminate, and the DIP Lenders shall be permitted to exercise any remedies permitted by law, including any of the following actions, without application or motion to, or further orders from, the Court or any other court, and without interference from the Debtors or any other party in interest, unless the Court orders otherwise during the Default Notice Period:</p> <ul style="list-style-type: none"> <li>(i) declare all or any portion of the outstanding DIP Obligations due and payable, whereupon the same shall become forthwith due and payable without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Debtors;</li> <li>(ii) set off any amounts held as Cash Collateral (including, without limitation, in any Cash Collateral account held for the benefit of the DIP Lenders);</li> <li>(iii) enforce all liens and security interests in the DIP Collateral;</li> <li>(iv) institute proceedings to enforce payment of such DIP Obligations</li> <li>(v) terminate the obligation of the DIP Lenders to make Loans; and</li> <li>(vi) exercise any other remedies and take any other actions available to it or them at law, in equity, under the DIP Notes, the Bankruptcy Code, other applicable law or pursuant to this Interim DIP Order, including, without limitation, exercising any and all rights and remedies with respect to the DIP Collateral or any portion thereof;</li> </ul> <p><u>provided, however</u>, that the DIP Lenders shall continue to fund the Debtors' operations, pursuant to the Approved Budget, through the Default Notice Period; provided, however, further the respective rights and remedies available to the Senior DIP Lender and the Junior DIP Lender with respect to the DIP Collateral shall be subject to Paragraph 20 of the Interim DIP Order.</p>	Same as the Senior DIP Facility. <i>See</i> Interim DIP Order ¶ 9.

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<i>See</i> Interim DIP Order ¶ 9.	
<b>Indemnification</b> Bankruptcy Rule 4001(b)(1)(B)(ix)	The Debtors agree to indemnify, defend, and hold harmless each DIP Lender (strictly in its capacity as such), each of its affiliates, and each of their respective officers, directors, employees, agents, advisors, attorneys, and representatives from and against all losses, claims, liabilities, damages, and expenses (including, without limitation, fees and expenses of counsels) for any actions, omissions, or events arising from or directly related to the DIP Financing, except to the extent resulting from such DIP Lender's gross negligence or willful misconduct, as determined by a final, non-appealable judgment of a court of competent jurisdiction.  <i>See</i> Interim DIP Order, ¶ 24.	Same as Senior DIP Facility. <i>See</i> Interim DIP Order ¶ 24.
<b>Carve Out</b> Bankruptcy Rule 4001(c)(1)(B)	The Interim DIP Order provides a "Carve Out" of certain (i) statutory fees, (ii) payroll obligations, benefits, and taxes incurred after the Petition Date, (iii) allowed professional fees of the Debtors and an official committee of unsecured creditors, and (iv) an amount for the Estate Professionals incurred after the Termination Date for wind-down purposes, all as detailed in the Interim DIP Order.  <i>See</i> Interim DIP Order ¶ 13.	Same as Senior DIP Facility. <i>See</i> Interim DIP Order ¶ 13.
<b>Fees and Expenses</b> Bankruptcy Rule 4001(c)(1)(B)	All reasonable out-of-pocket legal, accounting, and professional fees and expenses incurred by the DIP Lenders related to the DIP Financing and the Restructuring Transaction (the " <b>DIP Lender Fees</b> ") shall constitute DIP Obligations and shall be secured by the DIP Collateral and afforded all of the priorities and protections afforded to the DIP Obligations under this Order; provided that the DIP Lender Fees of Senior DIP Lender payable hereunder shall be payable solely upon the occurrence of an Event of Default under this Interim DIP Order or the Senior DIP Note. Accordingly, DIP Lender Fees of Senior DIP Lender shall not be required to be reflected as a budgeted item in the Approved Budget. Each DIP Lender's professionals shall serve summary invoices requesting payment of its respective DIP Lender Fees to the Debtors, U.S. Trustee and any Statutory Committee (as defined below) appointed in these Chapter 11 Cases. Absent objection by any of the U.S. Trustee and any Statutory Committee appointed in these Chapter 11 Cases within ten (10) days from receipt of an invoice, the Debtors shall pay	Same as Senior DIP Facility. <i>See</i> Interim DIP Order ¶ P.

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<p>such invoice. If the U.S. Trustee or any Statutory Committee appointed in these Chapter 11 Cases objects to the reasonableness of any DIP Lender Fees, such objecting party must provide each of the DIP Lenders written notice of such objection within ten (10) days of receipt of the summary invoice. Any objection that cannot be resolved between the parties shall be scheduled by the Debtors to be resolved by this Court. All undisputed DIP Lender Fees shall be timely paid.</p> <p><i>See Interim DIP Order ¶ P</i></p>	
<p><b>506(c) Waiver and Marshaling Doctrine</b> Bankruptcy Rule 4001(c)(1)(B)</p>	<p><i>506(c) Waiver.</i> Subject to the entry of the Final DIP Order, as a further condition of the DIP Financing, any obligation of the DIP Lenders to make the loans under the DIP Financing, and the Debtors' authorization to use the Cash Collateral, the Debtors (and any successors thereto or any representatives thereof, including any trustees appointed in these Chapter 11 Cases or any successor case) shall be deemed to have waived any rights, benefits or causes of action under section 506(c) of the Bankruptcy Code as they may relate to or be asserted against the DIP Lenders, the Priming DIP Liens, the DIP Collateral, the Prepetition Secured Lenders, the Adequate Protection Liens, the Prepetition Liens or the Prepetition Secured Lenders Collateral. Except for the Carve Out, nothing contained in this Interim DIP Order, in the Final DIP Order or in the other DIP Loan Documents shall be deemed a consent by the Prepetition Secured Lenders or the DIP Lender to any charge, lien, assessment or claim against, or in respect of, the DIP Collateral or the Prepetition Secured Lenders Collateral under section 506(c) of the Bankruptcy Code or otherwise.</p> <p><i>See Interim DIP Order ¶ 32.</i></p> <p><i>No Marshaling.</i> Subject to entry of the Final Order, the DIP Lender shall not be subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any of the DIP Collateral.</p> <p><i>See Interim DIP Order, Introductory Paragraph.</i></p>	<p>Same as Senior DIP Facility. <i>See Interim DIP Order ¶ 32 and Introductory Paragraph.</i></p>
<p><b>Liens on Avoidance Actions/Proceeds</b> Bankruptcy Rule 4001(c)(1)(B)(xi)</p>	<p>Subject to the priority of the Carve Out, pursuant to sections 364(c)(1), 364(c)(2), and 364(d)(1) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully perfected first priority senior security interest in and lien</p>	<p>Same as Senior DIP Facility; provided that the Junior DIP Priming Liens shall be subject and subordinate in all respects to the Senior DIP Priming Liens. <i>See Interim DIP Order ¶ 22(a).</i></p>

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<p>upon all pre and postpetition property of the Debtors or their estates, whether existing on the Petition Date or thereafter acquired (collectively, “Property”), including, without limitation, any such encumbered cash of the Debtors and any investment of such cash, inventory, accounts receivable, other rights to payment whether arising before or after the Petition Date, contracts, properties, plants, equipment, general intangibles, documents, instruments, interests in leaseholds, real properties, patents, copyrights, trademarks, trade names, other intellectual property, and subject to the entry of a Final DIP Order, the proceeds of the claims and causes of action of the Debtors’ estates under sections 502(d), 544, 545, 547, 548, 549, 550, and 553 of the Bankruptcy Code and any other avoidance actions under the Bankruptcy Code, commercial tort claims, equity interests, and the proceeds of all the foregoing; provided, however, subject to entry of the Final DIP Order, the Priming DIP Liens shall be subject and subordinate to any inchoate governmental claims or statutory liens in existence as of the Petition Date and to any valid, perfected, unavoidable liens or security interests in existence as of the Petition Date, or that are perfected subsequent to the Petition Date as permitted by Bankruptcy Code section 546(b), other than the Prepetition Liens (as the Prepetition Secured Lenders are consenting to the priming of the Prepetition Liens by the Priming DIP Liens). Notwithstanding anything herein to the contrary and subject to the priority of the Carve Out, (i) the Senior DIP Priming Liens shall be senior in all respects to the Junior DIP Priming Liens and the Prepetition Liens and (ii) the Junior DIP Priming Liens shall be subject and subordinate in all respects to the Senior DIP Priming Liens.</p> <p><i>See</i> Interim DIP Order ¶ 22(a).</p>	
<b>Stipulations to Prepetition Liens and Claims</b> Bankruptcy Rule 4001(c)(1)(B)(iii)	<p>Subject to the limitations contained in Paragraph 19 of the Interim DIP Order, the Debtors admit, stipulate and agree as follows, each Debtor for itself and its estate:</p> <p>(i) As of the Petition Date, the Debtors were truly and justly indebted, without defense, counterclaim or offset of any kind, to the Prepetition Lenders pursuant to (a) the Prepetition Senior Bridge Loan; (b) the Prepetition Junior Bridge Loan; (c) the</p>	<p>Same as Senior DIP Note. <i>See</i> Interim DIP Order ¶ K(i)-(iv); see also <i>id.</i> ¶ 20 (effect of stipulations on third parties), and “Releases” below.</p>

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<p>secured post-foreclosure deficiency claim of WTI in the collective amount of at least \$4,680,970.83 under the WTI Loans; and (d) the Bridge CN-3 Loans. Each of the Prepetition Lenders Obligations is duly perfected by UCC-1 filings.</p> <p>(ii) The Prepetition Lenders Obligations in the full amount outstanding on the Petition Date constitute legal, valid, binding and non-avoidable obligations of the Debtors to the Prepetition Lenders.</p> <p>(iii) The liens and security interests granted by the Debtors to the Prepetition Secured Lenders to secure the Prepetition Secured Lenders Obligations (the “<b>Prepetition Liens</b>”) are: (a) valid, binding, perfected, enforceable liens on and security interests in the personal property of the Debtors constituting “Collateral” under, and as defined in, any prepetition security agreement, control agreement, pledge agreement, financing statement, mortgage or other similar documents, including the Prepetition Loan Documents (together, the “<b>Prepetition Secured Lenders Collateral</b>”); and (b) not subject to objection, defense, contest, avoidance, reduction, or disallowance (whether equitable, contractual or otherwise) of any kind pursuant to the Bankruptcy Code or applicable non-bankruptcy law by any person or entity. The Prepetition Liens securing the Prepetition Secured Lenders Obligations are subject and subordinate only to: (x) after giving effect to this Interim DIP Order, the Carve Out and the Priming DIP Liens (as defined below); and (y) other valid and unavoidable liens perfected prior to the Petition Date (or perfected after the Petition Date to the extent permitted by section 546(b) of the Bankruptcy Code) to the extent such permitted liens are senior to the Prepetition Liens.</p> <p>(iv) All proceeds of the Prepetition Secured Lenders Collateral (including cash on deposit at depository institutions as of the Petition Date, securities, or other property, whether subject to control agreements or otherwise, in each case that constitutes Prepetition Secured Lenders Collateral) are</p>	



Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<p>“cash collateral” of the Prepetition Secured Lenders within the meaning of section 363(a) of the Bankruptcy Code (“<b>Cash Collateral</b>”), and subject to the terms of this Interim DIP Order (including subject to the Priming DIP Liens).</p> <p><i>See</i> Interim DIP Order ¶ K(i)-(iv); see also <i>id.</i> ¶ 20 (effect of stipulations on third parties), and “<b>Releases</b>” below.</p>	
<b>Milestones</b> Bankruptcy Rule 4001(c)(1)(B)	<p>(i) The Debtors shall commence these Chapter 11 Cases no later than June 30, 2025.</p> <p>(ii) No later than one (1) business day after the Petition Date, the Debtors shall file the following:</p> <ul style="list-style-type: none"> <li>• A motion seeking the Bankruptcy Court’s approval of the DIP Financing</li> <li>• An application to retain a claims agent</li> <li>• A motion to continue cash management</li> <li>• Such other first day papers as may be approved or requested by the Debtor or Plan Sponsor</li> </ul> <p>(iii) No later than five (5) business days after the Petition Date, the Debtors shall file the following:</p> <ul style="list-style-type: none"> <li>• The Disclosure Statement, Plan, solicitation procedures motion, together with a motion for approval of same on shortened notice</li> <li>• A motion seeking the Bankruptcy Court’s approval of assumption of the RSA</li> <li>• A motion for approval of bar dates</li> <li>• A motion to extend time to file schedules</li> </ul> <p>(iv) The Bankruptcy Court shall enter an order approving the DIP Financing on an interim basis no later than five (5) business days after the Petition Date.</p> <p>(v) The Debtors shall file schedules and statements of financial affairs no later than twenty-one (21) days after the Petition Date.</p> <p>(vi) No later than forty (40) days after the Petition Date, the Bankruptcy Court shall enter orders:</p> <ul style="list-style-type: none"> <li>• Approving the DIP Financing on a final basis</li> </ul>	Same as Senior DIP Note. <i>See</i> Ex. B attached to Junior DIP Note.

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	<ul style="list-style-type: none"> <li>• Authorizing the Debtor to assume the RSA</li> <li>• Approving the bar date motion</li> <li>• Approving the Disclosure Statement on an conditional basis</li> <li>• Scheduling a combined hearing on the Plan and Disclosure Statement and setting an objection deadline with respect thereto</li> </ul> <p>(vii) The general bar date shall be no later than ninety 90 days after the Petition Date.</p> <p>(viii) The Bankruptcy Court shall enter an order approving the Disclosure Statement and the Plan no later than 105 days after the Petition Date.</p> <p>(ix) The effective date of the Plan shall be no later than September 30, 2025.</p> <p><i>See Ex. B attached to Senior DIP Note.</i></p>	
<b>Releases</b> Bankruptcy Rule 4001(c)(1)(B)(viii)	Subject to the Challenge Period, the Debtors hereby forever, unconditionally, and irrevocably release, discharge, and acquit the DIP Lenders and the Prepetition Secured Lenders, and their successors, assigns, affiliates, subsidiaries, parents, officers, shareholders, directors, employees, attorneys, and agents, past, present, and future, and their respective heirs, predecessors, successors, and assigns (collectively, the “ <b>Releasees</b> ”) of and from any and all claims, controversies, disputes, liabilities, obligations, demands, damages, expenses (including, without limitation, reasonable attorneys’ and financial advisors’ fees), debts, liens, actions, and causes of action of any and every nature whatsoever, whether arising in law or otherwise, and whether or not known or matured, arising out of or relating to, as applicable, the DIP Financing, the DIP Documents, the Prepetition Loan Documents and/or the transactions contemplated hereunder or thereunder including, without limitation, (A) any so-called “lender liability” or equitable subordination claims or defenses, (B) any and all claims and causes of action arising under the Bankruptcy Code, and (C) any and all claims and causes of action with respect to the extent, validity, priority, perfection, or avoidability of the Prepetition Liens and the Prepetition Secured Lenders Obligations. Each of the Debtors further waives and releases any defense, right of counterclaim, right of setoff, or	Same as Senior DIP Note. <i>See</i> Interim DIP Order ¶ K(v).

Bankruptcy Code	Summary of Material Terms	
	Senior DIP Facility	Junior DIP Facility
	deduction to the payment of the Prepetition Secured Lenders Obligations that the Debtors now has or may claim to have against the Releasees, arising out of, connected with, or relating to any and all acts, omissions, or events occurring prior to the Court entering this Interim DIP Order.  <i>See</i> Interim DIP Order ¶ K(v).	
<b>Challenge Period</b> Bankruptcy Rule 4001(c)(1)(B)	Subject to a Final DIP Order on the Motion, any party in interest (subject in all respects to any agreement or applicable law that may limit or affect such entity's right or ability to do so, a " <b>Challenge Party</b> ") with requisite standing granted by the Court (which motion for such standing may be filed concurrently with an adversary proceeding or contested matter), has timely filed an adversary proceeding or contested matter (subject to the limitations contained herein), within the earlier of: (i) 60 days from the date of entry of the Interim DIP Order, (ii) 45 days from the appointment of a creditors committee or (iii) such earlier date upon which the Court enters an order confirming the Plan (the " <b>Challenge Period</b> "); provided, however, if these Chapter 11 Cases converts to a chapter 7 case, or if a chapter 11 trustee is appointed, prior to the end of the Challenge Period, any such trustee shall have the benefit of any remaining portion of the Challenge Period, and in any event 10 days from the appointment of such trustee, to file such an adversary proceeding or contested matter.  <i>See</i> Interim DIP Order ¶ 20(ii)(a).	Same as Senior DIP Facility. <i>See</i> Interim DIP Order ¶ 20(ii)(a).
<b>Waiver/Modification of the Automatic Stay</b> Bankruptcy Rule 4001(c)(1)(B)(iv)	Any applicable stay (including, without limitation, under Bankruptcy Rule 6004(h)) is hereby waived and shall not apply to this Interim DIP Order.  <i>See</i> Interim DIP Order ¶ 40.	Same as Senior DIP Facility. <i>See</i> Interim DIP Order ¶ 40.

## VI. THE DEBTORS' PREPETITION CORPORATE AND CAPITAL STRUCTURE

13. As of the Petition Date, the Debtors have approximately \$142.2 million of funded principal debt and interest obligations. The following table summarizes the Debtors' prepetition

capital structure (as of the Petition Date) with respect to funded debt, inclusive of accrued but unpaid interest and fees.

<b>Debt</b>	<b>Approx. Amount Outstanding<sup>4</sup></b>
<b><u>Secured Funded Debt</u></b>	
Bridge CN-3 Notes	\$4,800,000
WTI Loan Agreements	\$4,680,970
CN Notes	\$117,837,932
<b>Total Secured Funded Debt</b>	<b>\$127,318,902</b>
<b><u>Unsecured Funded Debt</u></b>	
Learn Fund XXXVII Promissory Note	\$410,350
NRTC Promissory Note	\$289,833
Yu FICB Promissory Notes	\$1,182,387
YuATI Promissory Notes	\$2,200,000
YuHGEA Loan Agreement	\$57,424
Yu Capital Loan	\$327,858
LFI Unsecured Notes	\$12,454,566
<b>Total Unsecured Funded Debt</b>	<b>\$16,922,418</b>
<b><u>Total Funded Debt</u></b>	<b>\$144,241,320</b>

#### **A. Secured WTI Loans**

14. HGE, Guidepost A, Prepared Montessorian, Prepared TT, and Terra Firma Services LLC, (“**Terra Firma**,” and with HGE, Guidepost A, Prepared Montessorian, and Prepared TT, the “**WTI Borrowers**”) are parties to several prepetition financing arrangements with Venture Lending & Leasing IX, Inc., (“**Fund IX**”) and WTI Fund X, Inc., (“**Fund X**” together with Fund IX, “**WTI**”). Specifically, WTI and the WTI Borrowers entered into (a) the Loan and Secured Agreement, dated February 19, 2021, by and between Fund IX and the

<sup>4</sup> The Approximate Amount Outstanding reflects the estimated amount outstanding as of the Petition Date according to the Debtors’ books and records. These numbers are a summary and are not intended to reflect the actual amounts outstanding as of the Petition Date. The Debtors continue to reconcile their books and records and reserve all rights as to the correct amounts of these funded debt obligations.

Borrowers in the original principal amount of \$12 million (as may have been amended, supplemented, restated, and modified from time to time, the “**Fund IX Loan Agreement**”); (b) that certain Loan and Security Agreement, dated as of November 8, 2023, between Fund X and the WTI Borrowers in the original principal amount of \$15 million (as may have been amended, supplemented, restated, and modified from time to time, the “**Fund X Loan Agreement**,” and with the Fund IX Loan Agreement, the “**WTI Loan Agreements**”).

15. To secure the WTI Borrowers’ obligations under the WTI Loan Agreements, each Borrower granted to WTI a blanket security interests in substantially all of such WTI Borrowers’ personal property assets, including certain intellectual property owned by HGE and Terra Firma (collectively, the “**WTI Collateral**”). WTI’s security interests in the WTI Collateral were perfected by: (a) a UCC-1 Financing Statement with the Delaware Department of State on February 22, 2021, as file number 20211409706; (b) a UCC-1 Financing Statement with the Delaware Department of State on November 8, 2023, as file number 20237621211; (c) a UCC-1 Financing Statement with the Delaware Department of State on May 10, 2024, as file number 20243148184; (d) that Intellectual Property Security Agreement, dated as of February 19, 2021, between HGE and Fund IX, with such recordation located at (i) Reel 055418 Frame 0170 covering the patents of HGE described therein and (ii) Reel 7226 Frame 0223 covering the trademarks of HGE described therein; (e) that certain Intellectual Property Security Agreement, dated as of February 19, 2021, between Terra Firma and Fund IX, with such recordation located at Reel 7226 Frame 0360 covering the trademark of Terra Firma described therein; (f) that certain Intellectual Property Security Agreement, dated as of November 8, 2023, between HGE and Fund X, with such recordation located at (i) Reel 065514 Frame 0203 covering the patent of HGE described therein and (ii) Reel 8254 Frame 0751 covering the

trademarks of HGE described therein; and (g) that certain Intellectual Property Security Agreement, dated as of November 8, 2023, between Terra Firma and Fund X, with such recordation located at Reel 8254 Frame 0780 covering the trademark of Terra Firma.

16. As such, Fund IX and Fund X were secured by substantially all of the property of the WTI Borrowers, subject to certain perfected security interests in specific assets held by other secured creditors. Pursuant to that Intercreditor Agreement, dated November 8, 2023, between Fund IX and Fund X, the parties agreed that the liens of Fund IX and Fund X shall be of equal rank and priority and all of the rights, interests, and obligations under the WTI Loan Agreements and related loan documents shall be shared by Fund IX and Fund X pro rata.

17. As of the Petition Date and following the Foreclosures, WTI maintains a perfected, secured claim against the WTI Borrowers in the amount of \$4,680,970.83 (due to the fact that WTI did not foreclose on all of the WTI Collateral), broken out as follows:

Loan Agreement	Amount Outstanding
Fund IX Loan Agreement	\$153,801.59
Fund X Loan Agreement	\$4,527,169.25
<b>Total</b>	<b>\$4,680,970.83</b>

#### **B. Secured CN Notes**

18. To further fund the Debtors' Schools and business operations, the Debtors entered into that Note Purchase Notice and Note Purchase Agreement, dated May 31, 2024 (as may have been amended, supplemented, restated, and modified from time to time, the "NPA") whereby the Debtors were authorized to issue and sell one or more promissory notes in a first series (the "CN-1 Notes"), one or more promissory notes in a second series (the "CN-2 Notes"), and one or more promissory notes in a third series (the "CN-3 Notes," and with the CN-1 Notes and the CN-2 Notes, the "CN Notes"), up to an aggregate amount of \$125,000,000 of CN Notes.

The CN Notes are secured by a blanket lien on all HGE assets (the “**CN Notes Collateral**”) pursuant to the Security Agreement, dated May 31, 2024 between HGE and Learn Capital Venture Partners IV, L.P., the Collateral Agent for all notes issued under the NPA (the “**NPA Collateral Agent**”), and any security interests in the CN Notes Collateral (other than as expressly provided for the Bridge CN-3 Notes (as defined below)) are expressly subordinated to WTI’s liens in the CN Notes Collateral. The NPA Collateral Agent perfected the CN Notes security interest in the CN Notes Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on May 31, 2024, as file number 20243664982.

19. Upon an event of repayment of the CN Notes, the NPA provides that holders of the CN-3 Notes are entitled to receive a recovery in full before any payment may be made to holders of the CN-2 Notes and CN-1 Notes. Once all holders CN-3 Notes have been repaid in full, holders of CN-2 Notes are then entity to receive a recovery in full before any payment may be made to holders of CN-1 Notes.

20. Pursuant to the NPA, the CN Notes convert into Conversion Shares<sup>5</sup> upon the first to occur of (a) the consent of the Majority Note Holders<sup>6</sup> or (b) the date that is four months following the date of the Initial Closing (provided, that (i) such date may be extended two times by up to three months each and/or (ii) such conversion may be waived entirely, in each case, with the consent and at the sole discretion of the Majority Note Holders). Learn Capital, and its affiliated entities, are the Majority Note Holders for the CN Notes and have waived any conversion of the CN Notes into the Conversion Shares.

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<sup>5</sup> “Conversion Shares” means (i) with respect to the CN-1 Notes, the Series E-1 Preferred Stock, (ii) with respect to the CN-2 Notes, the Series E-2 Preferred Stock, and (iii) with respect to the CN-3 Notes, the Series E-3 Preferred Stock

<sup>6</sup> “Majority Note Holders” means the holders of majority in interest of the aggregate principal amount of the CN Notes then outstanding.

21. As of the Petition Date, there is approximately \$43,014,365 in CN-3 Notes, \$41,304,320, in CN-2 Notes, and \$33,566,465 in CN-1 Notes outstanding, held by the following holders:

Lender	Class	Approximate Principal Amount
Learn Capital Venture Partners III, L.P., on its own behalf and as nominee for Learn Capital Venture Partners IIIA, L.P.	CN-1 Note	\$1,525,938
Learn Capital Venture Partners IV, L.P., on its own and as nominee for Learn Capital Venture Partners IV-US, L.P.	CN-1 Note	\$1,333,141 <sup>7</sup>
Learn Capital Fund V Growth, L.P.	CN-1 Note	\$2,055,391 <sup>8</sup>
Previously Existing Convertible Notes	CN-1 Notes	\$28,651,995 <sup>9</sup>
Learn Capital Venture Partners III, L.P., on its own behalf and as nominee for Learn Capital Venture Partners IIIA, L.P.	CN-2 Note	\$6,094,549 <sup>10</sup>
Learn Capital Fund V Growth, L.P.	CN-2 Note	\$30,186,659 <sup>11</sup>

<sup>7</sup> This amount consists of the reclassification of that certain Subordinated Unsecured Promissory, dated February 22, 2023, between Learn Capital Venture Partners III, L.P. and HGE in the amount of \$1,333,141.27.

<sup>8</sup> This amount consists of the reclassification of (a) that certain Subordinated Unsecured Promissory, dated December 5, 2022, between Learn Capital Fund V Growth, L.P. and HGE in the amount of \$1,029,898.03 and (b) that certain Subordinated Unsecured Promissory, dated February 22, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of \$1,025,493.29.

<sup>9</sup> Pursuant to the Closing Conditions to Note Purchase Agreement and Series E Financing, dated June 13, 2024 (the “**Closing Conditions Agreement**”), “all existing convertible notes outstanding ... will be cancelled, exchanged or amended to CN-1 Notes...” At the time of the Closing Conditions Agreement, there were approximately fifty-seven (57) convertible notes outstanding, which were converted into the CN-1 Notes. Many of these notes were not issued new CN-1 Notes and the Debtors tracked and recognized such notes as CN-1 Notes.

<sup>10</sup> This amount consists of the reclassification of: (a) \$1,018,064.98 from a Subordinated Unsecured Promissory, dated July 6, 2023, between Learn Capital Venture Partners III, L.P. and HGE; (b) \$3,048,897.08 from a Subordinated Unsecured Promissory, dated August 7, 2023, between Learn Capital Venture Partners III, L.P. and HE; (c) \$1,014,591.18 from a Subordinated Unsecured Promissory, dated September 7, 2023, between Learn Capital Venture Partners III, L.P. and HGE; and (d) \$1,012,996.12 from a Subordinated Unsecured Promissory, dated October 6, 2023, between Learn Capital Venture Partners III, L.P. and HGE.

<sup>11</sup> Of this amount, \$5,320,868.44 will be credited toward the satisfaction of the Pro Rata Share of Learn Capital Venture Partners IV, L.P. Further, this amount consists of the reclassification of: (a) that certain Subordinated Unsecured Promissory, dated November 18, 2022, between Learn Capital Fund V Growth, L.P. and HGE in the amount of \$4,123,393.44; (b) that certain Subordinated Unsecured Promissory, dated December 21, 2022, between Learn Capital Fund V Growth, L.P. and HGE in the amount of \$4,116,017.62; (c) that certain Subordinated Unsecured Promissory, dated January 23, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of \$3,595,073.13; (d) that certain Subordinated Unsecured Promissory, dated January 30, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of \$513,386.87; (e) that certain Subordinated Unsecured Promissory, dated March 8, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of \$1,332,129.06; (f) that certain Subordinated Unsecured Promissory, dated March 22, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of \$4,812,502.19; (g) that



<b>Lender</b>	<b>Class</b>	<b>Approximate Principal Amount</b>
Learn Capital Venture Partners IV, L.P., on its own and as nominee for Learn Capital Venture Partners IV-US, L.P.	CN-2 Note	\$5,023,111 <sup>12</sup>
Learn Capital Venture Partners III, L.P., on its own behalf and as nominee for Learn Capital Venture Partners IIIA, L.P.	CN-3 Note	\$2,000,000
Learn Capital IV Special Opportunities XI, LLC	CN-3 Note	\$18,536,514 <sup>13</sup>
Venn Growth Partners HGE LP	CN-3 Note	\$1,000,000
Branch Hill Capital, LLC	CN-3 Note	\$430,020
Nimble Ventures, LLC	CN-3 Note	\$531,040
Venn Growth GP Limited	CN-3 Note	\$4,197,523 <sup>14</sup>
Ramandeep Girn	CN-3 Note	\$3,069,031 <sup>15</sup>
Learn Capital Special Opportunities Fund XVIII, L.P.	CN-3 Note	\$5,300,000
HEAL Partners International Fund 1 LP	CN-3 Note	\$380,503
HEAL Partners Australia Fund 1	CN-3 Note	\$1,619,417
2HR Learning, Inc.	CN-3 Note	\$5,000,000
Ramandeep Girn	CN-3 Note	\$903,100 <sup>16</sup>

certain Subordinated Unsecured Promissory, dated May 23, 2023, between Learn Capital Venture Partners IV, L.P. and HGE in the amount of \$1,020,498.17; (h) that certain Subordinated Unsecured Promissory, dated May 30, 2023, between Learn Capital Venture Partners IV, L.P. and HGE in the amount of \$1,020,110.68; (i) that certain Subordinated Unsecured Promissory, dated June 21, 2023, between Learn Capital Venture Partners IV, L.P. and HGE in the amount of \$3,566,128.38; (j) that certain Subordinated Unsecured Promissory, dated June 29, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of \$1,018,451.69; (k) that certain Subordinated Unsecured Promissory, dated September 7, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of \$2,536,477.96; and (l) that certain Subordinated Unsecured Promissory, dated October 6, 2023, between Learn Capital Fund V Growth, L.P. and HGE in the amount of \$2,532,490.31.

<sup>12</sup> This amount consists of the reclassification of that certain Subordinated Unsecured Promissory, dated March 7, 2024, between Learn Capital Venture Partners IV, L.P. and HGE in the amount of \$5,023,111.10.

<sup>13</sup> Certain of this amount consists of a reclassification of: (a) that certain Subordinated Unsecured Promissory, dated April 2, 2024, between Learn Capital IV Special Opportunities XI, LLC and HGE in the amount of \$1,003,206.10; (b) that certain Subordinated Unsecured Promissory, dated April 2, 2024, between Learn Capital IV Special Opportunities XI, LLC and HGE in the amount of \$5,016,030.51; (c) that certain Subordinated Unsecured Promissory, dated April 8, 2024, between Learn Capital IV Special Opportunities XI, LLC and HGE in the amount of \$6,017,277.53; and (d) that certain Loan Agreement & Promissory Note, dated June 7, 2024, between Learn Capital IV Special Opportunities XI, LLC and HGE in the amount of \$4,000,000.

<sup>14</sup> Certain of this amount consists of the reclassification of that certain Loan Agreement and Promissory Note, dated June 10, 2024 between Venn Growth GP Limited and HGE in the amount of \$750,000.

<sup>15</sup> This amount consists of the reclassification of that certain Note Redemption Agreement dated June 11, 2024 between Guidepost A, Ramandeep Singh Girn, and Rebecca Knapp Girn, and that certain promissory note dated June 30, 2024, issued to Ramandeep Singh Girn in the amount of \$3,036,031.53.

Lender	Class	Approximate Principal Amount
<b>Total Approximate Principal Amount</b>		<b>\$117,837,932</b>

### C. Secured Bridge CN-3 Loans

22. Beginning on and after January 15, 2025, the Debtors and certain lenders entered into the series CN-3 convertible promissory notes (the “**Bridge CN-3 Notes**”) in the aggregate principal amount of \$4,800,000 (the “**Bridge CN-3 Loans**”), plus interest, fees and costs, **and** including any premiums, expenses, indemnity, and reimbursement obligations accrued thereunder and all other fees and expenses (including fees and expenses of attorneys and advisors) as provided therein, issued pursuant to the NPA. The Bridge CN-3 Notes are collateralized by a priming lien over the WTI Loan Agreements in the principal amount of up to \$5,000,000, in favor of the NPA Collateral Agent. WTI consented to this treatment pursuant to that Closing Conditions to Note Purchase Agreement and Series E Financing #2, effective February 5, 2025, between HGE, WTI, Learn Capital, Learn Capital Special Opportunities Fund XXXVII, LLC, and 2HR Learning, Inc.

23. As of the Petition Date, \$4,800,000 of Bridge CN-3 Notes remained outstanding and are broken out by the Lenders, as follows:

Lender	Amount
Ramandeep Girn	\$500,000
Learn Capital Venture Partners III, L.P.	\$2,300,000
2HR Learning, Inc.	\$1,000,000
Learn Capital IV Special Opportunities X, LLC	\$1,000,000
<b>Total</b>	<b>\$4,800,000</b>

<sup>16</sup> This CN-3 Note was issued to Mr. Girn on February 2, 2025 and is the reclassification of that certain unsecured Loan Agreement & Promissory Note, dated June 30, 2024, between Ramandeep Girn and Guidepost A LLC in the amount of \$903,100.69 into a secured CN-3 Note.

**D. Unsecured Learn Capital Debt**

24. Learn Capital Special Opportunities Fund XXXVII LLC (“**Learn Fund XXXVII**”) and HGE, Guidepost FIC A LLC, Guidepost FIC B LLC, Guidepost FIC C LLC, HGE FIC D LLC, HGE FIC E LLC, HGE F LLC, HGE FIC G LLC, HGE FIC I LLC, HGE FIC L LLC, HGE FIC M LLC, HGE FIC N LLC, Guidepost The Woodlands LLC, Guidepost Goodyear LLC, and LePort Emeryville LLC, as debtors (collectively, the “**Learn Borrowers**”) are party to that Second Amended and Restated Secured Convertible Promissory Note, dated March 13, 2025 (as the same has been amended, supplemented, restated and otherwise modified from time to time, the “**Learn Fund XXXVII Promissory Note**”), in the original principal amount of \$3,800,000.00. The Learn Fund XXXVII Promissory Note is secured by that Second Amended and Restated Security Agreement, dated March 13, 2025, between Learn Fund XXXVII and the Learn Borrowers. Prior to foreclosure, the Learn Fund XXXVII Promissory Note was secured, up to the secured amount for each School set forth in the Learn Fund XXXVII Promissory Note, by a first lien security interest in substantially all of the assets of the following Schools (the “**Learn Fund XXXVII Collateral**”):

<b>Borrower</b>	<b>School</b>	<b>Secured Amount</b>
Guidepost FIC A LLC	Guidepost Montessori at Spruce Tree	\$130,000.00
Guidepost FIC B LLC	Guidepost Montessori at Timber Ridge	\$80,000.00
Guidepost FIC B LLC	Guidepost Montessori at Wicker Park	\$20,000.00
Guidepost FIC B LLC	Guidepost Montessori at Foothill Ranch	\$20,000.00
Guidepost FIC C LLC	Guidepost Montessori at Copper Hill	\$20,000.00
Guidepost Goodyear LLC	Guidepost Montessori at Goodyear	\$20,000.00
Guidepost The Woodlands LLC	Guidepost Montessori at The Woodlands	\$20,000.00
HGE FIC D LLC	Guidepost Montessori at Flower Mound	\$20,000.00
HGE FIC D LLC	Guidepost Montessori at Magnificent Mile	\$70,000.00
HGE FIC E LLC	Guidepost Montessori at Hollywood Beach	\$20,000.00
HGE FIC E LLC	Guidepost Montessori at Peoria	\$2,400,000.00

Borrower	School	Secured Amount
HGE FIC F LLC	Guidepost Montessori at Plum Canyon	\$20,000.00
HGE FIC G LLC	Guidepost Montessori at Laurel Oak	\$30,000.00
HGE FIC G LLC	Guidepost Montessori at Mahwah	\$30,000.00
HGE FIC I LLC	Guidepost Montessori at Burr Ridge	\$20,000.00
HGE FIC I LLC	Guidepost Montessori at Deerbrook	\$70,000.00
HGE FIC I LLC	Guidepost Montessori at Downtown Naperville	\$20,000.00
HGE FIC I LLC	Guidepost Montessori at Evanston	\$70,000.00
HGE FIC I LLC	Guidepost Montessori at Hollywood Beach East	\$20,000.00
HGE FIC I LLC	Guidepost Montessori at Palm Beach Gardens	\$70,000.00
HGE FIC I LLC	Guidepost Montessori at Baymeadows	\$20,000.00
HGE FIC L LLC	Guidepost Montessori at Kendall Park	\$20,000.00
HGE FIC L LLC	Guidepost Montessori at Paradise Valley	\$30,000.00
HGE FIC L LLC	Guidepost Montessori at Downtown Boston	\$20,000.00
HGE FIC L LLC	Guidepost Montessori at Legacy	\$20,000.00
HGE FIC L LLC	Guidepost Montessori at Old Town	\$30,000.00
HGE FIC L LLC	Guidepost Montessori at Princeton Meadows	\$20,000.00
HGE FIC L LLC	Guidepost Montessori at Lynnwood	\$30,000.00
HGE FIC L LLC	Guidepost Montessori at San Rafael	\$20,000.00
HGE FIC M LLC	Guidepost Montessori at Downers Grove	\$20,000.00
HGE FIC M LLC	Guidepost Montessori at Leavenworth	\$20,000.00
HGE FIC M LLC	Guidepost Montessori at Celebration Park	\$20,000.00
HGE FIC N LLC	Guidepost Montessori at Kent	\$20,000.00
HGE FIC N LLC	Guidepost Montessori at North Wales	\$20,000.00
LePort Emeryville LLC	Guidepost Montessori at Emeryville	\$320,000.00

25. Learn Fund XXXVII's security interests in the Learn Fund XXXVII Collateral were perfected by UCC-1 Financing Statements filed with the Delaware Department of State on March 6, 2025, as File Numbers: 20251574091, 20251573606, 20251573259, 20251574182, 20251573929, 20251573663, 20251572954, 20251573861, 20251574505, 20251573655, 20251573317, 20251573093, and 20251574174 (as amended on March 17, 2025 by Amendment

No. 20251830410). As of the Petition Date, approximately \$419,351 remains outstanding under the Learn Fund XXXVII Promissory Note, which the Debtors consider unsecured due to either the Foreclosures or subsequent sale of the Learn Fund XXXVII Collateral.

**E. Yu Capital Loans**

26. Yu Capital, LLC (“**Yu Capital**”) and its affiliates entered into a number of project specific loans with the Debtors that were secured by specific assets, which Yu Capital or its affiliates foreclosed upon. As such, the Debtors consider all of the loans between the Debtors and Yu Capital and its affiliates to be unsecured.

27. YuHGE A Loan. Guidepost A and YuHGE A LLC (“**YuHGE A**”) are party to that Amended and Restated Loan Agreement, dated March 22, 2018, in the original principal amount of \$1,000,000 (as amended and supplemented from time to time, the “**YuHGE A Loan**”), secured by that Pledge and Security Agreement between Guidepost A and YuHGE A, and guaranteed by HGE. The YuHGE A Loan was secured by a first priority security interest in Guidepost A’s 92.5% equity interest in Guidepost FIC A LLC, an owner of two Schools – Prosperity and Spruce Tree (the “**YuHGE A Collateral**”). YuHGE A perfected its security interest in the YuHGE A Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on February 29, 2024 (as amended on March 27, 2025), as file number 20241354040. As of the Petition Date, approximately \$57,425 remains outstanding on the YuHGE A Loan, which the Debtors consider to be unsecured due to the foreclosure of the YuHGE A Collateral.

28. YuATI Loan. Guidepost A and YuATI LLC (“**YuATI**”) are party to that Secured Promissory Notes in the aggregate principal amount of \$2,200,000 (the “**YuATI Loan**”), secured by that Pledge and Security Agreement Guidepost A and YuATI. The YuATI Loan was secured by a first priority security interest in the Academy of Thought and Industry – San

Francisco Campus and the Academy of Thought and Industry – Austin Campus (the “**YuATI Collateral**”). YuATI perfected its security interest in the YuATI Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on February 29, 2024, as file number 20241354321. Both Schools that are the YuATI Collateral were closed well before the Petition Date. As such, the Debtors consider the YuATI Loan unsecured. As of the Petition Date, at least \$2,200,000 remains outstanding on the YuATI Loan

29. YuFIC B Loan. Guidepost A and YuFIC B, LLC (“YuFIC B”) are party to that Secured Promissory Note, dated December 5, 2021, in the original principal amount of \$2,000,000 (the “YuFIC B Loan”), secured by that Pledge and Security Agreement Guidepost A and YuFIC B. The YuFIC B Loan was secured by a first priority security interest in the Eldorado School (the “YuFIC B Collateral”). YuFIC B perfected its security interest in the YuFIC B Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on February 29, 2024, as file number 20241354180. As of the Petition Date, approximately \$1,182,387 remains outstanding on the YuFIC B Loan, which the Debtors consider to be unsecured due to the foreclosure of the YuFIC B Collateral.

30. NRTC Loan. Guidepost A and NRTC Equity Partners, LLC (“NRTC”) are party to that Secured Promissory Note, dated July 17, 2023, in the original principal amount of \$4,000,000 (the “NRTC Loan”), secured by that Pledge and Security Agreement Guidepost A and NRTC. The NRTC Loan was secured by a first priority security interest in the Bee Cave School, the Brushy Creek School, the Round Rock School, and the Westlake School (the “NRTC Collateral”). NRTC perfected its security interest in the NRTC Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on February 29, 2024, as file number 20241354305. As of the Petition Date, approximately \$289,833 remains

outstanding on the NRTC Loan, which the Debtors consider to be unsecured due to the foreclosure of the NRTC Collateral.

31. Yu Capital Loan. Guidepost A and Yu Capital are party to that Secured Promissory Note, dated January 3, 2025, in the original principal amount of \$441,913 (the “**Yu Capital Loan**”), secured by that Pledge and Security Agreement between Guidepost A and Yu Capital, and guaranteed by HGE. The Yu Capital Loan was secured by a security interest in the NRTC Collateral and the YuFIC B Collateral (the “**Yu Capital Collateral**”). Yu Capital perfected its security interest in the Yu Capital Collateral pursuant to that UCC-1 Financing Statement with the Delaware Department of State on January 8, 2025, as file number 20250130077. As of the Petition Date, approximately \$327,858.63 remains outstanding on the Yu Capital Loan, which the Debtors consider to be unsecured due to the fact that the Yu Capital Collateral was foreclosed upon.

#### **F. Unsecured LFI Notes**

32. Guidepost A and Guidepost Financial Partner, LLC (“**LFI**”) entered into certain unsecured promissory notes (as the same has been amended, supplemented, restated and otherwise modified from time to time, the “**LFI Notes**”). As of the Petition Date, there is approximately \$12,454,566 outstanding under the LFI Notes. The LFI Notes are unsecured loans that were utilized by Guidepost A to fund the startup costs and rental security deposits for certain Schools (the “**LFI Schools**”).<sup>17</sup> Pursuant to the LFI Notes, if the LFI Schools achieved a certain level of profitability, then Guidepost A was required to pay a percentage of such profits to LFI (the “**LFI Profit Share**”). As of the Petition Date, the Debtors only made limited LFI Profit Share payments to LFI.

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<sup>17</sup> The “**LFI Schools**” consist of the following Schools: Katy, Parker, Schaumburg, Evanston, Briarwood (Deerbrook), Edgewater, Champlin, and Downers Grove.

33. As of the Petition Date, there is approximately \$12.4 million outstanding under the LFI Notes.

## **VII. THE DIP FACILITY**

### **A. The Debtors' Immediate Need for Postpetition Financing and Use of Cash Collateral**

34. As described in the DIP Declaration, the Debtors are in need of an immediate infusion of liquidity to ensure sufficient working capital to operate their businesses in the ordinary course, pay their employees and vendors, service their students, operate their Schools, and pursue a value-maximizing restructuring transaction during these Chapter 11 Cases. Absent the liquidity provided under the proposed DIP Financing at the outset of these Chapter 11 Cases, the Debtors' estates will be materially and irreparably harmed. DIP Decl. ¶ 10.

35. In the year leading up to these Chapter 11 Cases, the Debtors engaged Foley & Lardner LLP ("**Foley**") as restructuring counsel and three (3) financial advisors, with Sierra Constellation Partners LLC ("**SCP**") remaining as the Debtors' financial advisors as of the Petition Date. Specifically, SCP was engaged to help assess the Debtors' liquidity constraints and cash flow issues. SCP conducted a detailed review and analysis of the Debtors' projected cash needs. Based upon that review, the Debtors, in consultation with their advisors, determined that the use of Cash Collateral alone would be insufficient to fund the operation of their Schools for the duration of these Chapter 11 Cases, and that additional funding is necessary.

36. The Debtors are in need of both access to Cash Collateral and an immediate infusion of liquidity to ensure sufficient working capital to operate their businesses, administer their estates during the Chapter 11 Cases, and fund the reorganization of the Debtors' businesses (as contemplated in the RSA). Without immediate access to this DIP Financing and Cash Collateral, the Debtors will be unable to: (a) continue to serve their Students and families during



these Chapter 11 Cases; (b) access working capital for their Schools; (c) fund payments to their workforce and critical third-party vendors; (d) fund the payments authorized by the Court pursuant to the First Day Motions and other pleadings filed contemporaneously herewith; (e) operate their Cash Management System; or (f) satisfy administrative costs and expenses of the Debtors incurred in these Chapter 11 Cases. *See* DIP Decl. ¶ 12.

37. Furthermore, as demonstrated by the Approved Budget, the need to access the DIP Financing is further underscored by the fact that it would be imprudent, in fact impossible, to administer these cases without immediate access to additional capital. Immediate access to the DIP Financing and continued access to the Cash Collateral is therefore crucial to the Debtors' efforts to preserve value for their stakeholders during these Chapter 11 Cases and to avoid immediate and irreparable harm to the value of the Debtors' estates. The DIP Financing will provide the Debtors with the necessary liquidity to administer these Chapter 11 Cases and conduct the contemplated transactions pursuant to the RSA, without which the Debtors' ability to successfully execute these Chapter 11 Cases will be severely jeopardized to the detriment of all stakeholders in these cases.

**B. The Milestones that the Debtors Must Meet Under the Terms of the DIP Facility Are Reasonable**

38. The DIP Financing includes certain milestones that the DIP Lenders required as a condition to providing the DIP Financing. The Debtors must meet these milestones throughout these Chapter 11 Cases. Failure to do so would constitute an event of default under the Senior DIP Documents. These milestones were heavily negotiated and required by each DIP Lender as a condition to providing the DIP Financing. DIP Decl. ¶ 14.

39. The DIP Financing, including the milestones, serves as an important component of these Chapter 11 Cases because it will provide the Debtors with the necessary funding to

conduct an orderly wind-down of certain Schools while also creating a pathway for the Debtors to restructure and exit from chapter 11 – neither of which would be possible without access to the DIP Financing. The DIP Financing, and the Debtors’ ability to achieve the milestones contemplated therein, will further preserve the Debtors’ ability to maintain ordinary course relationships with, among other parties in interest, employees, students and families, and vendors, satisfy working capital needs in the ordinary course, and enable the Debtors to facilitate the value-maximizing restructuring. DIP Decl. ¶ 15.

**C. The Debtors’ Efforts to Secure Postpetition Financing**

40. Prior to the Petition Date, SCP and Foley assisted the Debtors with evaluating potential financing alternatives. The Debtors’ financial advisors and investment bankers were tasked with marketing the Debtors for debtor-in-possession financing from parties within the Debtors’ debt structure and potential third-party lenders. These efforts, however, were unsuccessful in obtaining any interest from third parties not already in the debt structure. DIP Decl. ¶ 16.

41. As discussed in the First Day Declaration, the Debtors have significant levels of secured and unsecured debt. Indeed, the Debtors have over \$143 million of funded debt obligations, with over \$125 million of secured funded debt and \$16 million of unsecured funded debt. Further, the Debtors have limited assets that are not collateralized and secured by the secured funded debt. The only parties that offered any debtor-in-possession financing were the DIP Lenders, parties that hold secured debt instruments from the Debtors. DIP Decl. ¶ 17.

42. Given the limited options available to the Debtors, the Debtors determined that the proposals submitted by Five Y and GGE were the best and most realistic financing alternative available under the circumstances because, among other things, these proposals (a) provide sufficient financing to meet the Debtors’ liquidity needs and (b) allows the Debtors to

immediately work towards the restructuring transaction contemplated in the RSA. DIP Decl. ¶ 18.

43. The Senior and Junior DIP Facility and related financing arrangements (a) reflect substantial arm's length and good faith negotiations between the Debtors and each DIP Lender, (a) reflect substantial arm's length and good faith negotiations between the Debtors and the DIP Lenders, (b) are fair, reasonable, and appropriate under the circumstances, and (c) are in accordance with current market terms. The Debtors' entry into the DIP Notes is an exercise of the Debtors' sound business judgment and that the benefits of accessing the DIP Financing and further use of Cash Collateral outweigh the burdens and expenses imposed by the financing arrangements. DIP Decl. ¶ 19.

**D. The DIP Facility Was Negotiated in Good Faith and at Arm's Length**

44. The Debtors' management team, legal advisors, and financial advisors were actively involved throughout the negotiations with the DIP Lenders for the DIP Financing, which were conducted at arm's length and in good faith. The terms of the DIP Financing, including the rates, fees, certain customary waivers, and milestones were negotiated over several weeks leading up to the Petition Date, with the Debtors and their advisors negotiating the Interim DIP Order, each DIP Note, and each of the DIP Documents through a robust, multi-step process. The Debtors and their advisors worked hard to negotiate with the DIP Lenders on the financing proposals, ultimately reaching an agreement with the DIP Lenders on the most favorable terms of the DIP Financing available to the Debtors. Ultimately, the DIP Lenders were only willing to lend on terms specifically set forth in the DIP Documents, which the Debtors believe are the best available offer to the Debtors. DIP Decl. ¶ 20.

45. Neither the Senior DIP Lender nor the Junior DIP Lender would have consented to providing postpetition financing without the Debtors' waiver of, among other things, their

ability to surcharge against the DIP Collateral pursuant to Bankruptcy Code section 506(c). Such waiver is customary in debtor-in-possession financings and appropriate under the circumstances of these Chapter 11 Cases. DIP Decl. ¶ 21.

**E. The Terms of the DIP Financing Are Reasonable**

46. In sum, the DIP Financing consists of a Senior DIP Facility and Junior DIP Facility, which totals to (a) a term loan of \$8 million of new money that will be made available to the Debtors pursuant to the terms of the DIP Orders and (b) a dollar-for-dollar roll-up of up to \$2 million of the pre-petition bridge loans – loans funded by the DIP Lenders to fund operations and preparations for these Chapter 11 Cases. Indeed, both the Senior DIP Facility and Junior DIP Facility contemplate a roll-up of the prepetition obligations under the respective Bridge Loans (the “**Roll-Up**”).

47. The Debtors believe the Roll-Up is a reasonable concession for the Debtors to agree to because (a) the DIP Lenders were unwilling to provide the DIP Financing without the inclusion of the Roll-Up upon entry of the Interim DIP Order; (b) the Prepetition Lenders have either consented and/or are being adequately protected; and (c) general unsecured creditors or other parties in interest are not prejudiced by the Roll-Up because the prepetition obligations under the Bridge Loans (together, the “**Prepetition Bridge Obligations**”) are fully secured by perfected, liens on the Debtors’ property. DIP Decl. ¶ 23.

48. Each DIP Lender issued the Bridge Loans, which, by way of the Senior Secured Promissory Note and Junior Secured Promissory Note, provided the Debtors with necessary bridge financing in the time period leading up to these Chapter 11 Cases. Without this bridge financing, the Debtors would have been at severe risk of liquidation and likely would not be in position to conduct these Chapter 11 Cases, as is the case today. DIP Decl. ¶ 24.

49. Moreover, under the DIP Financing, the Debtors propose providing to the DIP Lenders priming liens, security interests and superpriority claims that supersede all other security interests, liens, and claims on the DIP Collateral (the “**Priming DIP Liens**”), except for the Carve Out. These liens on encumbered and unencumbered assets are common features of postpetition financing facilities. Given the limited interest from third party financing providers, these priming liens and superpriority claims were necessary features of the DIP Financing proposals. DIP Decl. ¶ 25.

50. Furthermore, it is my understanding that the Prepetition Lenders have consented to the Priming DIP Liens. The Debtors also propose providing the Prepetition Lenders with (a) perfected, security interests in and on the DIP Collateral (the “**Adequate Protection Liens**”) and (b) an allowed superpriority administrative expense claim (the “**Adequate Protection Claims**”), as adequate protection, both of which are only subordinate to the Carve Out and the Priming DIP Liens. DIP Decl. ¶ 26.

51. Absent this support from the DIP Lenders, it is my belief that these Chapter 11 Cases would not be possible and would likely convert to chapter 7, as there is simply not enough cash on hand, or cash from operations, to fund the business and the administrative costs of these Chapter 11 Cases. Given these circumstances, the Roll-Up feature in the DIP Financing is reasonable and a sound exercise of the Debtors’ business judgment. DIP Decl. ¶ 27.

52. The terms, including covenants, interest rates, and fees, under the DIP Notes and other DIP Documents were subject to negotiation and are an integral component of the overall terms of the DIP Financing. These terms are reasonable because such economics constitute the best terms on which the Debtors could obtain the financing necessary to wind-down their ongoing School operations and fund these Chapter 11 Cases. DIP Decl. ¶¶ 28.

53. There are no alternative financing sources available to the Debtors, and the Debtors have an immediate need to obtain the DIP Financing and to use Cash Collateral to preserve value for their stakeholders and to prevent immediate and irreparable harm to the value of the Debtors' estates. The DIP Financing, including the Roll-Up, and consensual use of Cash Collateral, is in the best interests of the Debtors and their stakeholders. DIP Decl. ¶ 29.

## **VIII.**

### **BASIS FOR RELIEF**

#### **A. The Debtors Should Be Authorized to Obtain Postpetition Financing**

##### ***(i) Entry into the DIP Documents Is an Exercise of the Debtors' Sound Business Judgment***

54. The Court should authorize the Debtors to enter into the DIP Documents (consistent with the terms of this Motion and the form of Interim DIP Order), obtain access to the DIP Financing, and continue using cash. Courts grant a debtor in possession considerable deference in acting in accordance with its business judgment in obtaining postpetition secured credit, so long as the agreement to obtain such credit does not run afoul of the provisions of, and policies underlying, the Bankruptcy Code. *See, e.g., In re N. Bay Gen. Hosp., Inc.*, No. 08-20368 (Bankr. S.D. Tex. July 11, 2008) (order approving postpetition financing on an interim basis as exercise of debtors' business judgment); *In re L.A. Dodgers LLC*, 457 B.R. 308, 313 (Bankr. D. Del. 2011) ("[C]ourts will almost always defer to the business judgment of a debtor in the selection of the lender."); *In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) ("[C]ases consistently reflect that the court's discretion under section 364 is to be utilized on grounds that permit reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit a party-in-interest.").

55. Specifically, to determine whether the business judgment standard is met, a court need only “examine whether a reasonable business person would make a similar decision under similar circumstances.” *In re Exide Techs.*, 340 B.R. 222, 239 (Bankr. D. Del. 2006); *see also In re Curlew Valley Assocs.*, 14 B.R. 506, 513–14 (Bankr. D. Utah 1981) (noting that courts should not second guess a debtor’s business decision when that decision involves “a business judgment made in good faith, upon a reasonable basis, and within the scope of [the debtor’s] authority under the [Bankruptcy] Code”).

56. Furthermore, in considering whether the terms of postpetition financing are fair and reasonable, courts consider the terms in light of the relative circumstances of both the debtor and the potential lender. *See In re Farmland Indus., Inc.*, 294 B.R. 855, 886 (Bankr. W.D. Mo. 2003) (while many of the terms favored the DIP lenders, “taken in context, and considering the relative circumstances of the parties,” the court found them to be reasonable); *see also Unsecured Creditors’ Comm. Mobil Oil Corp. v. First Nat’l Bank & Trust Co. (In re Elingsen McLean Oil Co., Inc.)*, 65 B.R. 358, 365 n.7 (W.D. Mich. 1986) (recognizing a debtor may have to enter into “hard bargains” to acquire funds for its reorganization) (internal quotations omitted). The Court may also appropriately take into consideration non-economic benefits to the Debtors offered by a proposed postpetition facility. For example, in *In re ION Media Networks, Inc.*, the bankruptcy court for the Southern District of New York held:

Although all parties, including the Debtors and the Committee, are naturally motivated to obtain financing on the best possible terms, a business decision to obtain credit from a particular lender is almost never based purely on economic terms. ***Relevant features of the financing must be evaluated, including non economic elements such as the timing and certainty of closing, the impact on creditor constituencies and the likelihood of a successful reorganization.*** This is particularly true in a bankruptcy setting where cooperation and establishing alliances with creditor groups can be a vital part of building support for a restructuring that

ultimately may lead to a confirmable reorganization plan. That which helps foster consensus may be preferable to a notionally better transaction that carries the risk of promoting unwanted conflict.

No. 09-13125, 2009 WL 2902568, at \*4 (Bankr. S.D.N.Y. July 6, 2009) (emphasis added).

57. The Debtors' determination to move forward with the DIP Facility is an exercise of their sound business judgment. The DIP Financing will allow the Debtors to (i) access working capital to continue operating their Schools, (ii) fund payments to their workforce and critical third-party vendors; (iii) fund the payments authorized by the Court pursuant to the First Day Pleadings filed contemporaneously herewith, (iv) operate their Cash Management System; (v) satisfy administrative costs and expenses of the Debtors incurred in these Chapter 11 Cases, and (vi) provide a path towards a value-maximizing restructuring transactions and a successful chapter 11 process. The Debtors negotiated the DIP Financing with each DIP Lender in good faith, at arm's length, and with the assistance of their respective advisors, and the Debtors believe that they have obtained the best financing available under the circumstances.

***(ii) The Debtors Should Be Authorized to Grant Liens and Superpriority Claims***

58. The Debtors propose to obtain financing under the DIP Financing by providing security interests and liens as set forth herein and in the Interim DIP Order pursuant to sections 364(c) and (d) of the Bankruptcy Code. Specifically, the Debtors propose to provide to the DIP Lenders postpetition security interest in and liens on the DIP Collateral that are legal, binding, continuing, allowed, enforceable, non-avoidable, properly authorized, and automatically valid, fully and properly perfected and effective immediately upon entry of the Interim DIP Order.

59. The above-described liens on encumbered and unencumbered assets are common features of postpetition financing facilities and, as set forth in greater detail in the DIP



Declaration, were a necessary feature here to provide security for the proposed financing. The statutory requirement for obtaining postpetition credit under section 364(c) is a finding, made after notice and hearing, that a debtor is “unable to obtain unsecured credit allowable under Section 503(b)(1) of [the Bankruptcy Code] as an administrative expense.” 11 U.S.C. § 364(c); *see In re Crouse Grp., Inc.*, 71 B.R. 544, 549 (Bankr. E.D. Pa. 1987) (secured credit under section 364(c) of the Bankruptcy Code is authorized, after notice and hearing, upon showing, among other things, that unsecured credit cannot be obtained by allowing a lender only an administrative claim). Courts have articulated a three-part test to determine whether a debtor is entitled to financing under section 364(c) of the Bankruptcy Code. Specifically, courts look to whether:

- a. the debtor is unable to obtain unsecured credit under section 364(b) of the Bankruptcy Code, *i.e.*, by allowing a lender only an administrative claim;
- b. the credit transaction is necessary to preserve the assets of the estate; and
- c. the terms of the transaction are fair, reasonable, and adequate, given the circumstances of the debtor-borrower and proposed lenders.

*See In re L.A. Dodgers LLC*, 457 B.R. 308, 312 (Bankr. D. Del. 2011); *In re Ames Dep’t Stores*, 115 B.R. 34, 37–40 (Bankr. S.D.N.Y. 1990); *see also In re St. Mary Hosp.*, 86 B.R. 393, 401–02 (Bankr. E.D. Pa. 1988); *In re Crouse Grp.*, 71 B.R. at 549.

60. The Debtors satisfy each part of the test. *First*, as described above and as set forth in the DIP Declaration, no third-party lender was willing to provide postpetition DIP financing on an unsecured, *pari passu*, or junior-lien basis, other than the DIP Lenders as set forth herein and in the form of Interim DIP Order. *See* DIP Decl. ¶¶ 20, 29. Second, entry into the DIP Financing is necessary to ensure that the Debtors are able to sufficiently finance these Chapter 11 Cases all the way through, protecting them against a value destructive result. *See, e.g., id.* ¶¶ 9–13. *Third*, and finally, taken as a whole and in light of the Debtors’ cash position, capital

structure, and consent by other Prepetition Lenders, the terms of the DIP Financing are fair, reasonable, and adequate under the circumstances. *See, e.g., id.* ¶¶ 17-19.

61. Absent the DIP Financing, which will provide assurances that the Debtors will have sufficient liquidity to administer these Chapter 11 Cases, the value of the Debtors' estates would be significantly impaired to the detriment of all stakeholders. *See, e.g., id.* ¶ 13. Without postpetition financing, the Debtors lack sufficient funds to operate their Schools for anything other than a short-term basis, continue paying their debts as they come due, facilitate the transition of certain foreclosed Schools to certain buyers, and cover the projected costs of these Chapter 11 Cases. *See, e.g., id.* ¶¶ 12-13. Given the Debtors' circumstances, the Debtors believe that the terms of the DIP Financing, as set forth herein and in the form of the Interim DIP Order, are reasonable as more fully set forth above and in the DIP Declaration. For all these reasons, the Debtors submit that they have met the standard for obtaining postpetition financing.

62. In the event that a debtor is unable to obtain unsecured credit allowable as an administrative expense under section 503(b)(1) of the Bankruptcy Code, section 364(c) of the Bankruptcy Code provides that a court "may authorize the obtaining of credit or the incurring of debt (1) with priority over any or all administrative expenses of the kind specified in section 503(b) or 507(b) of [the Bankruptcy Code]; (2) secured by a lien on property of the estate that is not otherwise subject to a lien; or (3) secured by a junior lien on property of the estate that is subject to a lien." As described above, the Debtors are unable to obtain unsecured credit. Therefore, approving a superpriority claim in favor of each DIP Lender is reasonable and appropriate.

63. Further, section 364(d) of the Bankruptcy Code provides that a debtor may obtain credit secured by a senior or equal lien on property of the estate already subject to a lien, after notice and a hearing, where the debtor is "unable to obtain such credit otherwise" and "there is

adequate protection of the interest of the holder of the lien on the property of the estate on which such senior or equal lien is proposed to be granted.” 11 U.S.C. § 364(d)(1). The Debtors may incur ‘priming’ liens under the DIP Financing if either (i) the prepetition lender has consented or (ii) the prepetition lender’s interests in collateral are adequately protected. *See Anchor Savs. Bank FSB v. Sky Valley, Inc.*, 99 B.R. 117, 122 (N.D. Ga. 1989) (“[B]y tacitly consenting to the superpriority lien, those [undersecured] creditors relieved the debtor of having to demonstrate that they were adequately protected.”).

64. Here, the DIP Lenders are priming the Prepetition Lenders, all of whom have consented to the DIP Priming Liens. Moreover, the Debtors submit that each Prepetition Lender will be adequately protected by virtue of the Adequate Protection Liens and Adequate Protection Claims on the DIP Collateral. As such, priming is not an issue and there will be no need for a priming fight.

***(iii) No Comparable Alternatives to the DIP Financing Are Reasonably Available on More Favorable Overall Terms***

65. To grant a senior lien on estate property, a debtor need only demonstrate “by a good faith effort that credit was not available without” the protections afforded to potential lenders under section 364(d) of the Bankruptcy Code. *In re Snowshoe Co., Inc.*, 789 F.2d 1085, 1088 (4th Cir. 1986); *see also In re Plabell Rubber Prods., Inc.*, 137 B.R. 897, 900 (Bankr. N.D. Ohio 1992). Moreover, in circumstances where only a few lenders likely can or will extend the necessary credit to a debtor, “it would be unrealistic and unnecessary to require [the debtor] to conduct such an exhaustive search for financing.” *In re Sky Valley, Inc.*, 100 B.R. 107, 113 (Bankr. N.D. Ga. 1988), *aff’d sub nom. Anchor Sav. Bank FSB v. Sky Valley, Inc.*, 99 B.R. 117, 120 n.4 (N.D. Ga. 1989); *see also In re Snowshoe Co.*, 789 F.2d at 1088 (demonstrating that credit was unavailable absent the senior lien by establishment of unsuccessful contact with other

financial institutions in the geographic area); *In re Stanley Hotel, Inc.*, 15 B.R. 660, 663 (D. Colo. 1981) (bankruptcy court's finding that two national banks refused to grant unsecured loans was sufficient to support conclusion that section 364 requirement was met); *In re Ames Dep't Stores*, 115 B.R. at 37 ("A court, however, may not approve any credit transaction under subsection (c) unless the debtor demonstrates that it has reasonably attempted, but failed, to obtain unsecured credit under sections 364(a) or (b)...Similarly, obtaining credit under section 364(d) may not be authorized if it appears that credit can be obtained under the other subsections of 364.").

66. As noted above, the Debtors do not believe that a more favorable alternative DIP financing is reasonably available, making the DIP Financing the most favorable to the Debtors under the circumstances. The DIP Financing provides the Debtors with the liquidity they need at the lowest cost available while simultaneously placing the Debtors on an optimal path for successful Chapter 11 Cases. Therefore, the Debtors submit that the requirement of section 364 of the Bankruptcy Code that alternative credit on more favorable terms be unavailable to the Debtors is satisfied.

***(iv) The Repayment Features of the DIP Financing Are Appropriate***

67. Section 363(b) of the Bankruptcy Code permits a bankruptcy court, after notice and a hearing, to authorize a debtor to "use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). To do so, "the debtor must articulate some business justification, other than the mere appeasement of major creditors." *In re Ionosphere Clubs*, 98 B.R. at 175 (noting that section 363(b) provides "broad flexibility" to authorize a debtor to honor prepetition claims where supported by an appropriate business justification); *see also In re Equalnet Commc'ns Corp.*, 258 B.R. 368, 369–70 (Bankr. S.D. Tex. 2000) (business transactions critical to the survival of the business of the debtor are exceptions to the general rule

of nonpayment of prepetition claims prior to plan confirmation). In addition, under section 1107(a) of the Bankruptcy Code, a debtor in possession has, among other things, the “implied duty... to ‘protect and preserve the estate, including an operating business’ going-concern value.” *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (internal citation omitted).

68. Repayment of prepetition debt (often referred to as a “roll-up”) is a common feature in debtor in possession financing arrangements. Courts in this Circuit have approved similar DIP features, including on the first day of the case. *See, e.g., In re Hooters of America, LLC*, Case No. 25-80078 (SWE) (Bankr. N.D. Tex. May 16, 2025) [Docket No. 299] (authorizing \$35 million in new money DIP financing plus a \$5 million roll up); *In re Buca Texas Restaurants, L.P.*, Case No. 24-80058 (SGJ) (Bankr. N.D. Tex Aug. 29, 2024) [Docket No. 206] (authorizing \$12.1 million in new money DIP financing plus \$24.2 million roll up); *In re Studio Movie Grill Holdings, LLC*, Case No. 20-32633 (SGJ) (Bankr. N.D. Tex. Oct. 27, 2020) [Docket No. 52] (authorizing DIP advance in interim order in order to repay prepetition loan obligations); *In re Ebix, Inc.*, Case No. 23-80004 (SWE) (Bankr. N.D. Tex. Jan. 26, 2024) [Docket No. 255] (final DIP order approving roll-up); *In re Rockall Energy Holdings, LLC*, Case No. 22-90000 (MXM) (Bankr. N.D. Tex May 3, 2022) [Docket No. 408] (authorizing \$17 million in new money DIP financing plus a \$34 million roll up); *In re Fresh Acquisitions, LLC*, Case No. 21-30721 (SGJ) (Bankr. N.D. Tex. May 14, 2021) [Docket No. 157] (authorizing incurrence of \$3.0 million in new money DIP financing plus a \$500,000 roll-up on a final basis); *In re CiCi’s Holdings, Inc.*, Case No. 21-30146 (SGJ) (Bankr. N.D. Tex. Jan. 27, 2021 and Feb. 18, 2021) [Docket Nos. 51 and 130] (authorizing incurrence of \$9.0 million in DIP financing, with a first-day “baby roll-up” of \$500,000 on an interim basis and a total \$6.0 million roll-up on a final basis); *In re ATP Oil &*

*Gas Corp.*, No. 12-36187 (Bankr. S.D. Tex. Sept. 21, 2012) [Docket No. 440] (authorizing refinancing of \$367,600,000 plus accrued and unpaid interest under the post-petition facility); *In re Reddy Ice Holdings, Inc.*, No. 12-32349 (SGJ) (Bankr. N.D. Tex. May 4, 2012) [Docket No. 249] (authorizing \$70,000,000 in DIP financing that included the roll up of prepetition debt).<sup>18</sup>

69. The DIP Financing contemplates an overall ratio of Roll-Up to new money loans of approximately 1:3, meaning 33% of the face amount of the DIP Financing constitutes a roll-up. In total, the DIP Facilities contemplate the extension of \$6,000,000 in new money term loans, while rolling up \$2,000,000 of Prepetition Obligations held by the Senior DIP Lender and Junior DIP Lender. Specifically, upon entry of the Interim DIP Order, the Debtors seek authority to (a) borrow up to \$2,000,000 of new money under the Senior DIP Facility, including the Senior Roll-Up of \$500,000 and (b) borrow up to \$800,000 of new money under the Junior DIP Facility, including the Junior Roll-Up of \$1,500,000. On a final basis, the Debtors seek to borrow an aggregate of \$3,000,000 in new money under the Senior DIP Facility and \$200,000 under the Junior DIP Facility; there is no Roll-Up contemplated in the Final DIP Order.

70. The roll-up of funds as set forth herein and in the forms of Interim DIP Order is a sound exercise of the Debtors' business judgment, is a material component of the DIP Financing, and is required by the DIP Lender as a condition to their commitment to provide postpetition financing. *See* DIP Decl. ¶¶ 26–29.

71. Absent support from the DIP Lender, this case would likely convert to chapter 7, as there is simply not enough cash on hand, or cash from operations, to fund the wind-down process and the administrative costs of chapter 11. The Roll-Up of the prepetition obligations owing to the DIP Lenders merely affect the timing, not the amount or certainty, of the DIP

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<sup>18</sup> Because of the voluminous nature of the orders cited herein, such orders have not been attached to this DIP Motion. Copies of these orders are available upon request of the Debtors' proposed counsel.

Lenders' recovery—the prepetition secured claims held by the DIP Lenders are required by section 1129 of the Bankruptcy Code to be satisfied in full before recoveries to junior creditors may be provided, absent consent (which consent the Debtors have here). Given these circumstances, the roll-up feature in the DIP Financing is reasonable and a sound exercise of the Debtors' business judgment.

**B. The Debtors Should Be Authorized to Use Cash**

72. Section 363 of the Bankruptcy Code generally governs the use of estate property. Section 363(c)(2)(A) of the Bankruptcy Code permits a debtor in possession to use cash collateral with the consent of the secured party. Here, the DIP Lenders and Prepetition Lenders consent to the Debtors' use of Cash Collateral, subject to the terms and limitations set forth in the Interim DIP Order. Additionally, as described more fully above in the summary, and as set forth in the form of Interim DIP Order, the Debtors propose to provide the Prepetition Lenders with Adequate Protection Liens and Adequate Protection Claims to compensate them for a postpetition diminution in value of their collateral, if any, including Cash Collateral, resulting from the use of sch collateral by the Debtors and the imposition of the automatic stay (collectively, the **"Adequate Protection Obligations"**).

73. Section 363(e) of the Bankruptcy Code provides for adequate protection of interests in property when a debtor uses cash collateral. Further, section 362(d)(1) of the Bankruptcy Code provides for adequate protection of interests in property due to the imposition of the automatic stay. *See In re Cont'l Airlines*, 91 F.3d 553, 556 (3d Cir. 1996) (en banc). While section 361 of the Bankruptcy Code provides examples of forms of adequate protection, such as granting replacement liens and administrative claims, courts decide what constitutes sufficient adequate protection on a case-by-case basis. *See, e.g., In re First South Sav. Ass'n*, 820 F.2d 700, 710 (5th Cir. 1987) (explaining that adequate protection depends on the facts and

circumstances of the case); *In re Las Torres Dev., LLC*, 413 B.R. 687, 697 (Bankr. S.D. Tex. 2009) (“[I]n determining whether a secured creditor’s interest is adequately protected, most courts engage in an analysis of the property’s ‘equity cushion’—the value of the property after deducting the claim of the creditor seeking relief from the automatic stay and all senior claims.”) (internal quotes and citations omitted); *see also In re Dynaco Corp.*, 162 B.R. 389, 394 (Bankr. D.N.H. 1993) (citing 2 Collier on Bankruptcy ¶ 361.01[1] at 361–66 (15th ed. 1993) (explaining that adequate protection can take many forms and “must be determined based upon equitable considerations arising from the particular facts of each proceeding”)). The concept of adequate protection is designed to shield a secured creditor from diminution in the value of its interest in collateral during the period of a debtor’s use. *See In re Carbone Cos.*, 395 B.R. 631, 635 (Bankr. N.D. Ohio 2008) (“The test is whether the secured party’s interest is protected from diminution or decrease as a result of the proposed use of cash collateral.”); *see also In re Cont’l Airlines, Inc.*, 154 B.R. 176, 180-81 (Bankr. D. Del. 1993) (holding that adequate protection for use of collateral under section 363 of the Bankruptcy Code is limited to the collateral’s decline in value from the time the secured creditor moves for relief from the automatic stay under section 362(d) of the Bankruptcy Code).

74. The Debtors submit that the proposed Adequate Protection Obligations are sufficient to protect the Prepetition Lenders from any potential diminution in value to Cash Collateral. In light of the foregoing, the Debtors further submit that the proposed Adequate Protection Obligations to be provided for the benefit of the Prepetition Lenders are appropriate. Thus, the Debtors’ provision of the Adequate Protection Obligations is not only necessary to protect against any diminution in value but is fair and appropriate under the circumstances of these Chapter 11 Cases to ensure the Debtors are able to continue using Cash Collateral, subject to the



terms and limitations set forth in the Interim DIP Order, for the benefit of all parties in interest and their estates.

**C. The DIP Lenders Should Be Deemed Good Faith Lenders Under Section 364(e)**

75. Section 364(e) of the Bankruptcy Code protects a good faith lender's right to collect on loans extended to a debtor, and its right in any lien securing those loans, even if the authority of the debtor to obtain such loans or grant such liens is later reversed or modified on appeal.

Section 364(e) of the Bankruptcy Code provides:

The reversal or modification on appeal of an authorization under this section [364 of the Bankruptcy Code] to obtain credit or incur debt, or of a grant under this section of a priority or a lien, does not affect the validity of any debt so incurred, or any priority or lien so granted, to an entity that extended such credit in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and the incurring of such debt, or the granting of such priority or lien, were stayed pending appeal.

76. As explained herein, in the DIP Declaration, and in the First Day Declaration, the DIP Documents are the result of (i) the Debtors' reasonable and informed determination that the DIP Lenders provided the best postpetition financing alternative available under the circumstances and (ii) extended arm's length, good faith negotiations between the Debtors and the DIP Lenders. The Debtors submit that the terms and conditions of the DIP Loan Documents are reasonable under the circumstances, and the proceeds of the DIP Financing will be used only for purposes that are permissible under the Bankruptcy Code. Further, no consideration is being provided to any party to the DIP Documents other than as described herein. Accordingly, the Court should find that each DIP Lender is a "good faith" lender within the meaning of section 364(e) of the Bankruptcy Code and are entitled to all of the protections afforded by that section.

**D. The Automatic Stay Should Be Modified on a Limited Basis**

77. The form of Interim DIP Order provides that the automatic stay provisions of section 362 of the Bankruptcy Code will be modified to allow the DIP Lenders to file any financing statements, security agreements, notices of liens, and other similar instruments and documents in order to validate and perfect the liens and security interests granted to it under the Interim DIP Order. The proposed Interim DIP Order further provides that the automatic stay is modified as necessary to permit the Debtors to grant liens to the DIP Lenders and to incur all liabilities and obligations set forth in the Interim DIP Order. Finally, the form of Interim DIP Order provides that, following the occurrence of an Event of Default (as defined in the DIP Notes) and an appropriate opportunity for the Debtors to obtain relief from the Court, the automatic stay shall be vacated and modified to the extent necessary to permit the DIP Lenders to exercise all rights and remedies in accordance with the DIP Documents or applicable law.

78. Stay modifications of this kind are ordinary and standard features of debtor in possession financing arrangements and, in the Debtors' business judgment, are reasonable and fair under the circumstances of these Chapter 11 Cases. *See, e.g., In re Tuesday Morning Corp.*, No. 20-31476 (HDH) (Bankr. N.D. Tex. July 10, 2020) [Docket No. 429] (modifying automatic stay as necessary to effectuate the terms of the order); *In re Taco Bueno Restaurants, Inc.*, No. 18-33678 (SGJ) (Bankr. N.D. Tex. Nov. 30, 2018) [Docket No. 117] (same). These provisions are also consistent with the Complex Case Procedures.

**E. Failure to Obtain Immediate Interim Access to the DIP Financing and Use of Cash Would Cause Immediate and Irreparable Harm**

79. Bankruptcy Rules 4001(b) and 4001(c) provide that a final hearing on a motion to obtain credit pursuant to section 364 of the Bankruptcy Code or to use cash collateral pursuant to section 363 of the Bankruptcy Code may not be commenced earlier than 14 days after the service

of such motion. Upon request, however, the Court may conduct a preliminary, expedited hearing on the motion and authorize the obtaining of credit and use of cash collateral to the extent necessary to avoid immediate and irreparable harm to a debtor's estate.

80. For the reasons noted above, the Debtors have an immediate postpetition need to use cash on hand, and access the liquidity provided by the DIP Financing. The Debtors cannot maintain the value of their estates during the pendency of these Chapter 11 Cases without access to cash. The Debtors will use cash, among other things, to continue operations at their Schools, thereby ensuring the continued education of their Students, fund payments to their workforce and critical third-party vendors, and satisfy other essential working capital and operational needs, all of which are required to preserve and maintain the Debtors' going concern value for the benefit of all parties in interest and to fund the administration of these Chapter 11 Cases. In short, the Debtors' ability to administer these Chapter 11 Cases through the use of cash (to the extent it might be "cash collateral") is vital to preserve and maximize the value of the Debtors' estates.

81. The Debtors request that the Court hold and conduct a hearing to consider entry of the Interim DIP Order authorizing the Debtors, from and after entry of the Interim DIP Order until the Final Hearing, to receive initial funding under the DIP Financing. The Debtors require the initial funding under the Senior and Junior DIP Facility prior to the Final Hearing and entry of the Final Order to continue operating in the normal course, pay their administrative expenses, and to otherwise implement the relief requested in the Debtors' first day motions. This relief will enable the Debtors to preserve and maximize value and, therefore, avoid immediate and irreparable harm and prejudice to their estates and all parties in interest, pending the Final Hearing.

**IX.**  
**REQUEST FOR FINAL HEARING**

82. Pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2), the Debtors request that the Court set a date for the Final Hearing that is as soon as practicable, and in no event later than 35 days after the Petition Date, and fix the time and date prior to the Final Hearing for parties to file objections to this Motion.

**X.**  
**WAIVER OF BANKRUPTCY RULE 6004(A) AND 6004(H)**

83. To implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h).

**XI.**  
**NOTICE**

84. The Debtors will provide notice of this Motion to (a) the Office of the United States Trustee for the Northern District of Texas (the “**U.S. Trustee**”); (b) the entities listed on the list of creditors holding the 30 largest unsecured claims filed pursuant to Bankruptcy Rule 1007(d) (on a consolidated basis); (c) counsel to the Prepetition Secured Lenders; (d) counsel to Five Y and 2HR; (e) counsel to Guidepost Global; (f) all other parties asserting a lien on or a security interest in the assets of the Debtors to the extent reasonably known to the Debtors; (g) the United States Attorney’s Office for the Northern District of Texas; (h) the Internal Revenue Service; (i) the United States Attorney’s Officer for the Northern District of Texas; (j) the state attorney generals for all states in which the Debtors conduct or have recently conducted business; (k) the banks and financial institutions where the Debtors maintain banking accounts; and (l) any other party entitled to notice pursuant to Bankruptcy Rule 2002 and Local Rule 2002-1. The Debtors respectfully submit that no further notice of this Motion is required.

85. The pleadings in these Chapter 11 Cases and supporting papers are available on the Debtors' website at [www.veritaglobal.net/HigherGround](http://www.veritaglobal.net/HigherGround) or on the Bankruptcy Court's website at <https://ecf.txnb.uscourts.gov/>. You can request any pleading you need from (i) the proposed noticing agent at: [HigherGroundInfo@veritaglobal.com](mailto:HigherGroundInfo@veritaglobal.com), (888) 733-1431 (U.S./Canada) (toll-free), +1 (310) 751-2632 (International), or (ii) proposed counsel for the Debtors at: Foley & Lardner LLP, 1144 15<sup>th</sup> Street, Suite 2200, Denver, CO 80202, Attn: Tim Mohan ([tmohan@foley.com](mailto:tmohan@foley.com)), and Foley & Lardner LLP, 1000 Louisiana Street, Suite 2000, Houston, Texas 77002, Attn: Nora McGuffey ([nora.mcguffey@foley.com](mailto:nora.mcguffey@foley.com)) and Quynh-Nhu Truong ([qtruong@foley.com](mailto:qtruong@foley.com)).

**WHEREFORE**, based on the foregoing, the Debtors respectfully request that the Court enter the Interim DIP Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

DATED: June 18, 2025

Respectfully submitted by:

/s/ Holland N. O'Neil

Holland N. O'Neil (TX 14864700)

**FOLEY & LARDNER LLP**

2021 McKinney Avenue, Suite 1600

Dallas, TX 75201

Telephone: (214) 999-3000

Facsimile: (214) 999-4667

honeil@foley.com

-and-

Timothy C. Mohan (*pro hac vice* forthcoming)

**FOLEY & LARDNER LLP**

1144 15th Street, Suite 2200

Denver, CO 80202

Telephone: (720) 437-2000

Facsimile: (720) 437-2200

[tmohan@foley.com](mailto:tmohan@foley.com)

-and-

Nora J. McGuffey (TX 24121000)

Quynh-Nhu Truong (TX 24137253)

**FOLEY & LARDNER LLP**

1000 Louisiana Street, Suite 2000

Houston, TX 77002

Telephone: (713) 276-5500

Facsimile: (713) 276-5555

[nora.mcguffey@foley.com](mailto:nora.mcguffey@foley.com)

[qtruong@foley.com](mailto:qtruong@foley.com)

**PROPOSED COUNSEL TO DEBTORS  
AND DEBTORS IN POSSESSION**

**CERTIFICATE OF SERVICE**

I hereby certify that on June 18, 2025, a true and correct copy of the foregoing document was served electronically by the Court's PACER system.

/s/ Nora J. McGuffey  
Nora J. McGuffey

**EXHIBIT A**

**Interim DIP Order**



**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

In re:	§	
	§	Chapter 11
	§	
Higher Ground Education, Inc., <i>et al.</i> , <sup>1</sup>	§	Case No.: 25-80121-11 (MVL)
	§	
Debtor.	§	(Joint Administration Requested)

**INTERIM ORDER AUTHORIZING DEBTOR TO (A) OBTAIN POSTPETITION  
SENIOR SECURED FINANCING FROM YYYYY, LLC (B) OBTAIN POSTPETITION  
JUNIOR SECURED FINANCING FROM GUIDEPOST GLOBAL EDUCATION, INC.;  
(C) UTILIZE CASH COLLATERAL; AND (D) PAY CERTAIN RELATED FEES AND  
CHARGES; (II) GRANTING ADEQUATE PROTECTION TO THE PREPETITION  
LENDER; (III) MODIFYING THE AUTOMATIC STAY; (IV) SCHEDULING A FINAL  
HEARING; AND (V) GRANTING CERTAIN RELATED RELIEF**

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal identification number, are: Higher Ground Education Inc. (7265); Guidepost A LLC (8540); Prepared Montessorian LLC (6181); Terra Firma Services LLC (6999); Guidepost Birmingham LLC (2397); Guidepost Bradley Hills LLC (2058); Guidepost Branchburg LLC (0494); Guidepost Carmel LLC (4060); Guidepost FIC B LLC (8609); Guidepost FIC C LLC (1518); Guidepost Goodyear LLC (1363); Guidepost Las Colinas LLC (9767); Guidepost Leawood LLC (3453); Guidepost Muirfield Village LLC (1889); Guidepost Richardson LLC (7111); Guidepost South Riding LLC (2403); Guidepost St Robert LLC (5136); Guidepost The Woodlands LLC (6101); Guidepost Walled Lake LLC (9118); HGE FIC D LLC (6499); HGE FIC E LLC (0056); HGE FIC F LLC (8861); HGE FIC G LLC (5500); HGE FIC H LLC (8817); HGE FIC I LLC (1138); HGE FIC K LLC (8558); HGE FIC L LLC (2052); HGE FIC M LLC (8912); HGE FIC N LLC (6774); HGE FIC O LLC (4678); HGE FIC P LLC (1477); HGE FIC Q LLC (3122); HGE FIC R LLC (9661); LePort Emeryville LLC (7324); AltSchool II LLC (0403). The Debtors' mailing address is 1321 Upland Dr. PMB 20442, Houston, Texas 77043.

Upon the motion (the “Motion”)<sup>2</sup> of Higher Ground Education, Inc., and certain of its subsidiaries and affiliates the above-captioned debtors and debtors in possession (the “Debtors”), pursuant to sections 105, 361, 362, 363(c), 364(c)(1), 364(c)(2), 364(d)(1), 364(e), and 507 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 4001-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Northern District of Texas (the “Local Rules”), for entry of this interim financing order (the “Interim DIP Order”), and among other things:

- i. authorizing the Debtors to obtain debtor-in-possession financing, on a superpriority senior secured basis (the “Senior DIP Facility”), in an aggregate maximum principal amount of \$5,500,000, including the Senior Roll-Up (as defined below) (the “Senior DIP Commitment”), including up to \$2,000,000 on an interim basis, pursuant to the terms and conditions of that certain senior secured, postpetition priming promissory note in substantially the form attached hereto as Exhibit 1 (the “Senior DIP Note” and, together with any additional reasonable and necessary agreements, documents, instruments, and certificates executed, and any orders entered in connection therewith, or otherwise delivered in connection therewith, the “Senior DIP Documents” and all obligations arising thereunder, the “Senior DIP Obligations”) by the Debtors, as borrower, and YYYYYY, LLC (“Five Y”) as lender (the “Senior DIP Lender”);
- ii. authorizing the Debtors to obtain debtor-in-possession financing, on a superpriority junior secured basis (the “Junior DIP Facility” together with the Senior DIP Facility,

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<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Motion.

the “DIP Financing”), in an aggregate principal amount of at least \$2,500,000, including the Junior Roll-Up (as defined below) (the “Junior DIP Commitment”), including up to \$800,000 on an interim basis, pursuant to the terms and conditions of that certain junior secured, postpetition priming promissory note in substantially the form attached hereto as Exhibit 2 (the “Junior DIP Note” and, together with any additional reasonable and necessary agreements, documents, instruments, and certificates executed, and any orders entered in connection therewith, or otherwise delivered in connection therewith, the “Junior DIP Documents” and all obligations arising thereunder, the “Junior DIP Obligations”; the Junior DIP Documents together with the Senior DIP Documents, the “DIP Documents”) by the Debtors, as borrower, and Guidepost Global Education, Inc. (“Guidepost”) as lender (the “Junior DIP Lender” together with the Senior DIP Lender, the “DIP Lenders”); the Junior DIP Note and the Senior DIP Note may, collectively, be referred to herein as the “DIP Notes”;

- iii. authorizing, upon entry of the Interim DIP Order, the roll-up and conversion of up to an aggregate principal amount of \$500,000 of the prepetition senior DIP bridge obligations (the “Prepetition Senior Bridge Obligations”), held by the Senior DIP Lender pursuant to the Prepetition Senior Bridge Loan (as defined below) into the Senior DIP Facility and the automatic substitution and exchange of such outstanding Prepetition Senior Bridge Obligations for Senior DIP Obligations for all purposes under the Interim DIP Order as if originally funded upon entry of the Interim DIP Order (the “Senior Roll-Up”);

- iv. and authorizing, upon entry of the Interim DIP Order, the roll-up and conversion of up to an aggregate principal amount of \$1,500,000 of prepetition junior DIP bridge obligations (the “Prepetition Junior Bridge Obligations”) held by the Junior DIP Lender (the “Prepetition Junior Bridge Loan” and together with the Prepetition Senior Bridge Loan, the “Prepetition Bridge Loan”) pursuant to the Prepetition Junior Bridge Loan (as defined below) into the Junior DIP Facility and the automatic substitution and exchange of such outstanding Prepetition Junior Bridge Obligations for Junior DIP Obligations for all purposes under the Interim DIP Order as if originally funded upon entry of the Interim DIP Order (the “Junior Roll-Up” and together with the Senior Roll-up, the “Roll-Up”);
- v. authorizing the Debtors to execute and deliver the DIP Notes and other DIP Documents and to perform such other and further acts as may be necessary or desirable in connection with the DIP Documents;
- vi. ordering that, subject to the Carve Out, in all respects, all obligations of the Debtors to the Senior DIP Lender under the Senior DIP Documents shall be:
  - A. entitled to superpriority claim status under section 364(c)(1) of the Bankruptcy Code, with priority over all administrative expense claims and unsecured claims now existing or hereafter arising under the Bankruptcy Code; and
  - B. secured, pursuant to section 364(c)(2) and 364(d)(1) of the Bankruptcy Code, by a first priority priming lien on all of the pre and postpetition property of the Debtors whether existing on the Petition Date or thereafter acquired;
- vii. ordering that, subject to the Carve Out and the Senior DIP Obligations, in all respects, all obligations of the Debtors to the Junior DIP Lender under the Junior DIP Documents shall be:

- A. entitled to superpriority claim status under section 364(c)(1) of the Bankruptcy Code, with priority over all administrative expense claims and unsecured claims now existing or hereafter arising under the Bankruptcy Code; and
  - B. secured, pursuant to section 364(c)(2) and 364(d)(1) of the Bankruptcy Code, by a second priority priming lien on all of the pre and postpetition property of the Debtors whether existing on the Petition Date or thereafter acquired subject and subordinate only to the lien of the Senior DIP Lender.
- viii. authorizing the Debtors' use of cash collateral, as defined in section 363(a) of the Bankruptcy Code, pursuant to the terms and conditions set forth in the Interim DIP Order and the DIP Notes;
- ix. granting adequate protection to WTI Fund X, Inc. ("Fund X"), Venture Lending & Leasing IX, Inc. ("Fund IX" and together with Fund X, "WTI") and Learn Capital Venture Partners IV, L.P, Inc., as collateral agent on behalf of the Bridge CN-3 Notes (collectively, the "Prepetition Secured Lenders") with respect to the Prepetition Secured Lenders Obligations (as defined below);
- x. modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of the DIP Orders, as applicable;
- xi. subject to and effective only upon the entry of a postpetition financing order on a final basis (the "Final DIP Order") granting such relief, (a) waiving any right of the Debtors to surcharge against the DIP Collateral or Prepetition Secured Lenders Collateral (each as defined below), including pursuant to section 506(c) of the Bankruptcy Code or otherwise, (b) providing that the DIP Lenders and the Prepetition Secured Lenders are not subject to the equitable doctrine of "marshaling," or any other similar doctrine with respect to the DIP Collateral;

- xii. scheduling by the Court of an interim hearing (the “Interim Hearing”) to consider entry of this Interim DIP Order;
- xiii. scheduling by the Court of a final hearing (the “Final Hearing”) to consider entry of the Final DIP Order (together with the Interim DIP Order, the “DIP Orders”), in form and substance acceptable to the DIP Lenders, granting the relief requested in the Motion on a final basis and approving the form of notice with respect to the Final Hearing and the transactions contemplated by the Motion;
- xiv. approving of the Final DIP Order; and
- xv. the granting of related relief.

The Court having considered the Motion, the terms of the DIP Notes and the other DIP Documents, the *Declaration of Jonathan McCarthy in Support of First Day Motions*, the *Declaration of Jonathan McCarthy in Support of Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing Debtors to (A) Obtain Postpetition Secured Financing from YYYYY, LLC; (B) Obtain Postpetition Secured Financing from Guidepost Global Education, Inc.; (C) Utilize Cash Collateral; and (D) Pay Certain Related Fees and Charges; (II) Granting Adequate Protection to the Prepetition Secured Lenders; (III) Modifying the Automatic Stay; and (IV) Granting Certain Related Relief*, and the evidence submitted at the hearing held before this Court on [●], 2025 to consider entry of this Interim DIP Order at the Interim Hearing; and in accordance with Bankruptcy Rules 2002, 4001, 6004, and 9014 and Local Rules 2002-1, 4001-2, and 9013-1; and it appearing that approval of the interim relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors pending the Final Hearing and is otherwise fair and reasonable and in the best interests of the Debtors, their creditors, their estates, and all other parties in interest; and essential for the continued operation of the Debtors’

businesses; and all objections, if any, to the entry of this Interim DIP Order having been withdrawn, resolved or overruled by the Court; and upon all of the proceedings had before this Court; after due deliberation and consideration, and for good and sufficient cause appearing therefor, IT IS HEREBY FOUND:

A. Unless otherwise indicated herein, all capitalized terms used but not defined herein shall have the meanings given in the Motion.

B. On June 17, 2025 (the “Petition Date”), the Debtors filed voluntary petitions for relief with this Court under Chapter 11 of the Bankruptcy Code commencing Chapter 11 cases in the United States Bankruptcy Court for the Northern District of Texas (the “Court”), jointly administered under Case No. 25-[•] (collectively, the “Chapter 11 Cases”).

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

D. No official committee of unsecured creditors (“Committee”), as provided for under section 1102 of the Bankruptcy Code, has been appointed in these Chapter 11 Cases.

E. The Interim Hearing was held pursuant to Bankruptcy Rule 4001(b)(2) and (c)(2). Proper, timely, adequate, and sufficient notice of the Motion has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules.

F. The Debtors provided notice of the Interim Hearing by telecopy, email, overnight courier and/or hand delivery, to: (a) the Office of the United States Trustee for the Northern District of Texas (the “U.S. Trustee”); (b) the entities listed on the list of creditors holding the 30 largest unsecured claims filed pursuant to Bankruptcy Rule 1007(d) (on a consolidated basis); (c) counsel to the Prepetition Secured Lenders; (d) counsel to 2HR Learning, Inc. (“2HR”); (e)

counsel to Five Y; (f) counsel to Guidepost Global; (g) all other parties asserting a lien on or a security interest in the assets of the Debtors to the extent reasonably known to the Debtors; (h) the United States Attorney's Office for the Northern District of Texas; (i) the Internal Revenue Service; (j) the state attorney generals for all states in which the Debtors conduct or have recently conducted business; (k) the banks and financial institutions where the Debtors maintain banking accounts; and (l) any other party entitled to notice pursuant to Bankruptcy Rule 2002 and Local Rule 2002-1 (collectively, the "Notice Parties"). Under the circumstances and given the nature of the relief sought in the Motion, such notice complies with section 102(1) of the Bankruptcy Code, Bankruptcy Rules 2002 and 4001(b) and (c) and Local Rules 2002-1 and 4001-2.

G. This Court has jurisdiction over these Chapter 11 Cases and the Motion pursuant to 28 U.S.C. §§ 157(b) and 1334. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). Venue for these Chapter 11 Cases and this Motion is proper under 28 U.S.C. §§ 1408 and 1409.

H. The Debtors require access to postpetition financing in an amount necessary to fund (i) the Debtors' operations, (ii) the administrative costs of these Chapter 11 Cases, and (iii) the pursuit of confirmation of a plan of reorganization sponsored by 2HR (the "Plan").

I. In light of the Debtors' circumstances, the Debtors are unable to obtain (i) adequate unsecured credit allowable either (a) under sections 364(b) and 503(b)(1) of the Bankruptcy Code or (b) under section 364(c)(1) of the Bankruptcy Code, (ii) adequate credit secured by (x) a senior lien on unencumbered assets of their estates under section 364(c)(2) of the Bankruptcy Code or (y) a junior lien on encumbered assets under section 364(c)(3) of the Bankruptcy Code, or (iii) secured credit under section 364(d)(1) of the Bankruptcy Code from



sources other than the DIP Lenders on terms more favorable than the terms of the DIP Financing. The only viable source of secured credit available to the Debtors, other than the use of Cash Collateral (as defined below), is the DIP Financing. The Debtors require both additional financing under the DIP Financing and the continued use of Cash Collateral under the terms of this Interim DIP Order to satisfy their postpetition liquidity needs.

J. The Debtors have requested immediate entry of this Interim DIP Order pursuant to Bankruptcy Rules 4001(b)(2) and (c)(2). Good and sufficient cause has been shown for entry of this Interim DIP Order. An immediate need exists for the Debtors to obtain funds and liquidity in order to continue operations, to satisfy in full the costs and expenses of administering these Chapter 11 Cases, to preserve the value of their business and estates, and to consummate the transactions contemplated by the RSA (defined below). The ability of the Debtors to finance their operations, to preserve and maintain the value of the Debtors' assets, and to maximize the return for all creditors as proposed pursuant to the restructuring transaction (the "Restructuring Transaction") contemplated by the RSA, requires the immediate availability of the DIP Financing and the use of the Cash Collateral. In the absence of the immediate availability of such funds and liquidity in accordance with the terms hereof, the operation of the Debtors' business and the pursuit of the transaction embodied in the RSA and the Plan would not be possible and serious and irreparable harm to the Debtors and their estates and creditors would occur. Thus, the ability of the Debtors to preserve and maintain the value of their assets and maximize the return for creditors requires the availability of working capital from the DIP Financing and the use of Cash Collateral. Accordingly, sufficient cause exists for the entry of this Interim DIP Order.

K. Debtors' Stipulations. Subject to the limitations contained in Paragraph 19 below, the Debtors admit, stipulate and agree as follows, each Debtor for itself and its estate:

- (i) Prepetition Secured Lenders Obligations. As of the Petition Date, the Debtors were truly and justly indebted, without defense, counterclaim or offset of any kind, to the Prepetition Secured Lenders pursuant to (a) that certain Senior Secured Promissory Note, dated June 16, 2025 (the “Prepetition Senior Bridge Loan”) made by Higher Ground Education Inc., Guidepost A LLC, Prepared Montessorian LLC and Terra Firma Services LLC, as borrowers, in favor of YYYYYY, LLC, as lender, in the principal amount of \$500,000, plus interest, fees and costs, and including any premiums, expenses, indemnity, and reimbursement obligations accrued thereunder and all other fees and expenses (including fees and expenses of attorneys and advisors) as provided therein; (b) that certain Senior Secured Promissory Note, dated June 16, 2025 (the “Prepetition Junior Bridge Loan” and together with the Prepetition Senior Bridge Loan, the “Prepetition Bridge Loan”) made by Higher Ground Education Inc., Guidepost A LLC, Prepared Montessorian LLC and Terra Firma Services LLC, as borrowers, in favor of Guidepost Global Education, Inc., as lender, in the principal amount of \$500,000, plus interest, fees and costs, and including any premiums, expenses, indemnity, and reimbursement obligations accrued thereunder and all other fees and expenses (including fees and expenses of attorneys and advisors) as provided therein; (c) the secured post-foreclosure deficiency claim of WTI in the collective amount of at least \$4,680,970.83 under: (x) the Loan and Security Agreement, dated as of February 19, 2021 (as the same has been amended, supplemented, restated and modified from time to time, the “2021 Senior Loan Agreement”), among Higher Ground Education Inc., Guidepost A LLC, Prepared Montessorian

LLC, Prepared Montessorian TT LLC and Terra Firma Services LLC, as borrowers, and Venture Lending & Leasing IX, Inc., as lender, in the amount of at least \$153,801.58; and (y) the Loan and Security Agreement, dated as of November 8, 2023 (as the same has been amended, supplemented, restated and modified from time to time, the “2023 Senior Loan Agreement” and together with the 2021 Senior Loan Agreement, the “WTI Loans”), among Higher Ground Education Inc., Guidepost A LLC, Prepared Montessorian LLC, Prepared Montessorian TT LLC and Terra Firma Services LLC, as borrowers, and WTI Fund X, Inc., as lender, in the amount of at least \$4,527,169.25, plus interest, fees and costs, and including any premiums, expenses, indemnity, and reimbursement obligations accrued thereunder and all other fees and expenses (including fees and expenses of attorneys and advisors) as provided therein; and (d) the series CN-3 convertible promissory notes entered into on and after January 15, 2025 (the “Bridge CN-3 Notes”) in the aggregate principal amount of \$4,800,000 (the “Bridge CN-3 Loans”), plus interest, fees and costs, and including any premiums, expenses, indemnity, and reimbursement obligations accrued thereunder and all other fees and expenses (including fees and expenses of attorneys and advisors) as provided therein, pursuant to the Note Purchase Agreement (together with the related exhibits, schedules and transaction documents, as amended, supplemented and otherwise modified from time to time), by and between Higher Ground Education, Inc. as borrower, and each lender on the Schedule of Lenders thereto, dated May 31, 2024, collateralized by a priming lien over the WTI Loan Agreements in the principal amount of up to \$5,000,000, in favor of Learn Capital

Venture Partners IV, L.P., Inc., as collateral agent on behalf of the Bridge CN-3 Notes. The Prepetition Bridge Loans, the WTI Loans and the Bridge CN-3 Loans are defined herein collectively as the “Prepetition Loan Documents” and the obligations thereunder are defined herein collectively as the “Prepetition Secured Lenders Obligations”). Each of the Prepetition Secured Lenders Obligations is duly perfected by UCC-1 filings.

- (ii) Prepetition Secured Lenders Obligations. The Prepetition Secured Lenders Obligations in the full amount outstanding on the Petition Date constitute legal, valid, binding and non-avoidable obligations of the Debtors to the Prepetition Secured Lenders.
- (iii) Prepetition Liens. The liens and security interests granted by the Debtors to the Prepetition Secured Lenders to secure the Prepetition Secured Lenders Obligations (the “Prepetition Liens”) are: (a) valid, binding, perfected, enforceable liens on and security interests in the personal property of the Debtors constituting “Collateral” under, and as defined in, any prepetition security agreement, control agreement, pledge agreement, financing statement, mortgage or other similar documents, including the Prepetition Loan Documents (together, the “Prepetition Secured Lenders Collateral”); and (b) not subject to objection, defense, contest, avoidance, reduction, or disallowance (whether equitable, contractual or otherwise) of any kind pursuant to the Bankruptcy Code or applicable non-bankruptcy law by any person or entity. The Prepetition Liens securing the Prepetition Secured Lenders Obligations are subject and subordinate only to: (x) after giving effect to this Interim DIP Order, the Carve Out and the

Priming DIP Liens (as defined below); and (y) other valid and unavoidable liens perfected prior to the Petition Date (or perfected after the Petition Date to the extent permitted by section 546(b) of the Bankruptcy Code) to the extent such permitted liens are senior to the Prepetition Liens.

- (iv) Cash Collateral. All proceeds of the Prepetition Secured Lenders Collateral (including cash on deposit at depository institutions as of the Petition Date, securities, or other property, whether subject to control agreements or otherwise, in each case that constitutes Prepetition Secured Lenders Collateral) are “cash collateral” of the Prepetition Secured Lenders within the meaning of section 363(a) of the Bankruptcy Code (“Cash Collateral”), and subject to the terms of this Interim DIP Order (including subject to the Priming DIP Liens).
- (v) Releases. Subject to the Challenge Period, the Debtors hereby forever, unconditionally, and irrevocably release, discharge, and acquit the DIP Lenders and the Prepetition Secured Lenders, and their successors, assigns, affiliates, subsidiaries, parents, officers, shareholders, directors, employees, attorneys, and agents, past, present, and future, and their respective heirs, predecessors, successors, and assigns (collectively, the “Releasees”) of and from any and all claims, controversies, disputes, liabilities, obligations, demands, damages, expenses (including, without limitation, reasonable attorneys’ and financial advisors’ fees), debts, liens, actions, and causes of action of any and every nature whatsoever, whether arising in law or otherwise, and whether or not known or matured, arising out of or relating to, as applicable, the DIP Financing, the DIP Documents, the Prepetition Loan Documents and/or the transactions

contemplated hereunder or thereunder including, without limitation, (A) any so-called “lender liability” or equitable subordination claims or defenses, (B) any and all claims and causes of action arising under the Bankruptcy Code, and (C) any and all claims and causes of action with respect to the extent, validity, priority, perfection, or avoidability of the Prepetition Liens and the Prepetition Secured Lenders Obligations. Each of the Debtors further waives and releases any defense, right of counterclaim, right of setoff, or deduction to the payment of the Prepetition Secured Lenders Obligations that the Debtors now has or may claim to have against the Releasees, arising out of, connected with, or relating to any and all acts, omissions, or events occurring prior to the Court entering this Interim DIP Order.

L. The DIP Lenders will commit to providing DIP Financing in an amount necessary to fund the Debtors’ operations and the administrative costs of these Chapter 11 Cases subject to and as set forth in the Approved Budget (as defined below), in a collective amount not exceeding \$8.0 million , including the Roll-Up, including up to (i) \$500,000 on an interim basis under the Senior DIP Facility and (ii) \$1,500,000 on an interim basis under the Junior DIP Facility, upon the terms and conditions set forth herein. Accordingly, after considering all of their practical alternatives, the Debtors have concluded, in an exercise of their sound business judgment, that the financing to be provided by the DIP Lenders pursuant to the terms of this Interim DIP Order and the DIP Documents represents the best financing currently available to the Debtors.

M. The consent of the Prepetition Secured Lenders to the priming of the Prepetition Liens by the Priming DIP Liens and use of the Prepetition Secured Lenders Collateral, including Cash Collateral, by the Debtors are limited to this Interim DIP Order and the DIP Financing

presently before the Court, with Five Y and Guidepost Global as DIP Lenders, and shall not extend to any other postpetition financing or to any modified version of this DIP Financing with any party other than Five Y and Guidepost Global as DIP Lenders. The Prepetition Secured Lenders agree that the Adequate Protection (as defined below) granted to the Prepetition Secured Lenders in this Interim DIP Order is reasonable and calculated to protect the interests of the Prepetition Secured Lenders.

N. The security interests and liens granted to the DIP Lenders pursuant to this Interim DIP Order are appropriate under sections 364(c)(1), 364(c)(2) and 364(d) of the Bankruptcy Code because, among other things: (i) such security interests and liens do not impair the interests of any holder of a valid, perfected, prepetition security interest or lien in the property of the Debtors' estates, or (ii) the holder of any such valid, perfected, prepetition security interests and liens, including, for the avoidance of doubt, the Prepetition Secured Lenders, has consented to the security interests and priming liens granted pursuant to this Interim DIP Order to the DIP Lenders.

O. Each of the Prepetition Secured Lenders is entitled to receive Adequate Protection as set forth below pursuant to sections 361, 362, 363 and 364 of the Bankruptcy Code for any diminution in the value of its interests in the Prepetition Secured Lenders Collateral, including Cash Collateral, resulting from the priming of its liens by the Priming DIP Liens, the automatic stay and the Debtors' use, sale or lease of the Prepetition Secured Lenders Collateral, including Cash Collateral, during these Chapter 11 Cases.

P. Based on the record presented to this Court by the Debtors, the DIP Financing and use of Cash Collateral have been negotiated in good faith and at arm's length between the Debtors, the Prepetition Secured Lenders and the DIP Lenders, and any credit extended and

loans made to the Debtors by the DIP Lenders pursuant to the Interim DIP Order and the DIP Documents (the “DIP Obligations”) shall be deemed to have been extended, issued or made, as the case may be, in good faith within the meaning of section 364(e) of the Bankruptcy Code, and the DIP Lenders and Prepetition Secured Lenders shall have all of the protections thereunder. Additionally, all reasonable out-of-pocket legal, accounting, and professional fees and expenses incurred by the DIP Lenders related to the DIP Financing and the Restructuring Transaction (the “DIP Lender Fees”) shall constitute DIP Obligations and shall be secured by the DIP Collateral and afforded all of the priorities and protections afforded to the DIP Obligations under this Order; provided that the DIP Lender Fees of Senior DIP Lender payable hereunder shall be payable solely upon the occurrence of an Event of Default under this Interim DIP Order or the Senior DIP Note. Accordingly, DIP Lender Fees of Senior DIP Lender shall not be required to be reflected as a budgeted item in the Approved Budget. Each DIP Lender’s professionals shall serve summary invoices requesting payment of its respective DIP Lender Fees to the Debtors, U.S. Trustee and any Statutory Committee (as defined below) appointed in these Chapter 11 Cases. Absent objection by any of the U.S. Trustee and any Statutory Committee appointed in these Chapter 11 Cases within ten (10) days from receipt of an invoice, the Debtors shall pay such invoice. If the U.S. Trustee or any Statutory Committee appointed in these Chapter 11 Cases objects to the reasonableness of any DIP Lender Fees, such objecting party must provide each of the DIP Lenders written notice of such objection within ten (10) days of receipt of the summary invoice. Any objection that cannot be resolved between the parties shall be scheduled by the Debtors to be resolved by this Court. All undisputed DIP Lender Fees shall be timely paid.



Q. Based on the record before this Court, it appears that the terms of this Interim DIP Order, including, without limitation, the terms of the DIP Financing are fair and reasonable under the circumstances, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

R. The Debtors have requested entry of this Interim DIP Order. The permission granted herein to use Cash Collateral and obtain funds under the DIP Financing is necessary to avoid immediate and irreparable harm to the Debtors' estates. This Court concludes that entry of this Interim DIP Order is in the best interests of the Debtors and their estates as its implementation will, among other things, enhance the prospects for a successful completion of these Chapter 11 Cases.

S. Based upon the foregoing findings and conclusions, and upon the record made before this Court at the Hearing, and good and sufficient cause appearing therefor, IT IS HEREBY ORDERED, DETERMINED AND DECREED THAT:<sup>3</sup>

1. Motion Granted. The Motion is granted on the terms and conditions set forth in this Interim DIP Order, with the foregoing findings incorporated herein by reference. Any objections to the Motion that have not previously been withdrawn or resolved are hereby overruled. This Interim DIP Order shall be valid and binding on all parties in interest and fully effective immediately upon entry.

2. Authorizations. The Debtors are hereby authorized to execute and enter into the DIP Documents. The DIP Notes, the other DIP Documents, and this Interim DIP Order shall

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<sup>3</sup> The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014, and shall take effect and be fully enforceable *nunc pro tunc* to the Petition Date immediately upon entry hereof. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

govern the financial and credit accommodations to be provided to the Debtors by the DIP Lenders as described herein; provided that in the event of a conflict between the Interim DIP Order and the other DIP Documents, the Interim DIP Order shall control. The Debtors are hereby authorized to borrow money pursuant to the DIP Notes on an interim basis up to the amount set forth in the Approved Budget.

3. The DIP Financing may be used in accordance with the terms of this Interim DIP Order and the DIP Notes (and subject to the Approved Budget) to fund the day-to-day working capital needs of the Debtors' operations and the chapter 11 administrative expenses incurred during the pendency of these Chapter 11 Cases and to allow the Debtors, if subsequently approved by the Court, to effectuate the Restructuring Transaction via the Plan.

4. In furtherance of the foregoing and without further approval of this Court, the Debtors are authorized to perform all acts, and to make, execute, and deliver all instruments and documents (including, without limitation, the execution or recordation of security agreements, mortgages and financing statements) that may be reasonably required to ensure the performance of the Debtors' obligations under the DIP Financing, including, without limitation:

- (i) the execution, delivery and performance of the DIP Documents, including, without limitation, the DIP Notes and any reasonable and necessary security and pledge agreements contemplated thereby;
- (ii) the execution, delivery and performance of one or more amendments, waivers, consents or other modifications to and under the DIP Documents, in each case in such form as the Debtors and the DIP Lenders may agree; *provided*, that (A) written notice of any material modification or amendment to the DIP Documents shall be filed on the docket of these Chapter 11 Cases and shall be served upon the Notice Parties, each of whom shall have ten (10) days from the date of service of such notice within which to object in writing to such modification or amendment. If any Notice Party (or any other party in interest with requisite standing) timely objects to any such material modification or amendment to the DIP Documents, such modification or amendment shall only be effective pursuant to an order of this Court and (B) written notice of any other

modification or amendment to the DIP Documents shall also be filed on the docket of these Chapter 11 Cases; and

- (iii) the performance of all other acts required under or in connection with the DIP Documents.

5. Upon execution and delivery of the DIP Notes and the other DIP Documents, such DIP Documents shall constitute valid, binding, and non-avoidable obligations of the Debtors enforceable against the Debtors in accordance with their respective terms and the terms of this Interim DIP Order for all purposes during these Chapter 11 Cases, any subsequently converted case of the Debtors under chapter 7 of the Bankruptcy Code, or after the dismissal of any such case. No obligation, payment, transfer, or grant of security under the DIP Notes, the other DIP Documents, or this Interim DIP Order shall be stayed, restrained, voidable, avoidable, or recoverable under the Bankruptcy Code or under any applicable law (including without limitation, under sections 502(d), 548, or 549 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, or similar statute or common law), or subject to any defense, reduction, setoff, recoupment or counterclaim.

6. Borrowing; Use of Cash Collateral. Subject to the budget attached as Exhibit A to the DIP Notes (as modified from time to time with the unanimous written consent of the DIP Lenders in their sole and discretion, but without need for further Court order, the “Approved Budget”) and solely in compliance therewith and subject further to the terms and conditions of this Interim DIP Order and the DIP Documents, (a) the DIP Lenders will provide the DIP Financing in accordance with the terms of the DIP Documents, and (b) the Debtors are authorized to use the Cash Collateral in accordance with the terms of this Interim DIP Order. Notwithstanding the foregoing, the Approved Budget shall be mutually agreed upon by the Debtors and the applicable DIP Lender, (i) in an amount not to exceed \$5,500,000 under the Senior DIP Facility, and (ii) in an amount of at least \$2,500,000 under the Junior DIP Facility, in

each case as may be modified from time to time by the Debtors with the consent of the applicable DIP Lender, in its sole and absolute discretion, but without need for further Court order; *provided, however*, under no circumstance shall such borrowings and disbursements be for an amount in excess of the Approved Budget.

7. Interest, Fees, Costs and Expenses. The DIP Obligations shall bear interest at an interest rate of nine percent (9%) per annum as provided in the DIP Notes. After an Event of Default (as described below), the interest shall accrue at an interest rate of twelve percent (12%) per annum payable monthly as provided in the DIP Notes.

8. Event of Default. The Debtors and DIP Lenders agree that each of the following events, unless waived by the DIP Lenders in writing, shall constitute an “Event of Default”:

- (i) the Debtors (A) fail to make any payment (whether principal, interest, or otherwise) when such amount becomes due and payable under the Senior DIP Documents or the Junior DIP Documents or (B) default in any material respect in the due performance or observance of any other term, covenant, or agreement contained in any Senior DIP Document or Junior DIP Document (and, if such default is capable of being remedied, it has not been remedied within the cure period set forth in such DIP Document or, if no such cure period is provided, it has not been remedied to the reasonable satisfaction of the Senior DIP Lender or Junior DIP Lender, as applicable, five (5) business days following written notice to the Debtors of the occurrence of such event of default);
- (ii) any representation, warranty, or statement made by the Debtors herein or in any DIP Document or in any certificate delivered in connection therewith proves to be untrue in any material respect on the date on which made or deemed made (and, if such default is capable of being remedied, it has not been remedied within the cure period set forth in such DIP Document or, if no such cure period is provided, it has not been remedied to the reasonable satisfaction of the Senior DIP Lender or Junior DIP Lender, as applicable, five (5) business days following written notice to the Debtors of the occurrence of such event of default);
- (iii) the security interest granted to any DIP Lender ceases to be in full force and effect in any material respect, or ceases in any material respect to create a perfected security interest in, and lien on, the DIP Collateral (as defined below) purported to be created thereby;

- (iv) unless otherwise agreed to by the DIP Lender, any DIP Document is or becomes invalid, ineffective, or unenforceable against the Debtors in any material respect, in whole or in part, or the Debtors so asserts or at any time denies the liability or the DIP Obligations under any DIP Document;
- (v) the Court enters an order dismissing any of these Chapter 11 Cases or converting any of them to a case under Chapter 7 or any other chapter of the Bankruptcy Code, or appointing a trustee or other responsible officer or an examiner with enlarged powers relating to the operation of the Debtors' business (beyond those set forth in sections 1106(a)(3) or (4) of the Bankruptcy Code) under section 1104 of the Bankruptcy Code, in each case, without the unanimous consent of the DIP Lenders in their sole and absolute discretion;
- (vi) the Court enters an order granting relief from the automatic stay applicable under section 362 of the Bankruptcy Code authorizing an action by a lienholder (other than a DIP Lender) with respect to assets of the Debtors on which the lienholder has a lien with an aggregate value in excess of \$100,000;
- (vii) the Debtors seek to, advocate, or otherwise support any other person's motion to disallow, in whole or in part, the DIP Obligations or to challenge the validity, priority, or enforceability of the Priming DIP Liens and superpriority claims hereunder (for avoidance of doubt, complying with document requests shall not constitute a breach of the foregoing);
- (viii) a debtor in possession financing order is entered in form and substance that is not acceptable to a DIP Lender in its reasonable discretion or from and after the date of entry thereof, the Interim DIP Order or the Final DIP Order, as applicable, ceases to be in full force and effect or is vacated, stayed, reversed, modified, or amended (or the Debtors take any step to accomplish any of the foregoing) without the consent of the affected DIP Lender in its reasonable discretion;
- (ix) any of the orders approving the Plan or the disclosure statement to the Plan (the "Disclosure Statement") are vacated, stayed, reversed, modified, or amended without the consent of 2HR;
- (x) the Debtors make any payments on any indebtedness that arose before the Petition Date other than as provided in the Approved Budget or otherwise without the unanimous consent of the DIP Lenders in their sole and absolute discretion;
- (xi) the Debtors fail to obtain an order from the Court approving the Debtors' motion for authority to assume the Restructuring Support Agreement dated as of June 17, 2025 (as the same may be amended, modified or extended, the "RSA") entered into by, among others, the Debtors, the DIP Lenders,

the Prepetition Secured Lenders, and 2HR, as the proposed plan sponsor of the Plan (“Plan Sponsor”) within forty (40) days of the Petition Date;

- (xii) a Company Termination Event, Consenting Party Termination Event or GG Termination Event (each as defined in the Restructuring Support Agreement) shall have occurred, including prior to the Debtors’ assumption of the RSA;
- (xiii) the Debtors take any action, or as to insiders, permit any action, that would result in an “ownership change” as such term is used in section 382 of title 26 of the United States Code;
- (xiv) the Debtors fail to provide 2HR, Five Y, and Guidepost Global and their respective agents with reasonable access to the Debtors’ books, records, and management through the effective date of the Plan (the “Effective Date”);
- (xv) the (a) Plan, (b) Disclosure Statement, (c) order confirming the Plan, (d) the motion of the Debtors seeking authorization from the Court to assume the RSA, (e) the DIP Orders, the related motions, or the documentation evidencing, or otherwise entered into in connection with, the DIP Financing, or (f) any other documents or exhibits related to or contemplated in the foregoing clauses (a) through (e), contains terms and conditions materially inconsistent with the RSA or the Restructuring Transaction;
- (xix) the Court grants relief that is materially inconsistent with the RSA, or would reasonably be expected to materially frustrate the purpose of the RSA;
- (xvi) the Debtors breach or fail to comply with the terms of the DIP Orders or the Plan, in any material respect;
- (xvii) any of the Chapter 11 Milestones (as defined, and set forth, on Exhibit B to the DIP Notes) are not satisfied;
- (xviii) one or more judgments or decrees is entered against the Debtors or their estates involving in the aggregate a postpetition liability (not paid or fully covered by insurance or otherwise considered permitted indebtedness) of \$50,000 or more, and all such judgments or decrees are not vacated, discharged, stayed or bonded pending appeal;
- (xix) any DIP Note or any other DIP Document ceases, for any reason, to be in full force and effect or the Debtors shall so assert in writing, or the Priming DIP Liens cease to be effective and perfected with respect to any material item of DIP Collateral (as defined below) described therein with the priority purported to be created by the DIP Documents;

- (xx) the Debtors fail to provide in any material respect all information, approvals, documents or other instruments as any DIP Lender may reasonably request, and as are customary for postpetition lenders or plan sponsors to request;
- (xxi) any of the Debtors announces its intention to proceed with any reorganization, merger, consolidation, tender offer, exchange offer, business combination, joint venture, partnership, sale of a material portion of assets, financing (whether debt, including any debtor in possession financing other than the DIP Financing, or equity), recapitalization, workout, or restructuring of the Debtors (including, for the avoidance of doubt, a transaction premised on a chapter 11 plan or a sale of a material portion of assets under section 363 of the Bankruptcy Code), other than the Restructuring Transaction (an "Alternative Transaction");
- (xxii) the Court approves an Alternative Transaction;
- (xxiii) the Debtors file a plan of reorganization, liquidating plan, or disclosure statement that is inconsistent with the Plan or the RSA;
- (xxiv) the Debtors file an application or motion for the approval of postpetition financing from any party other than the DIP Lenders, including financing that provides for superpriority claims or priming liens on the DIP Lenders' collateral without the unanimous written consent of the DIP Lenders in their sole and absolute discretion;
- (xxv) the Court enters an order terminating the right of the Debtors to use the DIP Financing;
- (xxvi) the Debtors fails to comply with the Approved Budget; *provided, however*, for each period of two (2) weeks (or, if shorter, since the Petition Date), for the period from the Petition Date, in each case measured on a cumulative basis, adverse variances under the Approved Budget of up to 10% of the amount of the Approved Budget are permitted (*provided* that adverse variances shall be offset by positive variances in subsequent weeks to ensure that the Debtors cash needs under the Approved Budget remain "on-balance" within any given four week period; *provided further* that in no event shall the DIP Lenders be required to fund amounts exceeding the aggregate of the Approved Budget), and unused amounts set forth in the Approved Budget for any disbursement line item may be carried forward and used to fund such line item in any subsequent week; or
- (xxvii) without the consent of the Senior DIP Lender, any claim or lien having a priority superior to or *pari passu* with those granted by the DIP Orders to the Senior DIP Lender is granted or allowed prior to the occurrence of (a) the payment in full in cash of immediately available funds of all of the

Senior DIP Obligations, (b) the termination or expiration of all commitments to extend credit to the Debtors under the Senior DIP Documents, and (c) the cash collateralization in respect of any asserted claims, demands, actions, suits, proceedings, investigations, liabilities, fines, costs, penalties, or damages for which the Senior DIP Lender may be entitled to indemnification by the Debtors (“Senior DIP Paid in Full”);

(xxviii) without the consent of the Junior DIP Lender, any claim or lien having a priority superior to or *pari passu* with those granted by the DIP Orders to the Junior DIP Lender (other than any claim or lien of the Senior DIP Lender pursuant to the Senior DIP Documents) is granted or allowed prior to the occurrence of (a) the payment in full in cash of immediately available funds of all of the Junior DIP Obligations, (b) the termination or expiration of all commitments to extend credit to the Debtors under the Junior DIP Documents, and (c) the cash collateralization in respect of any asserted claims, demands, actions, suits, proceedings, investigations, liabilities, fines, costs, penalties, or damages for which the Junior DIP Lender may be entitled to indemnification by the Debtors (“Junior DIP Paid in Full” and, together with the Senior DIP Paid in Full, “Paid in Full”); or

(xxix) The Debtors, without the unanimous prior written consent of the DIP Lenders (which shall be given or refused in each DIP Lender’s sole and absolute discretion) seek to modify, vacate or amend the DIP Orders or any DIP Documents.

9. Subject to Paragraph 20 of this Order, upon the occurrence of an Event of Default and after five (5) business days’ written notice by the DIP Lenders to the Notice Parties (the “Default Notice Period”), and an opportunity to seek an expedited hearing before the Court, the automatic stay shall terminate, and the DIP Lenders shall be permitted to exercise any remedies permitted by law, including any of the following actions, without application or motion to, or further orders from, the Court or any other court, and without interference from the Debtors or any other party in interest, unless the Court orders otherwise during the Default Notice Period:

- (i) declare all or any portion of the outstanding DIP Obligations due and payable, whereupon the same shall become forthwith due and payable without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Debtors;



- (ii) set off any amounts held as Cash Collateral (including, without limitation, in any Cash Collateral account held for the benefit of the DIP Lenders);
- (iii) enforce all liens and security interests in the DIP Collateral;
- (iv) institute proceedings to enforce payment of such DIP Obligations;
- (v) terminate the obligation of the DIP Lenders to make Loans; and
- (vi) exercise any other remedies and take any other actions available to it or them at law, in equity, under the DIP Notes, the Bankruptcy Code, other applicable law or pursuant to this Interim DIP Order, including, without limitation, exercising any and all rights and remedies with respect to the DIP Collateral or any portion thereof;

*provided, however*, that the DIP Lenders shall continue to fund the Debtors' operations, pursuant to the Approved Budget, through the Default Notice Period; *provided, however, further* the respective rights and remedies available to the Senior DIP Lender and the Junior DIP Lender with respect to the DIP Collateral shall be subject to Paragraph 20 of this Order.

10. The Debtors and the Committee (if any), and any other party in interest shall be entitled to an emergency hearing before this Court within the Default Notice Period. If an emergency hearing is requested to be heard prior to the expiration of the Default Notice Period, then the Default Notice Period shall automatically be extended until the Court hears and rules with respect thereto.

11. Termination of the DIP Financing and Use of Cash Collateral. Except with respect to the payment of the Carve Out, the DIP Lenders' agreement to provide the DIP Financing in accordance with the DIP Documents and the Debtors' authorization to use Cash Collateral shall immediately and automatically terminate (except, to the extent any Senior DIP Obligations remain outstanding, the Senior DIP Lender agrees in writing, or, if the Senior DIP Facility has been indefeasibly repaid in full in cash, the Junior DIP Lender agrees in writing, in

each case, which consent may be withheld in their reasonable discretion), upon the earliest to occur of any of the following (each, a “Termination Date”):

- (i) September 30, 2025;
- (i) the date of final indefeasible payment and satisfaction in full in cash of the DIP Obligations;
- (ii) the entry of an order by the Court granting a motion by the Debtors to obtain additional financing from a party other than the DIP Lenders under section 363 or 364 of the Bankruptcy Code unless the proceeds from such financing are used to immediately repay in cash the DIP Obligations or unless such financing is subordinate to the DIP Obligations and Prepetition Secured Lenders Obligations and consented to in writing by, to the extent any Senior DIP Obligations remain outstanding, the Senior DIP Lender, or, if the Senior DIP Facility has been indefeasibly repaid in full in cash, the Junior DIP Lender, in each case, which consent may be withheld in their sole and absolute discretion;
- (iii) the dismissal of these Chapter 11 Cases or the conversion of these Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code;
- (iv) any DIP Order is stayed, reversed, vacated, amended or otherwise modified in any respect without the prior written consent of, to the extent any Senior DIP Obligations remain outstanding, the Senior DIP Lender, or, if the Senior DIP Facility has been indefeasibly repaid in full in cash, the Junior DIP Lender, in each case, which consent may be withheld in their sole and absolute discretion;
- (v) the Effective Date; or
- (vi) upon expiration of the Default Notice Period.

12. Superpriority Claims. The DIP Lenders are hereby granted, as and to the extent provided by section 507(b) of the Bankruptcy Code, all of the DIP Obligations shall constitute allowed superpriority administrative expense claims in these Chapter 11 Cases and any successor case (the “Superpriority Claims”). The Superpriority Claims shall have the priority set forth in Section 507(b) of the Bankruptcy Code.

13. Carve Out. The liens and claims of or granted to the DIP Lenders and the Prepetition Secured Lenders shall be subject and subordinate to the payment, without

duplication, of the following fees and claims (the amounts set forth below, together with the limitations set forth therein, collectively, the “Carve Out”): (i) all fees required to be paid to the Clerk of the Court and to the Office of the U.S. Trustee under 28 U.S.C. § 1930(a) plus interest at the statutory rate (collectively, the “Statutory Fees”), which Statutory Fees shall not be subject to any budget; and (ii) solely to the extent allowed by order of the Court (if applicable), the aggregate amount of unpaid, reasonable and documented fees, costs, and expenses incurred by persons or firms retained by the Debtors pursuant to sections 327, 328, 331, or 363 of the Bankruptcy Code (the “Debtors Professionals”) and the official committee of unsecured creditors (if any) under section 328 or 1103 of the Bankruptcy Code (together with any other statutory committee that may be appointed or formed, the “Statutory Committee,” and such professionals retained by the Statutory Committee, the “Committee Professionals,” and, together with the Debtors Professionals, the “Estate Professionals”) at any time before or on the Termination Date, whether allowed by the Court prior to or after the Termination Date; and (iv) allowed fees of Estate Professionals in an aggregate amount not to exceed \$125,000, to be shared by the Estate Professionals incurred after the Termination Date for wind-down purposes, to the extent allowed at any time, whether by final order, procedural order, or otherwise.

14. Notwithstanding anything to the contrary in this Interim DIP Order, the Final DIP Order, or any Prepetition Loan Documents or the DIP Loan Documents, the Carve Out shall be senior to all liens and claims securing the Priming DIP Liens, Prepetition Liens, or Adequate Protection Liens (as defined below), Superpriority Claims, and the Adequate Protection Claims (as defined below) and any and all other forms of adequate protection provided to the DIP Lender, Prepetition Secured Lenders, or any other party hereunder.

15. Carve Out Reserves. On the Business Day following entry of the Interim Order (or as soon as reasonably practicable thereafter) and then on the fourth business day of each week thereafter, the Debtors remitted and will continue to remit to Kurtzman Carson Consultants, LLC dba Verita Global (“Verita”), the amount equal to, but not to exceed, the Budgeted Fees & Expenses for each such week to be held in an escrow account (such account, the “Professional Fee Reserve”) for the benefit of the Estate Professionals. From such funds held in the Professional Fee Reserve, Verita shall release to the Estate Professionals such amounts as are payable pursuant to an applicable order of the Court, including an order approving interim compensation procedures in the Chapter 11 Cases and any order granting interim or final fee applications for Estate Professionals (each, a “Fee Payment”). For avoidance of doubt, (a) in making payments from the Professional Fee Reserve, Verita shall be entitled to rely upon written certifications of each Estate Professional as to the amount such Estate Professional is due and owing from the Professional Fee Reserve; and (b) in no circumstances shall Verita be obligated to pay any Estate Professional other than from the funds held, from time to time, in the Professional Fee Reserve. Funds held in the Professional Fee Reserve shall be applied to allowed Estate Professional fees that have been incurred following the Petition Date in accordance with the procedures established in the Chapter 11 Cases. Payments and reimbursements made to an Estate Professional prior to Termination Date shall reduce the amounts available to such Estate Professional the Carve Out, and neither the Professional Fee Reserve nor payments therefrom shall in any way increase the Carve Out.

16. Notwithstanding anything herein to the contrary, upon the occurrence of the Termination Date or such other event triggering the funding of the Carve Out and the Professional Fee Reserve, the Debtors and DIP Lenders shall confer in good faith regarding the

estimated amounts necessary to fund the Carve Out and Professional Fee Reserve (the “Estimated Carve Out”) and, if the amount of cash on hand with the Debtors are less than the Estimated Carve Out, the DIP Lenders shall fund a draw (a “Back-Stop Draw”) under the DIP Financing in the amount equal to the sum of (a) the Estimated Carve Out *less* (b) the Debtors’ cash on hand as of such date, automatically without any obligation of the Debtors to meet any draw conditions or any other conditions precedent to such draw. If at any time after the occurrence of the Termination Date or such other event triggering the funding of the Carve Out the Debtors’ cash on hand is less than the actual amounts necessary to fully fund the Carve Out and Professional Fee Reserve, the DIP Lenders shall fund additional Back-Stop Draws automatically without any obligation of the Debtors to meet any draw conditions or any other conditions precedent to such draw to cover any such shortfall.

17. Notwithstanding anything to the contrary in this Order, the Senior DIP Lender shall not be required to fund any amounts in excess of the Senior DIP Commitment, including without limitation in connection with the Carve Out.

18. Notwithstanding any other provision of this Interim DIP Order (including this paragraph), the Court retains and shall have all authority to consider and approve all applications for fees and expenses by any Estate Professionals, including for reasonableness thereof, or on any other basis under the Bankruptcy Code or Bankruptcy Rules, or otherwise under applicable law, and all funds that may be set aside for or applied to any such amounts or obligations shall remain fully subject to disgorgement or reallocation, based on the Court’s orders exercising such reserved rights as described previously in this sentence. All professionals described in the preceding sentence shall be and remain subject to the jurisdiction of this Court for the purposes described in the preceding sentence.

19. Notwithstanding the foregoing, none of the Carve Out, proceeds from the DIP Financing or Cash Collateral may be used (a) to investigate or challenge in any respect to the validity, perfection, priority, extent or enforceability of the Priming DIP Liens, Prepetition Liens, or Adequate Protection Liens except the professionals of a committee appointed pursuant to section 1102 of the Bankruptcy Code shall be entitled to payment of up to \$50,000 of allowed professional fees and expenses (aggregated among all such professionals) from the Carve Out, proceeds from the DIP Financing or Cash Collateral incurred in connection with any review and investigation of the validity, perfection, priority, extent or enforceability of the Prepetition Secured Lenders Obligations or the Prepetition Liens, (b) to delay, challenge or impede any rights of the DIP Lenders under any of the DIP Documents, or the DIP Orders or the Prepetition Secured Lenders under the Prepetition Loan Documents, or (c) to pursue any claims or causes of action of any kind against the DIP Lenders or the Prepetition Secured Lenders (except for purposes of enforcement of the DIP Orders or the DIP Notes). Nothing herein shall restrict the ability of any other party to investigate or object to a disclosure statement or a plan of reorganization.

20. Effect of Debtors' Stipulations on Third Parties.

- (i) Binding on Debtors. The Debtors' stipulations, admissions, agreements and releases contained in this Interim DIP Order, including, without limitation, in Paragraph K of this Interim DIP Order, shall be binding upon the Debtors in all circumstances and for all purposes.
- (ii) Binding on Third Parties. The Debtors' stipulations, admissions, agreements and releases contained in this Interim DIP Order, including, without limitation, in Paragraph K of this Interim DIP Order, shall be binding upon their estates and all

other parties in interest, including, without limitation, any other person or entity acting or seeking to act on behalf of the Debtors' estates, including any chapter 7 or chapter 11 trustee or examiner appointed or elected for the Debtors, in all circumstances and for all purposes unless the following criteria under subparagraphs a, b, and c below are satisfied:

- a. Challenge Period. Subject to a Final DIP Order on the Motion, any party in interest (subject in all respects to any agreement or applicable law that may limit or affect such entity's right or ability to do so, a "Challenge Party") with requisite standing granted by the Court (which motion for such standing may be filed concurrently with an adversary proceeding or contested matter), has timely filed an adversary proceeding or contested matter (subject to the limitations contained herein), within the earlier of: (i) 60 days from the date of entry of the Interim DIP Order, (ii) 45 days from the appointment of a creditors committee or (iii) such earlier date upon which the Court enters an order confirming the Plan (the "Challenge Period"); *provided, however*, if these Chapter 11 Cases converts to a chapter 7 case, or if a chapter 11 trustee is appointed, prior to the end of the Challenge Period, any such trustee shall have the benefit of any remaining portion of the Challenge Period, and in any event 10 days from the appointment of such trustee, to file such an adversary proceeding or contested matter.
- b. Challenge Proceeding. Such adversary proceeding or contested matter (A) objects to or challenges the amount, validity, perfection, enforceability, priority, or extent of the Prepetition Secured Lenders Obligations or the

Prepetition Liens, or any portion thereof, or (B) otherwise asserts or prosecutes any action for preferences, fraudulent transfers or conveyances, other avoidance power claims, or any other claims, counterclaims or causes of action, objections, contests, or defenses (collectively, a “Challenge Proceeding”) against the Prepetition Secured Lenders, or their subsidiaries, affiliates, officers, directors, managers, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives and other professionals and the respective successors and assigns thereof, in each case in their respective capacity as such, in connection with matters related to the Prepetition Loan Documents, the Prepetition Secured Lenders Obligations, the Prepetition Liens or the Prepetition Secured Lenders Collateral.

- c. Final Non-Appealable Order. A final non-appealable order is entered in favor of the plaintiff in any such Challenge Proceeding; provided that any pleadings filed in any Challenge Proceeding shall set forth with specificity the basis for such challenge or claim and any challenges or claims not so specified prior to the expiration of the Challenge Period shall be deemed forever waived, released and barred.

- (iii) Agreement to Not Assert a Challenge. Notwithstanding the foregoing, the DIP Lenders hereby agree not to (and hereby waive any right to) take any action to contest or challenge (or assist or support any other person in contesting or challenging), directly or indirectly, the extent, validity, priority, enforceability or



perfection of the Prepetition Secured Lenders Obligations or the Prepetition Liens.

- (iv) Failure to File Challenge Proceeding. If no Challenge Proceeding is timely and properly filed during the Challenge Period with respect to the Prepetition Secured Lenders Obligations or Prepetition Liens: (i) the Debtors' stipulations, admissions, agreements and releases contained in this Interim DIP Order relating thereto, including, without limitation, those contained in Paragraph K of this Interim DIP Order shall be binding on all parties in interest; (ii) the obligations of the Prepetition Secured Lenders under the Prepetition Loan Documents shall constitute allowed claims not subject to defense, claim, counterclaim, recharacterization, subordination, offset, or avoidance for all purposes in these Chapter 11 Cases and any subsequent chapter 7 cases; (iii) the Prepetition Liens shall be deemed to have been, as of the Petition Date, legal, valid, binding, perfected, security interests and liens, not subject to recharacterization, subordination, avoidance or other defense; (iv) the Prepetition Secured Lenders Obligations and the Prepetition Liens shall not be subject to any other or further claim or challenge by any non-statutory committees appointed or formed in these Chapter 11 Cases or any other party in interest acting or seeking to act on behalf of the Debtors' estates; and (v) any defenses, claims, causes of action, counterclaims and offsets by any non-statutory committees appointed or formed in these Chapter 11 Cases, or any other party acting or seeking to act on behalf of the Debtors' estates, whether arising under the Bankruptcy Code or otherwise, against the Prepetition Secured Lenders arising out of or relating to the

Prepetition Loan Documents shall be deemed forever waived, released and barred. If any such Challenge Proceeding is timely filed during the Challenge Period, the applicable stipulations, admissions, agreements and releases contained in this Interim DIP Order, including, without limitation, those contained in Paragraph J of this Interim DIP Order, shall nonetheless remain binding and preclusive (as provided in the second sentence of this paragraph) on any other person or entity, except to the extent that such stipulations, admissions, agreements and releases were expressly and successfully challenged in such Challenge Proceeding as set forth in a final, non-appealable order of a court of competent jurisdiction. Nothing in this Interim DIP Order vests or confers on any Person (as defined in the Bankruptcy Code), including any Committee or any non-statutory committees appointed or formed in these Chapter 11 Cases, standing or authority to pursue any claim or cause of action belonging to the Debtors or their estates, including, without limitation, Challenge Proceedings with respect to the Prepetition Loan Documents, the Prepetition Secured Lenders Obligations or the Prepetition Liens. Any motion seeking standing shall attach a draft complaint or other pleading that sets forth such claim or cause of action or other Challenge Proceedings, and any claim or cause of action or other Challenge Proceeding not included therein shall be deemed forever waived, released and barred.

21. Subject to the terms of this Interim DIP Order and any interim compensation order entered by the Court, the DIP Lenders shall be obligated to fund, and the Debtors shall be permitted to pay, compensation and reimbursement of reasonable fees and expenses of the Estate

Professionals allowed and payable under sections 328, 330, or 331 of the Bankruptcy Code, as the same may be due and payable, that constitute pre-Termination Date expenses and such payments shall not reduce or be deemed to reduce the post-Termination Date fees and expenses.

22. Liens to Secure the DIP Obligations. As security for the DIP Obligations, effective and perfected upon the date of this Interim DIP Order and without the necessity of the execution, recordation of filings by the Debtors or any DIP Lender of mortgages, security agreements, control agreements, pledge agreements, financing statements, or other similar documents, or the possession or control by any DIP Lender of or over any DIP Collateral (as defined below), the following security interests and liens (such security interests and liens with respect to the Senior DIP Facility, the “Senior DIP Priming Liens,” such security interests and liens with respect to the Junior DIP Facility, the “Junior DIP Priming Liens,” and, together, the “Priming DIP Liens”), subject only to the payment of the Carve Out (and, in the case of the Junior DIP Priming Liens, the Senior DIP Priming Liens), are hereby granted by the Debtors to (i) the Senior DIP Lender for its benefit and (ii) the Junior DIP Lender for its benefit, in each case, pursuant to this Interim DIP Order and the DIP Documents (all property identified in clauses (a) and (b) below being collectively referred to as the “DIP Collateral”):

(a) *First Lien on All Property.* Subject to the priority of the Carve Out, pursuant to sections 364(c)(1), 364(c)(2), and 364(d)(1) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully perfected first priority senior security interest in and lien upon all pre and postpetition property of the Debtors or their estates, whether existing on the Petition Date or thereafter acquired (collectively, “Property”), including, without limitation, any such encumbered cash of the Debtors and any investment of such cash, inventory, accounts receivable, other rights to payment whether arising before or after the Petition Date, contracts,

properties, plants, equipment, general intangibles, documents, instruments, interests in leaseholds, real properties, patents, copyrights, trademarks, trade names, other intellectual property, and subject to the entry of a Final DIP Order, the proceeds of the claims and causes of action of the Debtors' estates under sections 502(d), 544, 545, 547, 548, 549, 550, and 553 of the Bankruptcy Code and any other avoidance actions under the Bankruptcy Code, commercial tort claims, equity interests, and the proceeds of all the foregoing; *provided, however*, subject to entry of the Final DIP Order, the Priming DIP Liens shall be subject and subordinate to any inchoate governmental claims or statutory liens in existence as of the Petition Date and to any valid, perfected, unavoidable liens or security interests in existence as of the Petition Date, or that are perfected subsequent to the Petition Date as permitted by Bankruptcy Code section 546(b), other than the Prepetition Liens (as the Prepetition Secured Lenders are consenting to the priming of the Prepetition Liens by the Priming DIP Liens). Notwithstanding anything herein to the contrary and subject to the priority of the Carve Out, (i) the Senior DIP Priming Liens shall be senior in all respects to the Junior DIP Priming Liens and the Prepetition Liens and (ii) the Junior DIP Priming Liens shall be subject and subordinate in all respects to the Senior DIP Priming Liens.

(b) *Liens Senior to Certain Other Liens.* Other than the Carve Out, the Priming DIP Liens shall not be subject or subordinate to (i) any lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code, (ii) any liens arising after the Petition Date including, without limitation, any liens or security interests granted in favor of any federal, state, municipal or other governmental unit, commission, board or court for any liability of the Debtors to the extent permitted by applicable non-bankruptcy law, except, subject to entry of the Final DIP Order, for liens perfected

subsequent to the Petition Date as permitted by Bankruptcy Code section 546(b), or (iii) any intercompany or affiliate liens of the Debtors.

23. Perfection of Priming DIP Liens. The Priming DIP Liens shall be, and hereby are, deemed duly perfected and recorded under all applicable federal or state or other laws as of the date hereof, and no notice, filing, mortgage recordation, possession, further order, landlord or warehousemen lien waivers, or other third party consents or other act, shall be required to effect such perfection; *provided, however*, notwithstanding the provisions of section 362 of the Bankruptcy Code, (a) the DIP Lenders, may, at their sole option, file or record or cause the Debtors to obtain any such landlord or warehousemen lien waivers or other third party consents or execute, file, or record any such UCC financing statements, notices of liens and security interests, mortgages, amendments to mortgages, and/or other similar documents or instruments as such DIP Lender may require, and (b) the DIP Lenders may require the Debtors to deliver to the DIP Lenders any chattel paper, instruments, or securities evidencing or constituting any DIP Collateral, and the Debtors shall cooperate and comply therewith. If the DIP Lenders, in their reasonable discretion, shall elect for any reason to cause to be obtained any landlord or warehouse lien waivers or other third party consents or cause to be filed or recorded any such notices, financing statements, mortgages, amendments to mortgages, or other documents or instruments with respect to such security interests and liens, or if the DIP Lenders, in accordance with the DIP Documents or this Interim DIP Order, elect to take possession of any DIP Collateral, all such landlord or warehouse lien waivers or other third party consents, financing statements, mortgages, amendments to mortgages, or similar documents or instruments or such taking of possession shall be deemed to have been filed, recorded, or taken in these Chapter 11 Cases as of the commencement of these Chapter 11 Cases but with the priorities set forth herein.

The DIP Lenders may (in their reasonable discretion), but shall not be required to, file a certified copy of this Interim DIP Order in any filing or recording office in any county or other jurisdiction in which the Debtors have real or personal Property and such filing or recording shall constitute further evidence of the DIP Lenders' interest in the DIP Collateral.

24. Indemnity. The Debtors agree to indemnify, defend, and hold harmless each DIP Lender (strictly in its capacity as such), each of its affiliates, and each of their respective officers, directors, employees, agents, advisors, attorneys, and representatives from and against all losses, claims, liabilities, damages, and expenses (including, without limitation, fees and expenses of counsels) for any actions, omissions, or events arising from or directly related to the DIP Financing, except to the extent resulting from such DIP Lender's gross negligence or willful misconduct, as determined by a final, non-appealable judgment of a court of competent jurisdiction.

25. Protection of DIP Lenders' Rights.

(a) So long as there are any DIP Obligations outstanding, the Prepetition Secured Lenders shall: (A) have no right to and shall take no action to foreclose upon, or recover in connection with, the liens granted thereto pursuant to the Prepetition Loan Documents or this Interim DIP Order or otherwise seek to exercise or enforce any rights or remedies against the DIP Collateral (including without limitation, in connection with the Adequate Protection Liens or settling any insurance policy with respect thereto) or take any action to frustrate the lawful exercise of remedies by the Senior DIP Lender with respect to the Senior DIP Obligations or, if the Senior DIP Facility has been indefeasibly repaid in full in cash, the Junior DIP Lender; (B) be deemed to have consented to any transfer, disposition or sale of, or release of liens on, any DIP Collateral (but not any proceeds of such transfer, disposition, sale or release) to the extent

such transfer, disposition, sale or release is authorized under the DIP Documents or consented to thereunder; (C) not file any financing statements, trademark filings, copyright filings, mortgages, notices of lien or similar instruments, or otherwise take any action to perfect their security interests in the DIP Collateral other than solely as to this clause (C), (x) to perfect the liens granted pursuant to this Interim DIP Order, or (y) as may be required by applicable state or foreign law to complete a previously commenced process of perfection or to continue the perfection of valid and nonavoidable liens or security interests existing as of the Petition Date; and (D) deliver or cause to be delivered any termination statements, releases and/or assignments in favor of the DIP Lenders or other documents necessary to effectuate and/or evidence the release, termination and/or assignment of liens on any portion of the DIP Collateral subject to any sale or disposition permitted by the DIP Documents and this Interim DIP Order.

(b) So long as there are any Senior DIP Obligations outstanding, the Junior DIP Lender shall: (A) have no right to and shall take no action to foreclose upon, or recover in connection with, the liens granted thereto pursuant to the Junior DIP Documents or this Interim DIP Order or otherwise seek to exercise or enforce any rights or remedies against the DIP Collateral (including without limitation, settling any insurance policy with respect thereto), including in connection with the Junior DIP Priming Liens, or take any action to frustrate the lawful exercise of remedies by the Senior DIP Lender with respect to the Senior DIP Obligations, (B) be deemed to have consented to any transfer, disposition or sale of, or release of liens on, any DIP Collateral to the extent such transfer, disposition, sale or release is authorized under the Senior DIP Documents or consented to thereunder, (C) not file any financing statements, trademark filings, copyright filings, mortgages, notices of lien or similar instruments, or otherwise take any action to perfect their security interests in the DIP Collateral other than (x)

to perfect the liens granted pursuant to this Interim DIP Order or (y) as may be required by applicable state or foreign law to complete a previously commenced process of perfection or to continue the perfection of valid and non-avoidable liens or security interests existing as of the Petition Date; or (D) deliver or cause to be delivered any termination statements, releases and/or assignments in favor of the Senior DIP Lender or other documents necessary to effectuate and/or evidence the release, termination and/or assignment of liens on any portion of the DIP Collateral subject to any sale or disposition permitted by the Senior DIP Documents and this Interim DIP Order.

(c) To the extent, at any time, any Prepetition Lender has possession of, or control over, any Prepetition Secured Lenders' Collateral or DIP Collateral, or has been listed as a secured party on any certificate of title for a titled good constituting Prepetition Secured Lenders' Collateral or DIP Collateral, such Prepetition Lender shall be deemed to have such possession or be so listed or have such possession or control as a gratuitous bailee and/or gratuitous agent for the benefit of the DIP Lenders (subject to the terms set forth in this Interim DIP Order and the DIP Documents), and such Prepetition Lender shall comply with the instructions of the Senior DIP Lender, or, if the Senior DIP Facility has been indefeasibly repaid in full in cash, the Junior DIP Lender, with respect to any of the foregoing. Each applicable DIP Lender is hereby authorized to take any of the actions described in this paragraph (c) on behalf of the Prepetition Secured Lenders and/or the Junior DIP Lenders (as applicable), and such authorization is coupled with an interest and is irrevocable.

(d) To the extent, at any time, the Junior DIP Lender has possession of, or control over, any DIP Collateral, or has been listed as a secured party on any certificate of title for a titled good constituting DIP Collateral, the Junior DIP Lender shall be deemed to have such



possession or be so listed or have such possession or control as a gratuitous bailee and/or gratuitous agent for the benefit of the Senior DIP Lender, and the Junior DIP Lender shall comply with the instructions of the Senior DIP Lender with respect to any of the foregoing, unless and until the Senior DIP Facility has been indefeasibly repaid in full in cash. This authorization is coupled with an interest and is irrevocable.

(e) Unless and until the DIP Facility has been indefeasibly repaid in full in cash, any proceeds of DIP Collateral received by the Prepetition Secured Lenders, whether in connection with the exercise of any right or remedy (including setoff) relating to the DIP Collateral or otherwise, shall be segregated and held in trust for the benefit of, and forthwith paid over to, the Senior DIP Lender or, if the Senior DIP Facility has been indefeasibly repaid in full in cash, the Junior DIP Lender, in the same form as received, with any necessary endorsements, or as a court of competent jurisdiction may otherwise direct. The Senior DIP Lender or, if the Senior DIP Facility has been indefeasibly repaid in full in cash, the Junior DIP Lender, is hereby authorized to make any such endorsements as agent for the Prepetition Secured Lenders. This authorization is coupled with an interest and is irrevocable.

(f) Unless and until the Senior DIP Facility has been indefeasibly repaid in full in cash, any proceeds of DIP Collateral received by the Junior DIP Lender, whether in connection with the exercise of any right or remedy (including setoff) relating to the DIP Collateral or otherwise, shall be segregated and held in trust for the benefit of, and forthwith paid over to, the Senior DIP Lender in the same form as received, with any necessary endorsements, or as a court of competent jurisdiction may otherwise direct. The Senior DIP Lender is hereby authorized to make any such endorsements as agent for the Junior DIP Lender. This authorization is coupled with an interest and is irrevocable.

(g) Except as set forth herein, any proceeds of Prepetition Secured Lenders' Collateral received by any Prepetition Lender, whether in connection with the exercise of any right or remedy (including setoff) relating to the Prepetition Secured Lenders Collateral or otherwise, shall be segregated and held in trust for the benefit of, and forthwith paid over to, the Senior DIP Lender or, if the Senior DIP Facility has been indefeasibly repaid in full in cash, the Junior DIP Lender in the same form as received, with any necessary endorsements, or as a court of competent jurisdiction may otherwise direct. The applicable DIP Lender is hereby authorized to make any such endorsements as agent for the applicable Prepetition Secured Lenders. This authorization is coupled with an interest and is irrevocable.

26. If an order dismissing these Chapter 11 Cases under section 1112 of the Bankruptcy Code or otherwise is entered at any time prior to the DIP Obligations being Paid in Full, such order shall provide (in accordance with sections 105 and 349 of the Bankruptcy Code) that (a) subject to the Carve Out, the Superpriority Claims, Priming DIP Liens granted to the DIP Lenders, and the Adequate Protection Obligations (as defined below) granted to the Prepetition Secured Lenders shall continue in full force and effect and shall maintain their priorities as provided in the DIP Orders until all DIP Obligations shall have been indefeasibly Paid in Full and the Prepetition Secured Lenders Obligations shall have been indefeasibly paid in full (and that, subject to the Carve Out, such Superpriority Claims, Priming DIP Liens, and Adequate Protection Obligations, shall, notwithstanding such dismissal, remain binding on all parties in interest) and (b) to the extent permitted by applicable law, this Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing the claims, liens and security interests referred to in (a) above.

27. If any or all of the provisions of this Interim DIP Order are hereafter reversed or modified on appeal such reversal or modification on appeal shall not affect the validity of the DIP Obligations or any priority or lien granted hereby, whether or not the DIP Lenders or the Prepetition Secured Lenders knew of the pendency of the appeal, unless such authorization and the incurring of such debt, or the granting of such priority or lien, were stayed pending appeal. To the extent permitted by applicable law, notwithstanding any reversal, stay, modification or vacation, any use of Cash Collateral or DIP Obligations incurred by the Debtors or their estates prior to the actual receipt of written notice by the DIP Lenders of the effective date of such reversal, stay, modification or vacation shall be governed in all respects by the original provisions of the DIP Orders, and the DIP Lenders and the Prepetition Secured Lenders shall be entitled to all the rights, remedies, privileges and benefits granted in section 364(e) of the Bankruptcy Code, this Interim DIP Order and pursuant to the DIP Documents with respect to all uses of Cash Collateral and the DIP Obligations.

28. Except as expressly provided in the DIP Orders or in the DIP Documents, or until the DIP Obligations are Paid in Full, the Priming DIP Liens, the Superpriority Claims, the Adequate Protection Obligations and all other rights and remedies of the DIP Lenders and Prepetition Secured Lenders granted by the provisions of the DIP Orders and the DIP Documents shall survive, and shall not be modified, impaired or discharged by (a) the entry of an order converting these Chapter 11 Cases to a case under chapter 7, or dismissing these Chapter 11 Cases or (b) the entry of an order confirming a plan of reorganization in these Chapter 11 Cases (other than a plan of reorganization which is consistent with the terms of the Plan) and, pursuant to section 1141(d)(4) of the Bankruptcy Code, the Debtors waive any discharge as to any remaining DIP Obligations and Adequate Protection Obligations. The terms and provisions of

the DIP Orders and the DIP Documents shall continue in these Chapter 11 Cases, or in any superseding chapter 7 cases under the Bankruptcy Code, and the Priming DIP Liens, the Superpriority Claims, the Adequate Protection Obligations, and all other rights and remedies of the DIP Lenders and Prepetition Secured Lenders granted by the provisions of this Interim DIP Order and the DIP Documents shall continue in full force and effect until the DIP Obligations are Paid in Full and the Prepetition Lender Obligations are indefeasibly paid in full.

29. Treatment of DIP Obligations and Adequate Protection Obligations in the Plan. Subject to and effective only upon entry of the Final DIP Order, notwithstanding anything to the contrary in the DIP Orders or in the DIP Documents, any plan of reorganization proposed by the Debtors shall provide for the treatment of the DIP Obligations, the Priming DIP Liens, the Superpriority Claims, and the Adequate Protection Obligations on terms that are consistent with the terms of the Plan and the RSA.

30. Right to Credit Bid. Subject to section 363(k) of the Bankruptcy Code, each of the DIP Lenders shall (i) upon entry of the Interim DIP Order, have the right to “credit bid” the full amount of its respective DIP Obligations authorized pursuant to this Interim DIP Order and (ii) upon entry of the Final DIP Order, have the right to “credit bid” the full amount of its claim, in each case, in connection with any sale of all or any portion of the Debtors’ assets, including, without limitation, a sale transaction under section 363 of the Bankruptcy Code or included as part of any restructuring plan subject to confirmation under section 1129(b)(2)(A)(iii) of the Bankruptcy Code. Subject to (i) section 363(k) of the Bankruptcy Code, (ii) entry of the Final DIP Order, (iii) the Challenge Period and (iv) the indefeasible payment in full in cash of the DIP Obligations or the consent of the DIP Lenders, the Prepetition Secured Lenders shall have the right to “credit bid” the full amount of their respective claims in connection with any sale of all

or any portion of the Debtors' assets, including, without limitation, a sale transaction under section 363 of the Bankruptcy Code or included as part of any restructuring plan subject to confirmation under section 1129(b)(2)(A)(iii) of the Bankruptcy Code. Notwithstanding anything contained in this Paragraph 30 to the contrary, the DIP Lenders and the Prepetition Secured Lenders shall only be entitled to exercise their respective credit bid rights in the event of an Alternative Transaction.

31. Adequate Protection of the Prepetition Secured Lenders. The consent of the Prepetition Secured Lenders to the priming of the Prepetition Liens by the Priming DIP Liens is limited to the DIP Financing presently before this Court and authorized by this Interim DIP Order (as amended, supplemented, or otherwise modified in accordance with the terms thereof and hereof), and shall not be deemed to extend to any other postpetition financing with any other party (other than any permitted successors and assigns of the DIP Lenders) or any increase in the total amount of the DIP Financing approved by this Interim DIP Order. Furthermore, the consent of the Prepetition Secured Lenders to the priming of the Prepetition Liens by the Priming DIP Liens as provided in this Interim DIP Order does not constitute, and shall not be construed as constituting, an acknowledgment or stipulation by the Prepetition Secured Lenders that their interests in the Prepetition Secured Lenders Collateral are adequately protected pursuant to this Interim DIP Order or otherwise. Nothing in this Interim DIP Order, including any of the provisions herein with respect to adequate protection, shall constitute, or be deemed to constitute, a finding that the interests of the Prepetition Secured Lenders are or will be adequately protected with respect to any non-consensual use of Cash Collateral or non-consensual priming of the Prepetition Liens.

(a) Adequate Protection Obligations. Until the indefeasible repayment in full in cash of the Prepetition Secured Lenders Obligations, as adequate protection for the interests of the Prepetition Secured Lenders in the Prepetition Secured Lenders Collateral, each of the Prepetition Secured Lenders is hereby granted the following (collectively, “Adequate Protection”):

a. Adequate Protection Liens. Pursuant to sections 361(2), 362, 363(c)(2), and 363(e) of the Bankruptcy Code, each of the Prepetition Secured Lenders is hereby granted a continuing valid, binding, enforceable and perfected, lien and security interest in and on all of the DIP Collateral and any proceeds thereof (the “Adequate Protection Liens”). The Adequate Protection Liens shall be subordinate only to (1) the Carve Out, (2) the Priming DIP Liens, and (3) subject to entry of the Final DIP Order, any valid, perfected, unavoidable liens or security interests in existence as of the Petition Date, or that are perfected subsequent to the Petition Date as permitted by Bankruptcy Code section 546(b). The Adequate Protection Liens shall be deemed legal, valid, binding, enforceable, and perfected liens, not subject to subordination, impairment or avoidance, for all purposes in these Chapter 11 Cases and any successor case. Except as described above, no other liens or security interests, whether for adequate protection or otherwise, shall be senior, equal to or *pari passu* with the Adequate Protection Liens in these Chapter 11 Cases or any successor case without the prior written consent of the Prepetition Secured Lenders (which consent may be withheld in their sole and absolute discretion).

- b. Adequate Protection Claims. As and to the extent provided by section 507(b) of the Bankruptcy Code, each of the Prepetition Secured Lenders shall have an allowed superpriority administrative expense claim in these Chapter 11 Cases and any successor case (the “Adequate Protection Claim”) against the Debtors and their estates. The Adequate Protection Claim shall have the priority set forth in Section 507(b) of the Bankruptcy Code; provided that the Adequate Protection Claim shall be subordinate to (1) the Carve Out, (2) the Priming DIP Liens, and (3) the Superpriority Claims. Except as described above, no cost or expense of administration under any provision of the Bankruptcy Code (whether incurred in these Chapter 11 Cases or any successor case, whether for adequate protection, the lack of, or failure to provide, adequate protection, or otherwise), shall be senior to, equal to, or *pari passu* with, the Adequate Protection Claims.
- (b) Adequate Protection Obligations. The Adequate Protection Liens and Adequate Protection Claims shall secure the payment of the Prepetition Secured Lenders Obligations in an amount equal to any diminution in the value of the interests of the Prepetition Secured Lenders in the Prepetition Secured Lenders Collateral from and after the Petition Date (the amount of such diminution, the “Adequate Protection Obligations”). The Adequate Protection Obligations shall also be deemed to include the other obligations arising on account of the Adequate Protection set forth herein.
- (c) Reservation of Rights of Prepetition Secured Lenders. Notwithstanding any other provision hereof, the relief granted hereby is without prejudice to the right of the

Prepetition Secured Lenders to seek additional adequate protection of their interests. The Prepetition Secured Lenders acknowledges that the Priming DIP Liens securing the DIP Obligations are senior to the Prepetition Liens securing the Prepetition Secured Lenders Obligations, and the Superpriority Claims are senior to the Prepetition Secured Lenders Obligations. Except as expressly provided herein, nothing contained in this Interim DIP Order shall impair or modify any rights, claims or defenses available in law or equity to the Prepetition Secured Lenders. The consent of the Prepetition Secured Lenders to the priming of the Prepetition Liens by the Priming DIP Liens and the Carve Out is limited to the Senior DIP Facility, Junior DIP Facility and the Carve Out and does not constitute, and shall not be construed as constituting, an acknowledgement or stipulation by the Prepetition Secured Lenders that, absent such consent, their interests in the Prepetition Secured Lenders Collateral would be adequately protected pursuant to this Interim DIP Order.

32. Subject to the entry of the Final DIP Order, as a further condition of the DIP Financing, any obligation of the DIP Lenders to make the loans under the DIP Financing, and the Debtors' authorization to use the Cash Collateral, the Debtors (and any successors thereto or any representatives thereof, including any trustees appointed in these Chapter 11 Cases or any successor case) shall be deemed to have waived any rights, benefits or causes of action under section 506(c) of the Bankruptcy Code as they may relate to or be asserted against the DIP Lenders, the Priming DIP Liens, the DIP Collateral, the Prepetition Secured Lenders, the Adequate Protection Liens, the Prepetition Liens or the Prepetition Secured Lenders Collateral. Except for the Carve Out, nothing contained in this Interim DIP Order, in the Final DIP Order or



in the other DIP Loan Documents shall be deemed a consent by the Prepetition Secured Lenders or the DIP Lender to any charge, lien, assessment or claim against, or in respect of, the DIP Collateral or the Prepetition Secured Lenders Collateral under section 506(c) of the Bankruptcy Code or otherwise.

33. Effect of Stipulations on Third Parties. Each stipulation, admission and agreement contained in the DIP Orders, shall be binding upon the Debtors and any successor thereto (including, without limitation, any chapter 7 or chapter 11 trustee appointed or elected for the Debtors) under all circumstances and for all purposes, and the Debtors are deemed to have irrevocably waived and relinquished all claims against the DIP Lenders as of the date of entry of the applicable DIP Order. Subject to the Challenge Period, each stipulation, admission and agreement contained in the DIP Orders shall also be binding upon all other parties in interest under all circumstances and for all purposes.

34. Insurance and Taxes. The Debtors shall maintain insurance on all insurable Property now or hereafter owned against such risks and to the extent customary in their industry. The Debtors shall further maintain or cause to be maintained general liability and worker's compensation insurance in amounts customary in their industry. The Debtors shall provide to the DIP Lenders the number(s) of any and all insurance policies in effect, the names, addresses, and contact persons of any entities issuing such insurance and a summary of the terms and payment arrangement for any such insurance policies. The DIP Lenders shall be named the loss payees on such insurance policies.

35. Financial Reporting. The Debtors shall provide any reporting provided for under the DIP Notes and the Prepetition Loan Documents to the DIP Lenders.

36. Covenants. Unless otherwise modified pursuant to this Interim DIP Order, each of the Debtors acknowledges and agrees that it shall cause the timely compliance with all of the covenants set forth in this Interim DIP Order and the DIP Documents.

37. Approval of Roll-Up. Upon entry of this Interim Order, (x) the Debtors shall be deemed, automatically, and without any further action, to substitute and exchange the outstanding \$500,000 Prepetition Senior Bridge Obligations for \$500,000 of Senior DIP Obligations on a cashless basis subject to the terms and conditions set forth in the Senior DIP Documents, and the Prepetition Senior Bridge Loan shall be deemed indefeasibly paid. The cashless substitution and exchange of the Prepetition Senior Bridge Loan by “rolling up” such amount into Senior DIP Obligations as described herein shall be authorized as compensation for, in consideration for, as a necessary inducement for, and on account of the agreement of the Senior DIP Lender to fund the Senior DIP Facility and not as adequate protection for, or otherwise on account of, the Prepetition Senior Bridge Obligations; and (y) the Debtors shall be deemed, automatically, and without any further action, to substitute and exchange the outstanding \$1,500,000 Prepetition Junior Bridge Obligations for \$1,500,000 of Junior DIP Obligations on a cashless basis subject to the terms and conditions set forth in the Junior DIP Documents, and the Prepetition Junior Bridge Loan shall be deemed indefeasibly paid. The cashless substitution and exchange of the Prepetition Junior Bridge Loan by “rolling up” such amount into Junior DIP Obligations as described herein shall be authorized as compensation for, in consideration for, as a necessary inducement for, and on account of the agreement of the Junior DIP Lender to fund the Junior DIP Facility and not as adequate protection for, or otherwise on account of, the Prepetition Junior Bridge Obligations.

38. Binding Effect on Successors and Assigns. The DIP Documents and the provisions of the DIP Orders, including all findings herein, shall be binding upon all parties in interest in these Chapter 11 Cases, including, without limitation, the Committee, if any, the Debtors, the Prepetition Secured Lenders, the DIP Lenders and each of their respective successors and assigns, including any chapter 7 or chapter 11 trustee hereinafter appointed or elected for the Debtors' estates, an examiner appointed pursuant to section 1104 of the Bankruptcy Code or any other fiduciary appointed as a legal representative of the Debtors or with respect to the property of the Debtors' estates) and shall inure to the benefit of the Prepetition Secured Lenders, the DIP Lenders, the Debtors, and each of their respective successors and assigns; *provided, however*, the DIP Lenders and the Prepetition Secured Lenders shall have no obligation to permit the use of Cash Collateral or to extend any financing to any chapter 7 or chapter 11 trustee or similar responsible person appointed for the estates of the Debtors. In determining to make any loan (whether under the DIP Notes or otherwise) or permit the use of Cash Collateral or in exercising any rights or remedies as and when permitted pursuant to the DIP Orders or the DIP Documents, the DIP Lenders shall not (i) be deemed to be in control of the operations of the Debtors, (ii) owe any fiduciary duty to the Debtors, their creditors, shareholders, or estates, or (iii) be deemed to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. §§ 9601, *et seq.*, as amended, or any similar federal or state statute).

39. Effectiveness. This Interim DIP Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be fully

enforceable as of the Petition Date immediately upon entry hereof. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062 or 9024, any other Bankruptcy Rule or Rule 62(a) of the Federal Rules of Civil Procedure, the Interim DIP Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Interim DIP Order.

40. Waiver of any Applicable Stay. Any applicable stay (including, without limitation, under Bankruptcy Rule 6004(h)) is hereby waived and shall not apply to this Interim DIP Order.

41. Timeliness. Time is of the essence with respect to all performance required by this Interim DIP Order.

42. Objections Overruled or Withdrawn. All objections to the entry of the Interim DIP Order have been withdrawn or are hereby overruled.

43. Controlling Effect of Interim DIP Order. To the extent any provisions in this Interim DIP Order conflict with any provisions of the Motion, or any DIP Document, the provisions of this Interim DIP Order shall control.

44. Final Hearing.

(a) The Final Hearing to consider entry of the Final DIP Order and final approval of the DIP Financing shall be held on [•], 2025 at [•], a.m./p.m. (prevailing Central Time) before this Court.

(b) On or before two (2) business days after entry of this Interim DIP Order, the Debtors shall serve, by United States mail, first-class postage prepaid, notice of the entry of this Interim DIP Order and of the Final Hearing (the “Final Hearing Notice”), together with copies of this Interim DIP Order and the Motion, on: (a)

the Notice Parties and (b) to any Committee after the same has been appointed, or Committee counsel, if the same shall have been appointed. The Final Hearing Notice shall state that any party in interest objecting to the entry of the proposed Final DIP Order shall file written objections with the Court no later than **10:00 a.m., 2025 at 10:00 a.m./p.m. (prevailing Central Time)**, which objections shall be served so that the same are received on or before such date by: (a) proposed counsel for the Debtors, Foley & Lardner LLP, 2021 McKinney Ave, Suite 1600, Dallas, TX 75201, Attn: Holland N. O'Neil (honeil@foley.com), and Foley & Lardner LLP, 1144 15<sup>th</sup> Street, Suite 2200, Denver, CO 80202, Attn: Tim Mohan (tmohan@foley.com); (b) counsel to Five Y and 2HR, Cozen O'Connor, 3 WTC, 175 Greenwich Street, 55<sup>th</sup> Floor, New York, NY 10007, Attn: Trevor Hoffmann, Esq. (thoffmann@cozen.com) and David Kirchblum, Esq. (dkirchblum@cozen.com); (c) counsel to the Guidepost Global Education, Inc. Kane Russell Logan PC, Frost Bank Tower, 401 Congress Avenue, Suite 2100, Austin, TX 78701, Attn: Jason Binford, Esq. (jbinford@krcl.com); (d) counsel to WTI, Fox Rothschild LLP, 2501 N. Harwood Street, Suite 1800, Dallas, TX 75201, Attn: Trey Monsour, Esq. (tmonsour@fixrothschild.com); (e) counsel to the Learn Capital Venture Partners IV, L.P, Inc., as collateral agent, Kane Russell Logan PC, Frost Bank Tower, 401 Congress Avenue, Suite 2100, Austin, TX 78701, Attn: Jason Binford, Esq. (jbinford@krcl.com) and (f) the U.S. Trustee, Office of the United States Trustee (Region 6), United States Department of Justice, 1100 Commerce Street, Room 976, Dallas, TX 75242, Attn: Meredyth A. Kippes (meredyth.kippes@usdoj.gov).

45. Retention of Jurisdiction. The Court has and will retain jurisdiction to enforce this Interim DIP Order according to its terms.

**###END OF ORDER###**

Submitted by:

Holland N. O'Neil (TX 14864700)  
**FOLEY & LARDNER LLP**  
2021 McKinney Avenue, Suite 1600  
Dallas, TX 75201  
Telephone: (214) 999-3000  
Facsimile: (214) 999-4667  
[honeil@foley.com](mailto:honeil@foley.com)

-and-

Timothy C. Mohan (*pro hac vice* forthcoming)  
**FOLEY & LARDNER LLP**  
1144 15th Street, Suite 2200  
Denver, CO 80202  
Telephone: (720) 437-2000  
Facsimile: (720) 437-2200  
[tmohan@foley.com](mailto:tmohan@foley.com)

-and-

Nora J. McGuffey (TX 24121000)  
Quynh-Nhu Truong (TX 24137253)  
**FOLEY & LARDNER LLP**  
1000 Louisiana Street, Suite 2000  
Houston, TX 77002  
Telephone: (713) 276-5500  
Facsimile: (713) 276-5555  
[nora.mcguffey@foley.com](mailto:nora.mcguffey@foley.com)  
[qtruong@foley.com](mailto:qtruong@foley.com)

**PROPOSED COUNSEL TO DEBTORS  
AND DEBTORS IN POSSESSION**

**EXHIBIT 1 TO ORDER**

**Senior DIP Note**



**SENIOR SECURED SUPERPRIORITY**  
**DIP PROMISSORY NOTE**

**U.S. \$5,500,000**

**June [ ], 2025**

For value received, Higher Ground Education Inc., a Delaware corporation (the “Company”), Guidepost A LLC, a Delaware limited liability company, Prepared Montessorian LLC, a Delaware limited liability company, and Terra Firma Services LLC, a Delaware limited liability company, each a debtor and debtor (collectively, the “Debtors”), promise to pay to the order of YYYYY, LLC (“Five Y” or the “Senior DIP Lender”), the aggregate unpaid principal amount of all advances from time to time outstanding hereunder, together with interest and other amounts as provided herein.

WHEREAS, on June 17, 2025 (the “Petition Date”), the Debtors filed with the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court”) a voluntary petition for relief commencing cases (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”);

WHEREAS, the Senior DIP Lender is committing hereby to provide postpetition financing (the “Senior DIP Financing”) on a senior secured, priming basis in an amount necessary to fund both the Debtor’s operations and the administrative costs of these Chapter 11 Cases as set forth on an agreed-upon budget submitted by the Debtor and reasonably acceptable to Senior DIP Lender, subject to Section 6 herein, in an amount not more than \$5,500,000 (the “Senior Maximum Commitment”), upon the terms and conditions set forth herein;

WHEREAS, Guidepost Global Education, Inc. (the “Junior DIP Lender”) has committed to provide postpetition financing (the “Junior DIP Financing”) on a junior secured, priming basis in an amount necessary to fund both the Debtor’s operations and the administrative costs of these Chapter 11 Cases as set forth on an agreed-upon budget submitted by the Debtor and reasonably acceptable to Junior DIP Lender, in an amount not more than \$2,500,000, upon the terms and conditions in the Junior DIP Note;

WHEREAS, the Debtors require financing in an amount necessary to fund the Debtors’ normal business operations, the administrative costs of these Chapter 11 Cases and pursuit of a confirmed plan of reorganization;

WHEREAS, the Debtors have requested that the Senior DIP Lender provide a secured, multiple draw term loan credit facility of up to \$5,500,000 (the “Senior DIP Financing”), including up to \$1,750,000 on an interim basis, including the roll-up of \$500,000 advanced to the Debtors in to the form of pre-bankruptcy bridge financing, to fund the day-to-day operating working capital needs and chapter 11 administrative costs of these Chapter 11 Cases, and the Senior DIP Lender is willing to extend such financing to the Debtors on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, the Debtors have entered into this debtor in possession promissory note (this “Senior DIP Note”) in favor of the Senior DIP Lender to evidence the Senior DIP Financing and pursuant to the *Interim Order (I) Authorizing the Debtor To (A) Obtain Postpetition Secured Financing from YYYYY, LLC; (B) Obtain Postpetition Junior Secured*

*Financing from Guidepost Global Education, Inc.; (C) Utilize Cash Collateral; and (D) Pay Certain Related Fees and Charges; (II) Granting Adequate Protection to the Prepetition Lender; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing and (V) Granting Related Relief [Docket No. \_] (as amended, supplemented or otherwise modified, the “Interim DIP Order” and including the Final DIP Order (as defined below), the “DIP Order”). Capitalized terms not otherwise defined herein have the meanings given thereto in the Interim DIP Order.*

**1. Advances; Increase in Principal Amount.**

(a) The Budget attached hereto as **Exhibit A** (as may be modified from time to time by the Debtors with the consent of the Senior DIP Lender in its sole and absolute discretion, subject to Section 6 herein, the “Budget”) is hereby approved.

(b) Subject to the terms and conditions set forth in this Senior DIP Note, the Senior DIP Lender shall make advances to the Debtors as follows (each individually a “Senior Loan” and collectively, the “Senior Loans”):

(i) on the first business day after entry of the Interim DIP Order, an amount equal to \$1,750,000 (the “Initial Senior Loan”); and

(ii) on every other Monday after the date of the Initial Senior Loan (unless such date is not a business day at which point funding shall occur on the next succeeding business day) (each, a “Funding Date”) an amount equal to the estimated “Disbursements” for the following two weeks (starting on the Funding Date) in the Budget plus \$100,000; *provided, further*, that amounts that were budgeted for a prior week but not spent in such week shall be added to the budgeted amounts for the immediately succeeding week without reduction of the amounts that would otherwise have been budgeted and acceptable to the Senior DIP Lender, and the Debtor will be allowed the Permitted Variance (as defined below).

(c) Except with respect to the Initial Senior Loan, which shall be automatically funded by the Senior DIP Lender, subject to satisfaction of the Draw Conditions (defined below), on the first business day after entry of the Interim DIP Order, by noon prevailing Eastern Time on two business days immediately prior to a Funding Date, the Debtors shall give the Senior DIP Lender written notice of their request for a draw and shall specify the Funding Date (which must provide at least two business days’ written notice) and the amount of the requested draw (a “Borrowing Notice”). The Borrowing Notice shall include (1) a calculation of the requested draw amount including reasonable detail regarding the cash on hand included in the calculation and the projected disbursements for the bi-weekly borrowing period, (2) an updated Budget including actuals for prior periods, and (3) a calculation of any variance from the Budget (a “Variance Report”). The Borrowing Notice shall also be accompanied by a comparison of actual weekly receipts to those set forth in the Budget. The obligation of the Senior DIP Lender to fund is subject to compliance with the terms and conditions of this Senior DIP Note, the Interim DIP Order and, subject to its entry, the *Final Order (I) Authorizing the Debtor To (A) Obtain Postpetition Secured Financing from YYYYY, LLC; (B) Utilize Cash Collateral; and (C) Pay Certain Related Fees and Charges; (II) Granting Adequate Protection to the Prepetition*

*Lender; (III) Modifying the Automatic Stay; and (IV) Granting Related Relief* (as amended, modified or otherwise supplemented, the “Final DIP Order”). The Senior DIP Lender shall be obligated to fund under this Senior DIP Note and the DIP Orders, as applicable, all amounts set forth in the Borrowing Notice (except for a variance that is not a Permitted Variance, defined below), subject to the Budget.

Each Variance Report shall indicate whether there are any adverse variances that exceed the allowed variances, which means, in each case measured on a cumulative basis for the most recently ended period of two (2) weeks, up to ten percent (10%) of the amount of the Budget (each, a “Permitted Variance”); *provided* that adverse variances shall be offset by positive variances in subsequent weeks to ensure that the Debtors cash needs under the Approved Budget remain “on-balance” within any given four week period; *provided further* that in no event shall the DIP Lenders be required to fund amounts exceeding the aggregate of the Approved Budget. Unused amounts set forth in the Budget for any disbursement line item may be carried forward and used to fund such line item in any subsequent week.

(d) Except for a draw to fund the Carve Out and Professional Fee Reserve, following the occurrence of the Termination Date or other such event triggering the funding of the Carve Out and Professional Fee Reserve (each, a “Back-Stop Draw”), the Senior DIP Lender shall not be obligated to make any Senior Loan (including the Initial Loan hereunder), or to take, fulfill or perform any other action hereunder or under the DIP Order unless the Debtors certify, in a writing signed by an officer of the Debtors, that the following conditions (each, a “Draw Condition”) are met as of the date of each draw:

- (i) All of the representations and warranties contained in the Senior DIP Documents are true and correct in all material respects as of that date.
- (ii) This Senior DIP Note and each other Senior DIP Document shall have been executed or entered, as applicable, and delivered, if applicable, to the Senior DIP Lender in form and substance reasonably acceptable to the Senior DIP Lender, subject to Section 6 herein, and shall be in full, force and effect in all material respects.
- (iii) The consummation of the transactions contemplated hereby or entered into in contemplation hereof shall not contravene, violate, or conflict with, nor involve the Senior DIP Lender in, a violation of applicable law or regulation in any material respect.
- (iv) All consents, authorizations and filings, if any, required in connection with the execution, delivery and performance by the Debtor, and the validity and enforceability against the Debtor, of the Senior DIP Note, shall have been obtained or made, and such consents, authorizations and filings shall be in full force and effect in all material respects.
- (v) Prior to the making of the Initial Senior Loan, the Senior DIP Lender shall have received a schedule describing all material insurance maintained by the Debtors.

- (vi) The Senior DIP Lender shall have received a copy of the applicable DIP Order, and such DIP Order shall have been entered by the Bankruptcy Court in form and substance acceptable to the Senior DIP Lender in its reasonable discretion, subject to Section 6 herein, and shall be in full force and effect and shall not have been vacated, stayed, reversed, modified, or amended.
- (vii) No event shall have occurred and be continuing, or would result from the Senior Loan requested thereby, that with the giving of notice or the passage of time or both, would constitute an Event of Default (as defined below) and no Event of Default shall be continuing.
- (viii) Except with respect to the Initial Senior Loan, the Debtors shall have timely delivered a Borrowing Notice related to such Loan that was in form and substance satisfactory to the Senior DIP Lender and consistent with the Budget. For the avoidance of doubt, the Debtors may not draw amounts under the Senior DIP Financing in excess of the Budget, and the amounts requested by the Debtors shall be used for an authorized purpose and in accordance with the Budget, subject to a Permitted Variance.
- (ix) The aggregate principal and amount of all Senior DIP Loans extended shall not exceed the Senior Maximum Commitment.
- (x) The Debtors (and any successors thereto or any representatives thereof, including any trustees appointed in these Chapter 11 Cases or any successor case) shall be deemed to have waived any rights, benefits or causes of action under section 506(c) of the Bankruptcy Code as they may relate to or be asserted against the Senior DIP Lender, the Senior DIP Liens, or the DIP Collateral (as defined in the Interim DIP Order).
- (xi) All information, approvals, documents or other instruments as Senior DIP Lender may reasonably request, and which are customary for postpetition lenders or plan sponsors to request, shall have been received by Senior DIP Lender in all material respects.

If the Draw Conditions are met, the Senior DIP Lender shall make each properly authorized Senior Loan in immediately available funds by wire transfer to an account designated by the Debtors, as soon as practicable, but in no event later than the noon prevailing Eastern Time on the applicable Funding Date.

If the Senior DIP Lender will not fund because one of the foregoing conditions is not satisfied (a “Funding Condition Deficiency”), the Senior DIP Lender will provide the Debtors with notice of the Funding Condition Deficiency before the scheduled Funding Date, and provide the Debtors the reasonable opportunity to cure such Funding Condition Deficiency to the extent such Funding Condition Deficiency is capable of being cured prior to the scheduled Funding Date or by such later deadline as may otherwise be agreed in writing by Senior DIP Lender.

Notwithstanding anything herein to the contrary, upon the occurrence of the Termination Date or

such other event triggering the funding of the Carve Out, the Debtors and Senior DIP Lender shall confer in good faith regarding the estimated amounts necessary to fund the Carve Out and Professional Fee Reserve (the “Estimated Carve Out”) and, if the amount of cash on hand with the Debtors is less than the Estimated Carve Out, the Senior DIP Lender shall fund a Back-Stop Draw under the Senior DIP Financing in the amount equal to the sum of (a) the Estimated Carve Out *less* (b) the Debtors’ cash on hand as of such date, automatically without any obligation of the Debtors to meet the Draw Conditions or any other conditions precedent to such draw. If at any time after the occurrence of the Termination Date or such other event triggering the funding of the Carve Out and Professional Fee Reserve, the Debtors’ cash on hand is less than the actual amounts necessary to fully fund the Carve Out and Professional Fee Reserve, the Senior DIP Lender shall fund additional Back-Stop Draws automatically without any obligation of the Debtors to meet the Draw Conditions or any other conditions precedent to such draw to cover any such shortfall.

## **2. Interest; Payments.**

(a) The Senior Loans shall bear interest on the unpaid principal amount thereof plus all obligations owing to the Senior DIP Lender pursuant to this Senior DIP Note, including without limitation, all interest, fees, and costs accruing thereon, and all the Senior DIP Lender’s other rights (collectively, the “Senior DIP Obligations”) from the applicable Funding Date (and, with respect to the Initial Loan, from the date hereof) to and including the Maturity Date (defined below), at a fixed rate per annum equal to nine percent (9%), calculated on the basis of a 360-day year for the actual number of days elapsed.

(b) Accrued, unpaid interest on the Senior Loans shall be compounded on the last day of each calendar month. After the Maturity Date and/or after the occurrence and during the continuance of an Event of Default (defined below), the Senior DIP Obligations shall bear interest at a rate equal to twelve percent (12%) per annum, calculated on the basis of a 360-day year for the actual number of days elapsed (the “Default Rate”).

(c) Notwithstanding anything to the contrary set forth in this Section 2, if a court of competent jurisdiction determines in a final order that the rate of interest payable hereunder exceeds the highest rate of interest permissible under law (the “Maximum Lawful Rate”), then so long as the Maximum Lawful Rate would be so exceeded, the rate of interest payable hereunder shall be equal to the Maximum Lawful Rate.

(d) Except as otherwise set forth herein or in the DIP Orders, or as otherwise contemplated by the terms of the Plan, the Senior DIP Obligations, including interest, shall be due and payable on the first to occur of the following (the “Maturity Date”): (i) the Effective Date; (ii) September 30, 2025; (iii) upon acceleration of the Senior DIP Note pursuant to the terms hereof; and (iv) a Termination Date. On the Maturity Date, the Senior DIP Lender’s obligation to provide Senior Loans shall terminate.

(e) The Senior DIP Lender’s claim on account of the Senior DIP Obligations (the “Senior DIP Lender Claim”) shall be allowed in full under the Plan. The Senior DIP Lender shall have the option, on account of being the holder of the Senior DIP Lender Claim, to exchange a total of up to 100% of the Senior DIP Lender Claim in satisfaction of such amount of



its allowed claim for up to a total of 60% of the shares of the issued equity of the reorganized debtor, at a rate of 10% of its Allowed DIP Lender Claim for 6% of the equity of the reorganized debtor (the “Subscription Option”). To the extent any amount of the Allowed DIP Lender Claim remains after the Senior DIP Lender exercises the Subscription Option, then (i) the Plan Sponsor shall repay such outstanding amount in Cash on the Effective Date, which Cash shall be separate from and in addition to the Consideration; or (ii) the Senior DIP Lender may (at its sole election) consent to the offset or other non-Cash satisfaction of the Senior DIP Lender Claim by the Plan Sponsor until the remaining unpaid amount of the DIP Financing Claim is reduced to \$0.

(f) The Senior DIP Obligations may not be prepaid in any amount, provided, for the sake of clarity, that the Debtors shall immediately repay the Senior DIP Obligations in full in cash in the event the Debtors proceed with an Alternative Transaction (as defined below) (subject to the terms of the RSA).

**3. Covenants** Unless otherwise agreed to by the Senior DIP Lender in writing, each of the Debtors covenants and agrees that it will:

(a) Use the proceeds of the Senior Loans solely for operating working capital purposes and chapter 11 administrative costs, including professional fees, in the amounts and otherwise in accordance with and for the purposes provided for in the Budget; *provided, however*, any unused fees from prior weeks may be rolled forward into subsequent weeks. Notwithstanding the then applicable Budget, the Debtor may exceed the budgeted amount during any weekly budget period up to the Permitted Variance; *provided, further*, (i) the total amount of the Senior DIP Loans do not exceed the Senior Maximum Commitment, and (ii) none of the proceeds of the Senior DIP Loans shall be used by any party in interest to take any action or to otherwise assert any claims or causes of action against the Senior DIP Lender in any capacity (except for the purposes of enforcement of the DIP Orders or this Senior DIP Note).

(b) Keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and property and all legal requirements in all material respects; and, upon the reasonable request and with reasonable frequency of the Senior DIP Lender, provide copies of, or access to, its books and records, and to discuss the business, operations, assets, and financial and other condition of the Debtor with officers and employees thereof and with their independent certified public accountants (but excluding privileged information) as is reasonably related to the Senior DIP Loan.

(c) Promptly give written notice to the Senior DIP Lender after becoming aware of the same: (i) of the occurrence of any Default or Event of Default; (ii) of any (A) default or event of default under any instrument or other material agreement, guarantee or document of the Debtor (including, without limitation, the Junior DIP Documents) or (B) litigation, investigation or proceeding that may exist at any time between the Debtor and any governmental authority after the date hereof; and (iii) of the commencement of any litigation or proceeding against the Debtor for acts occurring after the Petition Date (A) in which more than \$50,000 of the amount claimed is not covered by insurance or (B) in which injunctive or similar relief is sought.

(d) At all times, cause all of the Collateral (defined below) to be subject to a first priority perfected security interest in favor of the Senior DIP Lender in accordance with the DIP Orders, subject and subordinate only to the Carve Out and the Professional Fee Reserve.

(e) Promptly, from time to time, deliver such other information regarding the operations, business affairs, and financial condition of the Debtor as the Senior DIP Lender may reasonably request.

(g) To the extent practicable and legally permissible, at least two (2) business days prior to the date when the Debtor intends to file any such pleading, motion, or other document (and, if not reasonably practicable, as soon as reasonably practicable), provide copies of all material pleadings, motions, applications, judicial information, financial information, and other documents to be filed by the Debtor in these Chapter 11 Cases that may impact the Senior DIP Lender or the Senior DIP Financing.

(h) Promptly execute and deliver such documents, instruments and agreements, and take or cause to be taken such acts and actions, as the Senior DIP Lender may reasonably request from time to time to carry out the intent of this Senior DIP Note and the DIP Orders.

(g) Not create, incur, assume, or suffer to exist any indebtedness other than (i) indebtedness outstanding on the date hereof; (ii) indebtedness in connection with the Senior Loans or the Junior DIP Financing; (iii) indebtedness in respect of fees and expenses owed to professionals retained by the Debtor, any official committee in these Chapter 11 Cases, or U.S. Trustee fees up to the amounts set forth in the Budget; and (iv) subject in all respects to the Budget, any ordinary course unsecured indebtedness of the Debtor of the type ordinarily incurred in connection with a chapter 11 bankruptcy case.

(h) Not create, incur, assume, or suffer to exist any lien upon any of its assets, whether now owned or hereafter acquired, except for liens that are permitted by the DIP Orders (including the liens securing the Prepetition Secured Lenders Obligations and the Junior DIP Obligations) and shall not cause, or permit to be caused, any direct or indirect subsidiary of the Debtor to create, incur, assume, or suffer to exist any such liens.

(i) Not enter into any merger or consolidation or amalgamation or other change of control transaction or engage in any type of business other than of the same general type now conducted by it.

(j) Not convey, sell, lease, assign, transfer or otherwise dispose of (including through a transaction of merger or consolidation) any assets or property (including, without limitation, tax benefits), other than the sale of inventory or the licensing of intellectual property in the ordinary course of business.

(k) Not make any advance, investment, acquisition, loan, extension of credit, or capital contribution to, in, or for the benefit of any person outside the ordinary course of business.

(l) Subject in all respects to the Budget, not enter into any transaction, including, without limitation, any purchase, sale, lease, or exchange of property or the rendering of any service, with any affiliate, except on commercially reasonable terms similar to those available to unaffiliated parties in an arm's-length transaction.

(m) Not incur or apply to the Bankruptcy Court for authority to incur, or suffer to exist, any indebtedness having the priority afforded by section 364(c) of the Bankruptcy Code or (d) (including any superpriority claims) other than the financing provided for under this Senior DIP Note, unless the Senior DIP Obligations hereunder are to be irrevocably paid in full, in cash with the proceeds thereof.

(n) Not limit, affect, or modify, or apply to the Bankruptcy Court to limit, affect, or modify, any of the rights of the Senior DIP Lender with respect to the Senior DIP Obligations, including rights with respect to DIP Collateral and the priority thereof.

(o) Except with respect to the Carve Out or the Professional Fee Reserve, not incur, create, assume, suffer, or permit any claim to exist or apply to the Bankruptcy Court for the authority to incur, create, assume, suffer or permit any claim to exist against the Debtor's estate or any of its assets which is to be *pari passu* with, or senior to, the Senior DIP Obligations, unless the Senior DIP Obligations are being irrevocably repaid in full, in cash with the proceeds thereof.

Notwithstanding the foregoing, and for the avoidance of doubt, any payments permitted by the Budget will not be deemed to violate any of the foregoing covenants.

#### **4. Event of Default.**

(a) Event of Default. Each of the following events shall constitute an "Event of Default":

- (i) the Debtors (A) fails to make any payment (whether principal, interest, or otherwise) when such amount becomes due and payable under the Senior DIP Note or (B) default in any material respect in the due performance or observance of any other term, covenant, or agreement contained in the Senior DIP Note (and, if such default is capable of being remedied, it has not been remedied within the cure period set forth in the Senior DIP Note or, if no such cure period is provided, it has not been remedied to the reasonable satisfaction of the Senior DIP Lender five (5) business days following written notice to the Debtor of the occurrence of such event of default);
- (ii) any representation, warranty, or statement made by the Debtor herein or in the Senior DIP Note or in any certificate delivered in connection with the Senior DIP Note proves to be untrue in any material respect on the date on which made or deemed made (and, if such default is capable of being remedied, it has not been remedied within the cure period set forth in such DIP Document or, if no such cure period is provided, it has not been



remedied to the reasonable satisfaction of the Senior DIP Lender or Junior DIP Lender, as applicable, five (5) business days following written notice to the Debtors of the occurrence of such event of default);

- (iii) the security interest granted to the Senior DIP Lender ceases to be in full force and effect, or ceases to create a perfected security interest in, and lien on, the DIP Collateral purported to be created thereby;
- (iv) unless otherwise agreed to by the Senior DIP Lender, the Senior DIP Note is or becomes invalid, ineffective, or unenforceable against the Debtor in any material respect, in whole or in part, or the Debtor so asserts or at any time denies the liability or the Senior DIP Obligations under the Senior DIP Note;
- (v) the Court enters an order dismissing any of the Chapter 11 Cases or converting any of them to a case under Chapter 7 or any other chapter of the Bankruptcy Code, or appointing a trustee or other responsible officer or an examiner with enlarged powers relating to the operation of the Debtor's business (beyond those set forth in sections 1106(a)(3) or (4) of the Bankruptcy Code) under section 1104 of the Bankruptcy Code, in each case, without the consent of the Senior DIP Lender in its sole and absolute discretion;
- (vi) the Court enters an order granting relief from the automatic stay applicable under section 362 of the Bankruptcy Code and authorizing an action by a lienholder (other than the Senior DIP Lender) with respect to assets of the Debtors on which the lienholder has a lien with an aggregate value in excess of \$50,000;
- (vii) the Debtors seek to, advocate, or otherwise support any other person's motion to disallow, in whole or in part, the Senior DIP Obligations or to challenge the validity, priority, or enforceability of the Priming DIP Liens and superpriority claims hereunder (for avoidance of doubt, complying with document requests shall not constitute a breach of the foregoing);
- (viii) a debtor in possession financing order is entered in form and substance that is not acceptable to the Senior DIP Lender in its reasonable discretion or from and after the date of entry thereof, the Interim DIP Order or the Final DIP Order, as applicable, ceases to be in full force and effect or is vacated, stayed, reversed, modified, or amended (or the Debtors take any step to accomplish any of the foregoing) without the consent of the Senior DIP Lender in its sole and absolute discretion;
- (ix) any of the orders approving the Plan or the disclosure statement to the Plan (the "Disclosure Statement") are vacated, stayed, reversed, modified, or amended without the consent of the Senior DIP Lender;

- (x) the Debtors make any payments on any indebtedness that arose before the Petition Date other than as provided in the Budget or otherwise without the unanimous consent of the DIP Lenders in their its sole and absolute discretion;
- (xi) the Debtors fails to obtain an order from the Court approving the Debtors' motion for authority to assume the Restructuring Support Agreement dated as of June 17, 2025 (the "RSA") entered into by, among others, the Debtor, the DIP Lenders, the Prepetition Secured Lenders, and 2HR Learning, Inc., as the proposed plan sponsor of the Plan ("Plan Sponsor") within forty (40) days of the Petition Date;
- (xii) a Company Termination Event, Consenting Party Termination Event or a GG Termination Event (each as defined in the RSA) shall have occurred, including prior to the Debtor's assumption of the RSA;
- (xiii) the Debtors take any action, or as to insiders, permits any action, that would result in an "ownership change" as such term is used in section 382 of title 26 of the United States Code;
- (xiv) the Debtors fail to provide the Senior DIP Lender and its agents with reasonable access to the Debtors' books, records, and management through the Effective Date;
- (xv) the (a) Plan, (b) Disclosure Statement, (c) order confirming the Plan, (d) motion of the Debtor seeking authorization from the Court to assume the RSA, (e) the DIP Orders, the related motions, or the documentation evidencing, or otherwise entered into in connection with, the Senior DIP Financing, or (f) any other documents or exhibits related to or contemplated in the foregoing clauses (a) through (e), contains terms and conditions materially inconsistent with the RSA or the Restructuring Transaction;
- (xvi) the Court grants relief that is materially inconsistent with the RSA, or would reasonably be expected to materially frustrate the purpose of the RSA;
- (xvii) the Debtors breach or fail to comply with the terms of the DIP Orders or the Plan, in any material respect;
- (xviii) any of the Chapter 11 Milestones (attached hereto as **Exhibit B**) are not satisfied;
- (xix) one or more judgments or decrees is entered against any Debtor or its estate involving in the aggregate a postpetition liability (not paid or fully covered by insurance or otherwise considered permitted indebtedness) of

\$50,000 or more, and all such judgments or decrees are not vacated, discharged, stayed, or bonded pending appeal;

- (xx) the DIP Notes or any other DIP Documents ceases, for any reason, to be in full force and effect or the Debtor shall so assert in writing, or the Priming DIP Liens cease to be effective and perfected with respect to any material item of DIP Collateral described therein with the priority purported to be created by the DIP Documents;
- (xxi) the Debtors fail to provide in any material respect all information, approvals, documents, or other instruments as the Senior DIP Lender may reasonably request, and as are customary for postpetition lenders or plan sponsors to request;
- (xxii) any of the Debtors announces its intention to proceed with any reorganization, merger, consolidation, tender offer, exchange offer, business combination, joint venture, partnership, sale of a material portion of assets, financing (whether debt, including any debtor in possession financing other than the DIP Financing, or equity), recapitalization, workout, or restructuring of the Debtor (including, for the avoidance of doubt, a transaction premised on a chapter 11 plan or a sale of a material portion of assets under section 363 of the Bankruptcy Code), other than the Restructuring Transaction (an “Alternative Transaction”);
- (xxiii) the Court approves an Alternative Transaction;
- (xxiv) the Debtors file a plan of reorganization, liquidating plan, or disclosure statement that is inconsistent with the Plan or the RSA;
- (xxv) the Debtors file an application or motion for the approval of postpetition financing from any party other than the DIP Lenders, including financing that provides for superpriority claims or priming liens on any of the Senior DIP Lender’s collateral without the written consent of the Senior DIP Lender in its sole and absolute discretion;
- (xxvi) the Court enters an order terminating the right of the Debtors to use the DIP Financing;
- (xxvii) the Debtors fail to comply with the Budget; *provided, however*, that for each period of two (2) weeks (or, if shorter, since the Petition Date), for the period from the Petition Date, in each case measured on a cumulative basis, adverse variances under the Budget of up to 10% of the amount of the Budget are permitted (provided that adverse variances shall be offset by positive variances in subsequent weeks to ensure that the Debtors cash needs under the Approved Budget remain “on-balance” within any given four week period), and unused amounts set forth in the Budget for any

disbursement line item may be carried forward and used to fund such line item in any subsequent week;

- (xxviii) without the consent of the Senior DIP Lender, any claim or lien having a priority superior to or *pari passu* with those granted by the DIP Orders to the Senior DIP Lender is granted or allowed prior to the occurrence of (a) the payment in full in cash of immediately available funds of all of the Senior DIP Obligations, (b) the termination or expiration of all commitments to extend credit to the Debtors under the Senior DIP Documents, and (c) the cash collateralization in respect of any asserted claims, demands, actions, suits, proceedings, investigations, liabilities, fines, costs, penalties, or damages for which the Senior DIP Lender may be entitled to indemnification by the Debtors; or
- (xxiv) The Debtors, without the Senior DIP Lender's prior written consent (which shall be given or refused in the Senior DIP Lender's sole and absolute discretion) seek to modify, vacate or amend the DIP Orders or any DIP Documents.
- (xxv) (a) The Debtors fail to make any payment (whether of principal, interest or any other amount) in respect of the Junior DIP Documents, when and as the same shall become due and payable or (b) any event or condition occurs that results in any indebtedness under the Junior DIP Documents becoming due prior to its scheduled maturity or that enables or permits (with or without notice the giving of notice, the lapse of time, or both) the holder or holders of any indebtedness under the Junior DIP Documents or any trustee or agent on its or their behalf to cause any Junior DIP Obligations to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity.
- (b) Upon the occurrence of an Event of Default and after five (5) business days' written notice by the Senior DIP Lender to the Notice Parties (the "Default Notice Period"), and an opportunity to seek an expedited hearing before the Court, the automatic stay shall terminate, and the Senior DIP Lender shall be permitted to exercise any remedies permitted by law, including any of the following actions, without application or motion to, or further orders from, the Bankruptcy Court or any other court, and without interference from the Debtors or any other party in interest, unless the Court determines during the Default Notice Period that an Event of Default has not occurred:
  - (i) declare all or any portion of the outstanding Senior DIP Obligations due and payable, whereupon the same shall become forthwith due and payable without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Debtors;

- (ii) set off any amounts held as Cash Collateral (including, without limitation, in any Cash Collateral account held for the benefit of the Senior DIP Lender);
- (iii) enforce all liens and security interests in the DIP Collateral;
- (iv) institute proceedings to enforce payment of such Senior DIP Obligations;
- (v) terminate the obligation of the Senior DIP Lender to make Senior Loans; and
- (vi) exercise any other remedies and take any other actions available to it or them at law, in equity, under the Senior DIP Note, the Bankruptcy Code, other applicable law or pursuant to the DIP Order, including, without limitation, exercising any and all rights and remedies with respect to the DIP Collateral or any portion thereof;

*provided, however*, the Senior DIP Lender shall continue to fund the Debtor's operations, pursuant to the Budget, through the Default Notice Period.

(c) The Debtors and the Committee (if any), and any other party in interest shall be entitled to an emergency hearing before this Court within the Default Notice Period. If an emergency hearing is requested to be heard prior to the expiration of the Default Notice Period, then the Default Notice Period shall automatically be extended until the Court hears and rules with respect thereto.

(c) Subject to Section 4(b) above, if any Event of Default shall occur and be continuing, the Senior DIP Lender may exercise in addition to all other rights and remedies granted to it in this Senior DIP Note and the DIP Orders, all rights and remedies of a secured party under the UCC (as defined below) or other applicable law. Without limiting the generality of the foregoing, each of the Debtors, on behalf of their estates, expressly agrees that in any such event the Senior DIP Lender, without demand of performance or other demand, advertisement, or notice of any kind (except the notice required by the DIP Orders or the notice specified below of time and place of public or private sale) to or upon the Debtor or any other person (all and each of which demands, advertisements, and/or notices (except the notice required by the DIP Orders or the notice specified below of time and place of public or private sale) are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may forthwith collect, receive, appropriate, and realize upon the DIP Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver said DIP Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of the Senior DIP Lender's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Senior DIP Lender shall have the right upon any such public sale or sales to purchase for cash or by credit bidding all or a part of the Senior DIP Obligations the whole or any part of said DIP Collateral so sold, free of any right or equity of redemption, which equity of redemption the Debtor hereby releases. Each of the Debtors, on behalf of its estate, further agrees, at the Senior DIP Lender's request, to

assemble the DIP Collateral constituting movable tangible personal property and make it available to the Senior DIP Lender at places that the Senior DIP Lender shall reasonably select. The Senior DIP Lender shall apply the proceeds of any such collection, recovery, receipt, appropriation, realization or sale to the Senior DIP Obligations in the order reasonably deemed appropriate by the Senior DIP Lender, the Debtors' estates remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by the Senior DIP Lender of any other amount required by any provision of law, including section 9-608(a)(1)(C) of the UCC, shall the Senior DIP Lender account for and pay over the surplus, if any, to the Debtor. To the maximum extent permitted by applicable law, the Debtors waive all claims, damages, and demands against the Senior DIP Lender arising out of the repossession, retention, or sale of the DIP Collateral except such as arise out of the gross negligence or willful misconduct of the Senior DIP Lender. The Debtors agrees that the Senior DIP Lender need not give more than five (5) business days' notice to the Debtors (which notification may run concurrently with any notice required under the DIP Orders and shall be deemed given when mailed, electronically delivered or delivered on an overnight basis, postage prepaid, addressed to the Debtors at the address set forth below) of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. The Debtors' estates shall remain liable for any deficiency if the proceeds of any sale or disposition of the DIP Collateral are insufficient to pay all amounts to which the Senior DIP Lender is entitled.

(d) Subject to Section 4(b) above, except as otherwise expressly provided herein and in the DIP Orders, the Debtors hereby waive presentment, demand, protest, or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Senior DIP Note or any DIP Collateral. The Debtors' estates shall also pay all of the Senior DIP Lender's reasonable costs of collection if any Senior DIP Obligations are not paid when due, including, without limitation, court costs, collection expenses, reasonable out-of-pocket attorneys' fees, and other expenses which the Senior DIP Lender may incur or pay in the prosecution or defense of its rights hereunder, whether in judicial proceedings, including bankruptcy court and appellate proceedings, or whether out of Court.

(d) Except with respect to the payment of the Carve Out, the Senior DIP Lender's agreement to provide the Senior DIP Financing in accordance with the Senior DIP Documents and the Debtor's authorization to use Cash Collateral shall immediately and automatically terminate (except as the Senior DIP Lender may otherwise agree in writing in its reasonable discretion), upon the earliest to occur of any of the following (each, a "Termination Date"):

- (i) September 30, 2025;
- (ii) the date of final indefeasible payment and satisfaction in full in cash of the Senior DIP Obligations;
- (iii) the entry of an order by the Court granting a motion by the Debtors to obtain additional financing from a party other than Senior DIP Lender under section 363 or 364 of the Bankruptcy Code unless the proceeds from such financing are used to immediately repay in cash the Senior DIP Obligations or



unless such financing is subordinate to the Senior DIP Obligations and consented to in writing by the Senior DIP Lender (which consent may be withheld in its sole and absolute discretion);

(iv) the dismissal of the Chapter 11 Cases or the conversion of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code;

(v) the DIP Order is stayed, reversed, vacated, amended or otherwise modified in any respect without the prior written consent of the Senior DIP Lender (which consent may be withheld in its sole and absolute discretion);

(vi) the Effective Date; or

(vii) upon expiration of the Default Notice Period.

## **5. Security.**

(a) To induce the Senior DIP Lender to make the Senior Loans, each Debtor hereby grants to the Senior DIP Lender, as security for the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of the Senior DIP Obligations, a continuing first priority lien and security interest (subject and subordinate only to the Carve Out) in and to any and all right, title or interest of the Debtor in and to all of the following, whether presently existing or at any time hereafter acquired, whether owned, leased or otherwise possessed, (capitalized terms used in clauses (i) through (xix) and not otherwise defined herein shall have the meanings provided for such term in the Uniform Commercial Code in effect on the date hereof in the State of Delaware (the “UCC”)):

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Deposit Accounts, including any monies or other property held therein;

(iv) all Documents;

(v) all Equipment;

(vi) all General Intangibles, including all intellectual property, including any trademarks or tradenames, and any licenses;

(vii) all Goods;

(viii) all Instruments;

(ix) all Inventory;

(x) all Investment Property;

- (xi) all Letter-of-Credit Rights;
- (xii) all real property;
- (xiii) all motor vehicles;
- (xiv) all Commercial Tort Claims;
- (xv) all books and records pertaining to the Debtor, its business and any property described herein;
- (xvi) all other personal property and other assets of the Debtor, whether tangible or intangible, wherever located, including money, letters of credit, and all rights of payment or performance under letters of credit;
- (xvii) to the extent not otherwise included, all monies and other property of any kind that is received by the Debtor in connection with any refunds with respect to taxes, assessments and other governmental charges;
- (xviii) all insurance claims; and
- (xix) to the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits, and products of, each of the foregoing, and any proceeds of insurance, indemnity, warranty or guaranty payable to the Debtors' estates from time to time with respect to any of the foregoing.

(b) The granting clause herein is intended to supplement (not supersede) that which is provided for in the DIP Orders and the Senior Loans and any other indebtedness or obligations, contingent or absolute (including, without limitation, the principal thereof, interest thereon, and costs and expenses owing in connection therewith) which may now or from time to time hereafter be owing by the Debtors to the Senior DIP Lender under the Senior DIP Note shall be secured as set forth herein, in the DIP Orders.

(c) The DIP Orders provide for the perfection, maintenance, protection, and enforcement of the Senior DIP Lender's security interest in the DIP Collateral. Upon the request of the Senior DIP Lender, the Debtors shall deliver to the Senior DIP Lender those Senior DIP Documents necessary or desirable to perfect the Senior DIP Lender's lien, including in letters of credit on which the Debtors are named as beneficiary and all acceptances issued in connection therewith. The Debtors shall take such other reasonable steps as are deemed necessary or desirable to maintain the Senior DIP Lender's security interest in the DIP Collateral.

(d) The Debtor hereby authorizes the Senior DIP Lender to execute and file financing statements or continuation statements, and amendments thereto, on the Debtor's behalf covering the DIP Collateral. The Senior DIP Lender may file one or more financing statements disclosing the Senior DIP Lender's security interest under this Senior DIP Note without the signature of the Debtors appearing thereon. The Senior DIP Lender shall pay the costs of, or incidental to, any recording or filing of any financing statements concerning the DIP Collateral. The Debtors agree



that a carbon, photographic, photostatic, or other reproduction of this Senior DIP Note or of a financing statement is sufficient as a financing statement.

(e) Except as otherwise provided for in this Senior DIP Note or in any DIP Order, or as otherwise contemplated by the terms of the RSA, until all Senior DIP Obligations have been fully satisfied in cash and the Senior DIP Lender shall have no further obligation to make any Senior Loans hereunder, the Senior DIP Lender's security interest in the DIP Collateral, and all proceeds and products thereof, shall continue in full force and effect.

(f) Notwithstanding the preceding paragraphs, or any failure on the part of the Debtors to take any of the actions set forth therein, the liens and security interests granted herein shall be deemed valid, enforceable and perfected by entry of the final DIP Order. No financing statement, notice of lien, mortgage, deed of trust or similar instrument in any jurisdiction or filing office need be filed or any other action taken in order to validate and perfect the liens and security interests granted by or pursuant to this DIP Note and the DIP Orders.

(g) Other than with respect to the Carve Out and the Professional Fee Reserve, the priority of the Senior DIP Lender's liens on the DIP Collateral shall be senior to all liens existing as of the Petition Date and for so long as any Senior DIP Obligations shall be outstanding, the Debtors hereby irrevocably waive any right, pursuant to sections 364(c) or 364(d) of the Bankruptcy Code or otherwise, to grant any lien of equal or greater priority than the liens securing the Senior DIP Obligations, or to approve a claim of equal or greater priority than the DIP Obligations, unless otherwise permitted or provided for in the DIP Orders or effective upon the granting of any such lien or priority, the DIP Obligations shall be irrevocably paid in full in cash and the obligation to make Senior DIP Loans hereunder terminated.

(h) Upon entry of, subject to and in accordance with the DIP Orders, the Senior DIP Obligations of the Debtor hereunder and under the other Senior DIP Documents and the DIP Orders, shall at all times constitute allowed superpriority claims pursuant to section 364(c)(1) of the Bankruptcy Code.

(i) It is expressly agreed by the Debtors that, anything herein to the contrary notwithstanding, the Debtors shall remain liable under their postpetition contractual obligations to observe and perform all the conditions and obligations to be observed and performed by it thereunder, and the Senior DIP Lender shall not have any obligation or liability under any contractual obligations by reason of or arising out of this Senior DIP Note unless otherwise agreed to in writing by the Senior DIP Lender, and the Senior DIP Lender shall not be required or obligated in any manner to perform or fulfill any of the obligations of the debtors' estates under or pursuant to any contractual obligations, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any contractual obligations, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts that may have been assigned to it or to which it may be entitled at any time or times.

(j) Each Debtor hereby appoints the Senior DIP Lender, or any other person who the Senior DIP Lender may designate, as the Debtors' attorney-in-fact (such appointment being

coupled with an interest and being irrevocable until Senior DIP Lender's liens and claims shall have been satisfied), at any time after (i) termination of the automatic stay (A) to do any act which Debtor is obligated to do hereunder, or (B) to exercise any of the rights and remedies available under the UCC or other applicable law to a secured party with a lien having the same priority as the Senior DIP Lender's lien on the DIP Collateral (and all acts of such attorney in fact or designee taken pursuant to this section are hereby ratified and approved by the Debtor and said attorney or designee shall not be liable for any acts or omissions nor for any error of judgment or mistake of fact or law, except for gross negligence or willful misconduct); *provided, however*, the Senior DIP Lender shall provide prior or contemporaneous telephonic and electronic notice to the Debtors and any creditor entitled to notice with respect to any affected DIP Collateral of the exercise of any or all of its above-stated rights and powers.

#### **6. Treatment of the Plan Sponsor and Senior DIP Lender.**

Notwithstanding anything to the contrary contained herein, the form and substance of any and all legal and economic rights and treatment of the Plan Sponsor and the Senior DIP Lender in the Plan, the DIP Orders, the Senior DIP Note and any other orders entered by the Bankruptcy Court, or any other operative document, shall be subject to the consent of the Plan Sponsor and the Senior DIP Lender, in their respective reasonable discretion; provided that the terms of the Budget shall be mutually agreed upon by the Debtors and the DIP Lenders in an aggregate amount not to exceed \$8,000,000, as may be modified from time to time by the Debtors with the consent of the DIP Lenders in their sole and absolute discretion, but without need for further Court approval. The order confirming the Plan shall be in a form and substance reasonably acceptable to the Senior DIP Lender in its reasonable discretion, and subject to the Subscription Option, shall provide for the Senior DIP Lender to be issued 100% of the equity of the reorganized Debtors free and clear of all liens, claims, rights, interests, security interests, and encumbrances of any kind (other than those expressly identified in writing as acceptable to the Senior DIP Lender in its sole and absolute discretion).

#### **7. Miscellaneous.**

(a) No course of action or delay or omission of Senior DIP Lender in exercising any right or remedy hereunder or under any other agreement or undertaking securing or related to this Senior DIP Note shall constitute or be deemed to be a waiver of any such right or remedy, and a waiver on the one occasion shall not operate as a bar to or waiver of any such right or remedy on any future occasion. The rights and remedies of Senior DIP Lender as provided herein shall be cumulative and concurrent and may be pursued singularly, successively or together at the sole discretion of Senior DIP Lender, and may be exercised as often as occasion therefor shall occur, and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same.

(b) Subject to and limited by the DIP Orders, the Debtors agree to pay or reimburse the Senior DIP Lender for all of its reasonable costs and expenses incurred in connection with the collection, enforcement or preservation of any rights under this Senior DIP Note and the other Senior DIP Documents, including, without limitation, the fees and disbursements of

counsel for the Senior DIP Lender, including reasonable attorneys' fees out of court, in trial, on appeal, in bankruptcy proceedings, or otherwise.

(c) This Senior DIP Note shall be binding upon and inure to the benefit of the Debtor and the Senior DIP Lender and their respective administrators, personal representatives, legal representatives, heirs, successors and assigns, except that no Debtor shall assign or transfer any of its rights and/or obligations hereunder, and any such assignment or transfer purported to be made by Debtor shall be null and void. The Senior DIP Lender may at any time transfer or assign (or grant a participation in) any or all of its rights and/or obligations hereunder without the consent of the Debtors.

(d) If any provision of this Senior DIP Note is invalid, illegal, or unenforceable, the balance of this Senior DIP Note shall remain in effect, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances.

(e) This Senior DIP Note shall be governed by and construed in all respects under the laws of the State of New York (except as governed by the Bankruptcy Code), without reference to its conflict of laws rules or principles. Each of the parties submits to the exclusive jurisdiction of the Bankruptcy Court for the Northern District of Texas or (if the Bankruptcy Court lacks or declines jurisdiction) any state or federal court sitting in the State of Texas, in any action or proceeding arising out of or relating to the Senior DIP Note, and each party agrees that all claims in respect of the action or proceeding may be heard and determined in any such court and agrees not to bring any action or proceeding arising out of or relating to the Senior DIP Note in any other court. Each of the parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto. Each party agrees that service of summons and complaint or any other process that might be served in any action or proceeding may be made on such party by sending or delivering a copy of the process to the party to be served at the address of the party and in the manner provided for the giving of notices in Section 7(h) below. Each party agrees that a final, non-appealable judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law.

**(f) THE SENIOR DIP LENDER AND THE DEBTORS HEREBY KNOWINGLY VOLUNTARILY, INTENTIONALLY WAIVE THE RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREIN, OR ARISING OUT OF UNDER OR IN CONNECTION WITH THIS SENIOR DIP NOTE AND THE OTHER SENIOR DIP DOCUMENTS.**

(g) The Debtors, at their own expense, which shall be provided for in the Budget, shall take any lawful actions and execute, deliver, file and register any documents that the Senior DIP Lender may, in its discretion, deem reasonably necessary or appropriate in order to further the purposes of this Senior DIP Note.

(h) All notices hereunder shall be deemed given if in writing and delivered, if sent by email, courier, or by registered or certified mail (return receipt requested) to the following addresses and email addresses (or at such other addresses or facsimile numbers as shall be specified by like notice):

(i) If to the Debtors:

Higher Ground Education, Inc.  
1321 Upland Dr. PMB 20442  
Houston, Texas 77043  
Attn: Jon McCarthy  
Email: [board@tohigherground.com](mailto:board@tohigherground.com)

and

FOLEY & LARDNER LLP  
2021 McKinney Avenue, Suite 1600  
Dallas, TX 75201  
Attention: Holland N. O'Neil, Esq.  
Email: [honeil@foley.com](mailto:honeil@foley.com)

and

1144 15th Street, Ste. 2200  
Denver, CO 80202  
Attention: Tim Mohan  
Email: [tmohan@foley.com](mailto:tmohan@foley.com)

(ii) If to the Senior DIP Lender:

YYYYYY, LLC  
2028 E Ben White Blvd, Ste 240-2650  
Austin, TX 78741  
Attention: Andrew Price, Chief Financial Officer  
Email: [andy.price@trilogy.com](mailto:andy.price@trilogy.com)

and

Cozen O'Connor  
3 WTC, 175 Greenwich Street  
55<sup>th</sup> Floor  
New York, New York 10007  
Attention: Trevor R. Hoffmann; David Kirchblum  
Email: [thoffmann@cozen.com](mailto:thoffmann@cozen.com); [dkirchblum@cozen.com](mailto:dkirchblum@cozen.com)  
Phone: 212-453-3735; 215-665-6907

or to such other address as any party hereto shall notify the other parties hereto (as provided above) from time to time.

**IN WITNESS WHEREOF**, the Debtors have executed this Senior DIP Note as of the date first written above.

**BORROWERS:**

**HIGHER GROUND EDUCATION INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**GUIDEPOST A LLC**

By: Higher Ground Education Inc.  
Its: Sole Member and Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PREPARED MONTESSORIAN LLC**

By: Higher Ground Education Inc.  
Its: Sole Member and Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TERRA FIRMA SERVICES LLC**

By: Higher Ground Education Inc.  
Its: Sole Member and Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A TO DIP NOTE**

**BUDGET**

**HGE Weekly DIP Budget - DRAFT**

June 17, 2025

<i>Week of Forecast</i>	1	2	3	4	5	6	7	8	9	10	After	Post-Petition
<i>Week Ending</i>	6/20/2025	6/27/2025	7/4/2025	7/11/2025	7/18/2025	7/25/2025	8/1/2025	8/8/2025	8/15/2025	8/22/2025	August 22	Total
	Fcst.	Fcst.	Fcst.	Fcst.	Fcst.	Fcst.	Fcst.	Fcst.	Fcst.	Fcst.	Fcst.	Fcst.
Tuition Receipts - Closed Schools	-	-	-	-	-	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Receipts</b>	-	-	-	-	-	-	-	-	-	-	-	-
Warehouse Rent	-	-	(14,140)	-	-	-	-	(14,140)	-	-	-	(28,280)
School Operations - Refunds <sup>1</sup>	(130,000)	(120,000)	(80,000)	(80,000)	(80,000)	(80,000)	(60,000)	-	-	-	-	(630,000)
School Operations - Payroll	-	(306,829)	-	(455,153)	-	-	-	-	-	-	-	(761,982)
School Operations - Other Expenses	(35,715)	(35,715)	(35,715)	(35,715)	(35,715)	(35,715)	(35,715)	(35,715)	-	-	-	(285,720)
School Operations - Ex-North America <sup>2</sup>	(25,000)	-	-	-	-	-	-	-	-	-	-	(25,000)
School Operation Costs - Total	(190,715)	(462,544)	(129,855)	(570,868)	(115,715)	(115,715)	(95,715)	(49,855)	-	-	-	(1,730,982)
D&O Tail & Other Insurance	-	(575,300)	-	-	-	-	-	-	-	-	-	(575,300)
Other Disbursements	-	(575,300)	-	-	-	-	-	-	-	-	-	(575,300)
<b>Operating Cash Flow</b>	<b>(190,715)</b>	<b>(1,037,844)</b>	<b>(129,855)</b>	<b>(570,868)</b>	<b>(115,715)</b>	<b>(115,715)</b>	<b>(95,715)</b>	<b>(49,855)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,306,282)</b>
Publication Notice Costs	-	(12,500)	-	-	-	(12,500)	-	-	-	-	-	(25,000)
Adequate Protection Payments	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	-	-	(90,000)
Professional Fees - Reverse TSA Payments	-	-	-	-	-	-	-	-	(75,000)	-	-	(75,000)
Professional Fees - Debtor	(165,000)	(160,000)	(152,500)	(175,000)	(125,000)	(125,000)	(150,000)	(200,000)	(155,860)	(155,860)	(288,266)	(1,852,486)
Professional Fees - UCC	-	-	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	(45,000)	-	(360,000)
Professional Fees - Tax & Other OCPs	-	-	(10,000)	-	-	-	-	(10,000)	-	-	(30,000)	(50,000)
Total Restructuring Fees	(175,000)	(182,500)	(217,500)	(230,000)	(180,000)	(192,500)	(205,000)	(265,000)	(285,860)	(200,860)	(318,266)	(2,452,486)
<b>Total Disbursements</b>	<b>(365,715)</b>	<b>(1,220,344)</b>	<b>(347,355)</b>	<b>(800,868)</b>	<b>(295,715)</b>	<b>(308,215)</b>	<b>(300,715)</b>	<b>(314,855)</b>	<b>(285,860)</b>	<b>(200,860)</b>	<b>(318,266)</b>	<b>(4,758,768)</b>
<b>Net Cash Flow</b>	<b>(365,715)</b>	<b>(1,220,344)</b>	<b>(347,355)</b>	<b>(800,868)</b>	<b>(295,715)</b>	<b>(308,215)</b>	<b>(300,715)</b>	<b>(314,855)</b>	<b>(285,860)</b>	<b>(200,860)</b>	<b>(318,266)</b>	<b>(4,758,768)</b>
Opening Cash Balance	154,156	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	(365,715)	(1,220,344)	(347,355)	(800,868)	(295,715)	(308,215)	(300,715)	(314,855)	(285,860)	(200,860)	(318,266)	-
DIP Facilities Draw / (Repayment)	211,559	1,220,344	347,355	800,868	295,715	308,215	300,715	314,855	285,860	200,860	318,266	-
<b>Closing Cash Balance (Book)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Senior DIP Facility Availability	4,963,441	3,925,597	3,795,742	3,224,874	3,109,159	2,815,944	2,515,229	2,200,374	1,914,514	1,713,654	1,395,388	-
Junior DIP Facility Availability	825,000	642,500	425,000	195,000	15,000	-	-	-	-	-	-	-
<b>Total Liquidity</b>	<b>\$5,788,441</b>	<b>\$4,568,097</b>	<b>\$4,220,742</b>	<b>\$3,419,874</b>	<b>\$3,124,159</b>	<b>\$2,815,944</b>	<b>\$2,515,229</b>	<b>\$2,200,374</b>	<b>\$1,914,514</b>	<b>\$1,713,654</b>	<b>\$1,395,388</b>	<b>-</b>
<b>DIP Facilities</b>												
<b>Senior DIP Facility</b>												
Balance - Beginning of Period	500,000	536,559	1,574,403	1,704,258	2,275,126	2,390,841	2,684,056	2,984,771	3,299,626	3,585,486	3,786,346	-
Operating Draws	36,559	1,037,844	129,855	570,868	115,715	115,715	95,715	49,855	-	-	-	-
Restructuring Draws	-	-	-	-	-	177,500	205,000	265,000	285,860	200,860	318,266	-
(Repayment)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance - End of Period</b>	<b>\$536,559</b>	<b>\$1,574,403</b>	<b>\$1,704,258</b>	<b>\$2,275,126</b>	<b>\$2,390,841</b>	<b>\$2,684,056</b>	<b>\$2,984,771</b>	<b>\$3,299,626</b>	<b>\$3,585,486</b>	<b>\$3,786,346</b>	<b>\$4,104,612</b>	<b>-</b>
<b>Junior DIP Facility</b>												
Balance - Beginning of Period	1,500,000	1,675,000	1,857,500	2,075,000	2,305,000	2,485,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	-
Draws	175,000	182,500	217,500	230,000	180,000	15,000	-	-	-	-	-	-
(Repayment)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance - End of Period</b>	<b>\$1,675,000</b>	<b>\$1,857,500</b>	<b>\$2,075,000</b>	<b>\$2,305,000</b>	<b>\$2,485,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>-</b>

(1) Statutory limit of \$3,800 per creditor.

(2) France wind down options currently being assessed.

## **EXHIBIT B TO SENIOR DIP NOTE**

### **CHAPTER 11 MILESTONES**

The obligations of the Senior DIP Lender to advance the DIP Loans shall be subject to the Debtors satisfying, or causing the satisfaction of, the milestones listed below (collectively, the “**Chapter 11 Milestones**”) by the specified deadline (after taking into account any applicable cure period, the “**Specified Deadlines**”). The non-satisfaction of any Chapter 11 Milestone by the applicable Specified Deadline (and the non-waiver of such non-satisfaction by the Senior DIP Lender and Borrower in their sole and absolute discretion) shall be an Event of Default under the DIP Loan Documentation.

	<b><u>Chapter 11 Milestone</u></b>	<b><u>Specified Deadline</u></b>
1	Commencement of these Chapter 11 Cases (the “ <b><u>Petition Date</u></b> ”).	No later than June 30, 2025
2	The Debtors shall file: <ul style="list-style-type: none"> <li>• A motion seeking the Bankruptcy Court’s approval of the DIP Financing</li> <li>• An application to retain a claims agent</li> <li>• A motion to continue cash management</li> <li>• Such other first day papers as may be approved or requested by the Debtor or Plan Sponsor</li> </ul>	No later than one (1) business day after the Petition Date.
3	The Debtors shall file: <ul style="list-style-type: none"> <li>• The Disclosure Statement, Plan, solicitation procedures motion, together with a motion for approval of same on shortened notice</li> <li>• A motion seeking the Bankruptcy Court’s approval of assumption of the RSA</li> <li>• A motion for approval of bar dates</li> <li>• A motion to extend time to file schedules</li> </ul>	No later than five (5) business days after the Petition Date.
4	The Bankruptcy Court shall enter an order approving the DIP Financing on an interim basis	No later than five (5) business days after the Petition Date.
5	The Debtor shall file schedules and statements of financial affairs and the Bankruptcy Court.	No later than twenty-one (21) days after the Petition Date.



6	The Bankruptcy Court shall enter orders: <ul style="list-style-type: none"><li>• Approving the DIP Financing on a final basis</li><li>• Authorizing the Debtor to assume the RSA</li><li>• Approving the bar date motion</li><li>• Approving the Disclosure Statement on a conditional basis</li><li>• Scheduling a combined hearing on the Plan and Disclosure Statement and setting an objection deadline with respect thereto</li></ul>	No later than forty 40 days after the Petition Date.
7	The general bar date	No later than ninety 90 days after the Petition Date.
8	The Bankruptcy Court shall enter an order approving the Disclosure Statement and the Plan	No later than 105 days after the Petition Date.
9	The effective date of the Plan	No later than September 30, 2025

**EXHIBIT 2 TO ORDER**

**Junior DIP Note**

**JUNIOR SECURED SUPERPRIORITY**  
**DIP PROMISSORY NOTE**

**U.S. \$2,500,000**

**June [ ], 2025**

For value received, Higher Ground Education Inc., a Delaware corporation (the “Company”), Guidepost A LLC, a Delaware limited liability company, Prepared Montessorian LLC, a Delaware limited liability company, and Terra Firma Services LLC, a Delaware limited liability company, each a debtor and debtor (collectively, the “Debtors”), promise to pay to the order of Guidepost Global Education, Inc. (“GGE” or the “Junior DIP Lender”), the aggregate unpaid principal amount of all advances from time to time outstanding hereunder, together with interest and other amounts as provided herein.

WHEREAS, on June [ ], 2025 (the “Petition Date”), the Debtors filed with the United States Bankruptcy Court for the Northern District of Texas (the “Bankruptcy Court”) a voluntary petition for relief commencing cases (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”);

WHEREAS, YYYYYY, LLC (the “Senior DIP Lender”) has committed to provide postpetition financing (the “Senior DIP Financing”) on a senior secured, priming basis in an amount necessary to fund both the Debtor’s operations and the administrative costs of these Chapter 11 Cases as set forth on an agreed-upon budget submitted by the Debtor and reasonably acceptable to Senior DIP Lender, in an amount not more than \$5,500,000, upon the terms and conditions in the Senior DIP Note;

WHEREAS, the Junior DIP Lender is committing hereby to provide postpetition financing (the “Junior DIP Financing”) on a secured, priming basis, subject only to the priority of the Senior DIP Financing, in an amount necessary to fund both the Debtor’s operations and the administrative costs of these Chapter 11 Cases as set forth on an agreed-upon budget submitted by the Debtor and reasonably acceptable to Junior DIP Lender, subject to Section 6 herein, in an amount of at least \$2,500,000 (the “Junior Commitment”), upon the terms and conditions set forth herein;

WHEREAS, the Debtors require financing in an amount necessary to fund the Debtors’ normal business operations, the administrative costs of these Chapter 11 Cases and pursuit of a confirmed plan of reorganization;

WHEREAS, the Debtors have requested that the Junior DIP Lender provide a secured, multiple draw term loan credit facility of up to \$2,500,000 (the “Junior DIP Financing”), including up to \$[ ] on an interim basis, including the roll-up of \$1,500,000 advanced to the Debtors in to the form of pre-bankruptcy bridge financing, to fund the day-to-day operating working capital needs and chapter 11 administrative costs of these Chapter 11 Cases, and the Junior DIP Lender is willing to extend such financing to the Debtors on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, the Debtors have entered into this debtor in possession promissory note (this “Junior DIP Note”) in favor of the Junior DIP Lender to evidence the Junior DIP Financing and pursuant to the *Interim Order (I) Authorizing the Debtor To (A) Obtain*

*Postpetition Secured Financing from YYYYY, LLC; (B) Obtain Postpetition Junior Secured Financing from Guidepost Global Education, Inc.; (C) Utilize Cash Collateral; and (D) Pay Certain Related Fees and Charges; (II) Granting Adequate Protection to the Prepetition Lender; (III) Modifying the Automatic Stay; (IV) Scheduling a Final Hearing and (V) Granting Related Relief [Docket No. \_] (as amended, supplemented or otherwise modified, the “Interim DIP Order” and including the Final DIP Order (as defined below), the “DIP Order”). Capitalized terms not otherwise defined herein have the meanings given thereto in the Interim DIP Order.*

**1. Advances; Increase in Principal Amount.**

(a) The Budget attached hereto as **Exhibit A** (as may be modified from time to time by the Debtors with the consent of the Senior DIP Lender in its sole and absolute discretion, and with written notice to the Junior DIP Lender, subject to Section 6 herein, the “Budget”) is hereby approved.

(b) Subject to the terms and conditions set forth in this Junior DIP Note, the Junior DIP Lender shall make advances to the Debtors as follows (each individually a “Junior Loan” and collectively, the “Junior Loans”):

(i) on the first business day after entry of the Interim DIP Order, an amount equal to \$[ ] (the “Initial Junior Loan”); and

(ii) on every other Monday after the date of the Initial Junior Loan (unless such date is not a business day at which point funding shall occur on the next succeeding business day) (each, a “Funding Date”) an amount equal to the estimated “Disbursements” for the following two weeks (starting on the Funding Date) in the Budget plus \$100,000; *provided, further*, that amounts that were budgeted for a prior week but not spent in such week shall be added to the budgeted amounts for the immediately succeeding week without reduction of the amounts that would otherwise have been budgeted and acceptable to the Junior DIP Lender, and the Debtors will be allowed the Permitted Variance (as defined below).

(c) Except with respect to the Initial Junior Loan, which shall be automatically funded by the Junior DIP Lender, subject to satisfaction of the Draw Conditions (defined below), on the first business day after entry of the Interim DIP Order, by noon prevailing Eastern Time on two business days immediately prior to a Funding Date, the Debtors shall give the Junior DIP Lender written notice of their request for a draw and shall specify the Funding Date (which must provide at least two business days’ written notice) and the amount of the requested draw (a “Borrowing Notice”). The Borrowing Notice shall include (1) a calculation of the requested draw amount including reasonable detail regarding the cash on hand included in the calculation and the projected disbursements for the bi-weekly borrowing period, (2) an updated Budget including actuals for prior periods, and (3) a calculation of any variance from the Budget (a “Variance Report”). The Borrowing Notice shall also be accompanied by a comparison of actual weekly receipts to those set forth in the Budget. The obligation of the Junior DIP Lender to fund is subject to compliance with the terms and conditions of this Junior DIP Note, the Interim DIP Order and, subject to its entry, the *Final Order (I) Authorizing the Debtor To (A) Obtain Postpetition Secured Financing from YYYYY, LLC; (B) Utilize Cash Collateral; and (C) Pay*

*Certain Related Fees and Charges; (II) Granting Adequate Protection to the Prepetition Lender; (III) Modifying the Automatic Stay; and (IV) Granting Related Relief* (as amended, modified or otherwise supplemented, the “Final DIP Order”). The Junior DIP Lender shall be obligated to fund under this Junior DIP Note and the DIP Orders, as applicable, all amounts set forth in the Borrowing Notice (except for a variance that is not a Permitted Variance, defined below), subject to the Budget.

Each Variance Report shall indicate whether there are any adverse variances that exceed the allowed variances, which means, in each case measured on a cumulative basis for the most recently ended period of two (2) weeks, up to ten percent (10%) of the amount of the Budget (each, a “Permitted Variance”). Unused amounts set forth in the Budget for any disbursement line item may be carried forward and used to fund such line item in any subsequent week.

(d) Except for a draw to fund the Carve Out and Professional Fee Reserve, following the occurrence of the Termination Date or other such event triggering the funding of the Carve Out and Professional Fee Reserve (each, a “Back-Stop Draw”), the Junior DIP Lender shall not be obligated to make any Junior Loan (including the Initial Loan hereunder), or to take, fulfill or perform any other action hereunder or under the DIP Order unless the Debtors certify, in a writing signed by an officer of the Debtors, that the following conditions (each, a “Draw Condition”) are met as of the date of each draw:

- (i) All of the representations and warranties contained in the Junior DIP Documents are true and correct in all material respects as of that date.
- (ii) This Junior DIP Note and each other Junior DIP Document shall have been executed or entered, as applicable, and delivered, if applicable, to the Junior DIP Lender in form and substance reasonably acceptable to the Junior DIP Lender, subject to Section 6 herein, and shall be in full, force and effect in all material respects.
- (iii) The consummation of the transactions contemplated hereby or entered into in contemplation hereof shall not contravene, violate, or conflict with, nor involve the Junior DIP Lender in, a violation of applicable law or regulation in any material respect.
- (iv) All consents, authorizations and filings, if any, required in connection with the execution, delivery and performance by the Debtors, and the validity and enforceability against the Debtors, of the Junior DIP Note, shall have been obtained or made, and such consents, authorizations and filings shall be in full force and effect in all material respects.
- (v) Prior to the making of the Initial Junior Loan, the Junior DIP Lender shall have received a schedule describing all material insurance maintained by the Debtors.
- (vi) The Junior DIP Lender shall have received a copy of the applicable DIP Order, and such DIP Order shall have been entered by the Bankruptcy Court in form and substance acceptable to the Junior DIP Lender in its

reasonable discretion, subject to Section 6 herein, and shall be in full force and effect and shall not have been vacated, stayed, reversed, modified, or amended.

- (vii) No event shall have occurred and be continuing, or would result from the Junior Loan requested thereby, that with the giving of notice or the passage of time or both, would constitute an Event of Default (as defined below) and no Event of Default shall be continuing.
- (viii) Except with respect to the Initial Junior Loan, the Debtors shall have timely delivered a Borrowing Notice related to such Loan that was in form and substance satisfactory to the Junior DIP Lender and consistent with the Budget. For the avoidance of doubt, the Debtors may not draw amounts under the Junior DIP Financing in excess of the Budget, and the amounts requested by the Debtors shall be used for an authorized purpose and in accordance with the Budget, subject to a Permitted Variance.
- (ix) The Debtors (and any successors thereto or any representatives thereof, including any trustees appointed in these Chapter 11 Cases or any successor case) shall be deemed to have waived any rights, benefits or causes of action under section 506(c) of the Bankruptcy Code as they may relate to or be asserted against the Junior DIP Lender, the Junior DIP Liens, or the DIP Collateral (as defined in the Interim DIP Order).
- (x) All information, approvals, documents or other instruments as Junior DIP Lender may reasonably request, and which are customary for postpetition lenders or plan sponsors to request, shall have been received by Junior DIP Lender in all material respects.

If the Draw Conditions are met, the Junior DIP Lender shall make each properly authorized Junior Loan in immediately available funds by wire transfer to an account designated by the Debtors, as soon as practicable, but in no event later than the noon prevailing Eastern Time on the applicable Funding Date.

If the Junior DIP Lender will not fund because one of the foregoing conditions is not satisfied (a “Funding Condition Deficiency”), the Junior DIP Lender will provide the Debtors with notice of the Funding Condition Deficiency before the scheduled Funding Date, and provide the Debtors the reasonable opportunity to cure such Funding Condition Deficiency to the extent such Funding Condition Deficiency is capable of being cured prior to the scheduled Funding Date or by such later deadline as may otherwise be agreed in writing by the Junior DIP Lender.

Notwithstanding anything herein to the contrary, upon the occurrence of the Termination Date or such other event triggering the funding of the Carve Out, the Debtors and Junior DIP Lender shall confer in good faith regarding the estimated amounts necessary to fund the Carve Out and Professional Fee Reserve (the “Estimated Carve Out”) and, if the amount of cash on hand with the Debtors is less than the Estimated Carve Out, the Junior DIP Lender shall fund a Back-Stop Draw under the Junior DIP Financing in the amount equal to the sum of (a) the Estimated Carve Out *less* (b) the Debtors’ cash on hand as of such date, automatically without any obligation of

the Debtors to meet the Draw Conditions or any other conditions precedent to such draw. If at any time after the occurrence of the Termination Date or such other event triggering the funding of the Carve Out and Professional Fee Reserve, the Debtors' cash on hand is less than the actual amounts necessary to fully fund the Carve Out and Professional Fee Reserve, the Junior DIP Lender shall fund additional Back-Stop Draws automatically without any obligation of the Debtors to meet the Draw Conditions or any other conditions precedent to such draw to cover any such shortfall.

## **2. Interest; Payments.**

(a) The Junior Loans shall bear interest on the unpaid principal amount thereof plus all obligations owing to the Junior DIP Lender pursuant to this Junior DIP Note, including without limitation, all interest, fees, and costs accruing thereon, and all the Junior DIP Lender's other rights (collectively, the "Junior DIP Obligations") from the applicable Funding Date (and, with respect to the Initial Loan, from the date hereof) to and including the Maturity Date (defined below), at a fixed rate per annum equal to nine percent (9%), calculated on the basis of a 360-day year for the actual number of days elapsed.

(b) Accrued, unpaid interest on the Junior Loans shall be compounded on the last day of each calendar month. After the Maturity Date and/or after the occurrence and during the continuance of an Event of Default (defined below), the Junior DIP Obligations shall bear interest at a rate equal to twelve percent (12%) per annum, calculated on the basis of a 360-day year for the actual number of days elapsed (the "Default Rate").

(c) Notwithstanding anything to the contrary set forth in this Section 2, if a court of competent jurisdiction determines in a final order that the rate of interest payable hereunder exceeds the highest rate of interest permissible under law (the "Maximum Lawful Rate"), then so long as the Maximum Lawful Rate would be so exceeded, the rate of interest payable hereunder shall be equal to the Maximum Lawful Rate.

(d) Except as otherwise set forth herein or in the DIP Orders, or as otherwise contemplated by the terms of the Plan, the Junior DIP Obligations, including interest, shall be due and payable on the first to occur of the following (the "Maturity Date"): (i) the Effective Date; (ii) September 30, 2025; (iii) upon acceleration of the Junior DIP Note pursuant to the terms hereof; and (iv) a Termination Date. On the Maturity Date, the Junior DIP Lender's obligation to provide Junior Loans shall terminate.

(e) The Junior DIP Lender's claim on account of the Junior DIP Obligations (the "Junior DIP Lender Claim") shall be allowed in full under the Plan. The Junior DIP Lender shall have the option, on account of being the holder of the Junior DIP Lender Claim, to exchange a total of up to 100% of the Junior DIP Lender Claim in satisfaction of such amount of its allowed claim for up to a total of 60% of the shares of the issued equity of the reorganized debtor, at a rate of 10% of its Allowed DIP Lender Claim for 6% of the equity of the reorganized debtor (the "Subscription Option"). To the extent any amount of the Allowed DIP Lender Claim remains after the Junior DIP Lender exercises the Subscription Option, then (i) the Plan Sponsor shall repay such outstanding amount in Cash on the Effective Date, which Cash shall be separate from and in addition to the Consideration; or (ii) the Junior DIP Lender may (at its sole election)



consent to the offset or other non-Cash satisfaction of the Junior DIP Lender Claim by the Plan Sponsor until the remaining unpaid amount of the DIP Financing Claim is reduced to \$0.

(f) The Junior DIP Obligations may not be prepaid in any amount, provided, for the sake of clarity, that the Debtors shall immediately repay the Junior DIP Obligations in full in cash in the event the Debtors proceed with an Alternative Transaction (as defined below) (subject to the terms of the RSA).

**3. Covenants** Unless otherwise agreed to by the Senior DIP Lender in writing, with written notice of the Junior DIP Lender, each of the Debtors covenants and agrees that it will:

(a) Use the proceeds of the Junior Loans solely for operating working capital purposes and chapter 11 administrative costs, including professional fees, in the amounts and otherwise in accordance with and for the purposes provided for in the Budget; *provided, however*, any unused fees from prior weeks may be rolled forward into subsequent weeks. Notwithstanding the then applicable Budget, the Debtor may exceed the budgeted amount during any weekly budget period up to the Permitted Variance; *provided, further*, none of the proceeds of the Junior DIP Loans shall be used by any party in interest to take any action or to otherwise assert any claims or causes of action against the Junior DIP Lender in any capacity (except for the purposes of enforcement of the DIP Orders or this Junior DIP Note).

(b) Keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and property and all legal requirements in all material respects; and, upon the reasonable request and with reasonable frequency of the Junior DIP Lender, provide copies of, or access to, its books and records, and to discuss the business, operations, assets, and financial and other condition of the Debtor with officers and employees thereof and with their independent certified public accountants (but excluding privileged information) as is reasonably related to the Junior DIP Loan.

(c) Promptly give written notice to the Junior DIP Lender after becoming aware of the same: (i) of the occurrence of any Default or Event of Default; (ii) of any (A) default or event of default under any instrument or other material agreement, guarantee or document of the Debtor (including, without limitation, the Junior DIP Documents) or (B) litigation, investigation or proceeding that may exist at any time between the Debtor and any governmental authority after the date hereof; and (iii) of the commencement of any litigation or proceeding against the Debtor for acts occurring after the Petition Date (A) in which more than \$50,000 of the amount claimed is not covered by insurance or (B) in which injunctive or similar relief is sought.

(d) At all times, cause all of the Collateral (defined below) to be subject to a priority perfected security interest in favor of the Junior DIP Lender, subject only to the priority of the Senior DIP Lender, in accordance with the DIP Orders, subject and subordinate only to the Carve Out and the Professional Fee Reserve.

(e) Promptly, from time to time, deliver such other information regarding the operations, business affairs, and financial condition of the Debtor as the Junior DIP Lender may reasonably request.



(g) To the extent practicable and legally permissible, at least two (2) business days prior to the date when the Debtor intends to file any such pleading, motion, or other document (and, if not reasonably practicable, as soon as reasonably practicable), provide copies of all material pleadings, motions, applications, judicial information, financial information, and other documents to be filed by the Debtor in these Chapter 11 Cases that may impact the Junior DIP Lender or the Junior DIP Financing.

(h) Promptly execute and deliver such documents, instruments and agreements, and take or cause to be taken such acts and actions, as the Junior DIP Lender may reasonably request from time to time to carry out the intent of this Junior DIP Note and the DIP Orders.

(g) Not create, incur, assume, or suffer to exist any indebtedness other than (i) indebtedness outstanding on the date hereof; (ii) indebtedness in connection with the Senior Loans or the Junior DIP Financing; (iii) indebtedness in respect of fees and expenses owed to professionals retained by the Debtor, any official committee in these Chapter 11 Cases, or U.S. Trustee fees up to the amounts set forth in the Budget; and (iv) subject in all respects to the Budget, any ordinary course unsecured indebtedness of the Debtor of the type ordinarily incurred in connection with a chapter 11 bankruptcy case.

(h) Not create, incur, assume, or suffer to exist any lien upon any of its assets, whether now owned or hereafter acquired, except for liens that are permitted by the DIP Orders (including the liens securing the Prepetition Secured Lenders Obligations and the Junior DIP Obligations) and shall not cause, or permit to be caused, any direct or indirect subsidiary of the Debtor to create, incur, assume, or suffer to exist any such liens.

(i) Not enter into any merger or consolidation or amalgamation or other change of control transaction or engage in any type of business other than of the same general type now conducted by it.

(j) Not convey, sell, lease, assign, transfer or otherwise dispose of (including through a transaction of merger or consolidation) any assets or property (including, without limitation, tax benefits), other than the sale of inventory or the licensing of intellectual property in the ordinary course of business.

(k) Not make any advance, investment, acquisition, loan, extension of credit, or capital contribution to, in, or for the benefit of any person outside the ordinary course of business.

(l) Subject in all respects to the Budget, not enter into any transaction, including, without limitation, any purchase, sale, lease, or exchange of property or the rendering of any service, with any affiliate, except on commercially reasonable terms similar to those available to unaffiliated parties in an arm's-length transaction.

(m) Not incur or apply to the Bankruptcy Court for authority to incur, or suffer to exist, any indebtedness having the priority afforded by section 364(c) of the Bankruptcy Code or (d) (including any superpriority claims) other than the financing provided for under this Junior DIP Note, unless the both the Senior DIP Obligations and the Junior DIP Obligations hereunder are to be irrevocably paid in full, in cash with the proceeds thereof.

(n) Not limit, affect, or modify, or apply to the Bankruptcy Court to limit, affect, or modify, any of the rights of the Junior DIP Lender with respect to the Junior DIP Obligations, including rights with respect to DIP Collateral and the priority thereof.

(o) Except with respect to the Carve Out or the Professional Fee Reserve, not incur, create, assume, suffer, or permit any claim to exist or apply to the Bankruptcy Court for the authority to incur, create, assume, suffer or permit any claim to exist against the Debtor's estate or any of its assets which is to be *pari passu* with, or senior to, the Junior DIP Obligations, subject only to the Senior DIP Obligations, unless both the Senior DIP Obligations and the Junior DIP Obligations are being irrevocably repaid in full, in cash with the proceeds thereof.

Notwithstanding the foregoing, and for the avoidance of doubt, any payments permitted by the Budget will not be deemed to violate any of the foregoing covenants.

#### **4. Event of Default.**

(a) Event of Default. Each of the following events shall constitute an "Event of Default":

- (i) the Debtors (A) fails to make any payment (whether principal, interest, or otherwise) when such amount becomes due and payable under the Junior DIP Note or (B) default in any material respect in the due performance or observance of any other term, covenant, or agreement contained in the Junior DIP Note (and, if such default is capable of being remedied, it has not been remedied within the cure period set forth in the Junior DIP Note or, if no such cure period is provided, it has not been remedied to the reasonable satisfaction of the Junior DIP Lender five (5) business days following written notice to the Debtor of the occurrence of such event of default);
- (ii) any representation, warranty, or statement made by the Debtor herein or in the Junior DIP Note or in any certificate delivered in connection with the Junior DIP Note proves to be untrue in any material respect on the date on which made or deemed made (and, if such default is capable of being remedied, it has not been remedied within the cure period set forth in such DIP Document or, if no such cure period is provided, it has not been remedied to the reasonable satisfaction of the Senior DIP Lender or Junior DIP Lender, as applicable, five (5) business days following written notice to the Debtors of the occurrence of such event of default);
- (iii) the security interest granted to the Junior DIP Lender ceases to be in full force and effect, or ceases to create a perfected security interest in, and lien on, the DIP Collateral purported to be created thereby;
- (iv) unless otherwise agreed to by the Junior DIP Lender, the Junior DIP Note is or becomes invalid, ineffective, or unenforceable against the Debtors in any material respect, in whole or in part, or the Debtors so asserts or at any

time denies the liability or the Junior DIP Obligations under the Junior DIP Note;

- (v) the Court enters an order dismissing any of the Chapter 11 Cases or converting any of them to a case under Chapter 7 or any other chapter of the Bankruptcy Code, or appointing a trustee or other responsible officer or an examiner with enlarged powers relating to the operation of the Debtors' business (beyond those set forth in sections 1106(a)(3) or (4) of the Bankruptcy Code) under section 1104 of the Bankruptcy Code, in each case, without the consent of the Senior DIP Lender in its sole and absolute discretion;
- (vi) the Court enters an order granting relief from the automatic stay applicable under section 362 of the Bankruptcy Code and authorizing an action by a lienholder (other than the Senior DIP Lender) with respect to assets of the Debtors on which the lienholder has a lien with an aggregate value in excess of \$50,000;
- (vii) the Debtors seek to, advocate, or otherwise support any other person's motion to disallow, in whole or in part, the Junior DIP Obligations or to challenge the validity, priority, or enforceability of the Priming DIP Liens and superpriority claims hereunder (for avoidance of doubt, complying with document requests shall not constitute a breach of the foregoing);
- (viii) a debtor in possession financing order is entered in form and substance that is not acceptable to both the Senior DIP Lender and the Junior DIP Lender in their reasonable discretion or from and after the date of entry thereof, the Interim DIP Order or the Final DIP Order, as applicable, ceases to be in full force and effect or is vacated, stayed, reversed, modified, or amended (or the Debtors take any step to accomplish any of the foregoing) without the consent of the Senior DIP Lender in its sole and absolute discretion, with written notice to be provided to the Junior DIP Lender;
- (ix) any of the orders approving the Plan or the disclosure statement to the Plan (the "Disclosure Statement") are vacated, stayed, reversed, modified, or amended without the consent of the Senior DIP Lender, with written notice to the Junior DIP Lender;
- (x) the Debtors make any payments on any indebtedness that arose before the Petition Date other than as provided in the Budget or otherwise without the unanimous consent of the DIP Lenders in their its sole and absolute discretion;
- (xi) the Debtors fails to obtain an order from the Court approving the Debtors' motion for authority to assume the Restructuring Support Agreement dated as of  (the "RSA") entered into by, among others, the Debtor, the

DIP Lenders, the Prepetition Secured Lenders, and 2HR Learning, Inc., as the proposed plan sponsor of the Plan (“Plan Sponsor”)) within forty (40) days of the Petition Date;

- (xii) a Company Termination Event, Consenting Party Termination Event or a GG Termination Event (each as defined in the RSA) shall have occurred, including prior to the Debtor’s assumption of the RSA;
- (xiii) the Debtors take any action, or as to insiders, permits any action, that would result in an “ownership change” as such term is used in section 382 of title 26 of the United States Code;
- (xiv) the Debtors fail to provide the Junior DIP Lender and its agents with reasonable access to the Debtors’ books, records, and management through the Effective Date;
- (xv) the (a) Plan, (b) Disclosure Statement, (c) order confirming the Plan, (d) motion of the Debtor seeking authorization from the Court to assume the RSA, (e) the DIP Orders, the related motions, or the documentation evidencing, or otherwise entered into in connection with, the Senior DIP Financing and the Junior DIP Financing, or (f) any other documents or exhibits related to or contemplated in the foregoing clauses (a) through (e), contains terms and conditions materially inconsistent with the RSA or the Restructuring Transaction;
- (xvi) the Court grants relief that is materially inconsistent with the RSA, or would reasonably be expected to materially frustrate the purpose of the RSA;
- (xvii) the Debtors breach or fail to comply with the terms of the DIP Orders or the Plan, in any material respect;
- (xviii) any of the Chapter 11 Milestones (attached hereto as **Exhibit B**) are not satisfied;
- (xix) one or more judgments or decrees is entered against any Debtor or its estate involving in the aggregate a postpetition liability (not paid or fully covered by insurance or otherwise considered permitted indebtedness) of \$50,000 or more, and all such judgments or decrees are not vacated, discharged, stayed, or bonded pending appeal;
- (xx) the DIP Notes or any other DIP Documents ceases, for any reason, to be in full force and effect or the Debtor shall so assert in writing, or the Priming DIP Liens cease to be effective and perfected with respect to any material item of DIP Collateral described therein with the priority purported to be created by the DIP Documents;

- (xxi) the Debtors fail to provide in any material respect all information, approvals, documents, or other instruments as the Junior DIP Lender may reasonably request, and as are customary for postpetition lenders or plan sponsors to request;
- (xxii) any of the Debtors announces its intention to proceed with any reorganization, merger, consolidation, tender offer, exchange offer, business combination, joint venture, partnership, sale of a material portion of assets, financing (whether debt, including any debtor in possession financing other than the DIP Financing, or equity), recapitalization, workout, or restructuring of the Debtors (including, for the avoidance of doubt, a transaction premised on a chapter 11 plan or a sale of a material portion of assets under section 363 of the Bankruptcy Code), other than the Restructuring Transaction (an “Alternative Transaction”);
- (xxiii) the Court approves an Alternative Transaction;
- (xxiv) the Debtors file a plan of reorganization, liquidating plan, or disclosure statement that is inconsistent with the Plan or the RSA;
- (xxv) the Debtors file an application or motion for the approval of postpetition financing from any party other than the DIP Lenders, including financing that provides for superpriority claims or priming liens on any of the Senior DIP Lender’s collateral, or the Junior DIP Lender’s collateral, without the written consent of the Senior DIP Lender or the Junior DIP Lender, as applicable, in their sole and absolute discretion;
- (xxvi) the Court enters an order terminating the right of the Debtors to use the DIP Financing;
- (xxvii) the Debtors fail to comply with the Budget; *provided, however*, that for each period of two (2) weeks (or, if shorter, since the Petition Date), for the period from the Petition Date, in each case measured on a cumulative basis, adverse variances under the Budget of up to 10% of the amount of the Budget are permitted, and unused amounts set forth in the Budget for any disbursement line item may be carried forward and used to fund such line item in any subsequent week;
- (xxviii) without the consent of the Senior DIP Lender, and written notice to the Junior DIP Lender, any claim or lien having a priority superior to or *pari passu* with those granted by the DIP Orders to the Senior DIP Lender is granted or allowed prior to the occurrence of (a) the payment in full in cash of immediately available funds of all of the Senior DIP Obligations and Junior DIP Obligations, (b) the termination or expiration of all commitments to extend credit to the Debtors under the Senior DIP Documents and the Junior DIP Documents, and (c) the cash collateralization in respect of any asserted claims, demands, actions, suits,

proceedings, investigations, liabilities, fines, costs, penalties, or damages for which the Senior DIP Lender or Junior DIP Lender, as applicable, may be entitled to indemnification by the Debtors; or

- (xxiv) The Debtors, without the Senior DIP Lender's prior written consent (which shall be given or refused in the Senior DIP Lender's sole and absolute discretion), and without written notice to the Junior DIP Lender, seek to modify, vacate or amend the DIP Orders or any DIP Documents.
- (xxv) (a) The Debtors fail to make any payment (whether of principal, interest or any other amount) in respect of the Junior DIP Documents, when and as the same shall become due and payable or (b) any event or condition occurs that results in any indebtedness under the Junior DIP Documents becoming due prior to its scheduled maturity or that enables or permits (with or without notice the giving of notice, the lapse of time, or both) the holder or holders of any indebtedness under the Junior DIP Documents or any trustee or agent on its or their behalf to cause any Junior DIP Obligations to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity.
- (c) Upon the occurrence of an Event of Default and after five (5) business days' written notice by the Senior DIP Lender to the Notice Parties (the "Default Notice Period"), and an opportunity to seek an expedited hearing before the Court, the automatic stay shall terminate, and the Senior DIP Lender and Junior DIP Lender shall be permitted to exercise any of their respective remedies permitted by law, including any of the following actions, without application or motion to, or further orders from, the Bankruptcy Court or any other court, and without interference from the Debtors or any other party in interest, unless the Court determines during the Default Notice Period that an Event of Default has not occurred:
  - (i) declare all or any portion of the outstanding Senior DIP Obligations or Junior DIP Obligations, as applicable, due and payable, whereupon the same shall become forthwith due and payable without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Debtors;
  - (ii) set off any amounts held as Cash Collateral (including, without limitation, in any Cash Collateral account held for the benefit of the Senior DIP Lender or the Junior DIP Lender, as applicable);
  - (iii) enforce all liens and security interests in the DIP Collateral;
  - (iv) institute proceedings to enforce payment of such Senior DIP Obligations or the Junior DIP Obligations, as applicable;
  - (v) terminate the obligation of the Junior DIP Lender to make Junior Loans; and



- (vi) exercise any other remedies and take any other actions available to it or them at law, in equity, under the Junior DIP Note, the Bankruptcy Code, other applicable law or pursuant to the DIP Order, including, without limitation, exercising any and all rights and remedies with respect to the DIP Collateral or any portion thereof;

*provided, however,* the Junior DIP Lender shall continue to fund the Debtors' operations, pursuant to the Budget, through the Default Notice Period.

(c) The Debtors and the Committee (if any), and any other party in interest shall be entitled to an emergency hearing before this Court within the Default Notice Period. If an emergency hearing is requested to be heard prior to the expiration of the Default Notice Period, then the Default Notice Period shall automatically be extended until the Court hears and rules with respect thereto.

(c) Subject to Section 4(b) above, if any Event of Default shall occur and be continuing, the Junior DIP Lender, subject to the rights of the Senior DIP Lender, may exercise in addition to all other rights and remedies granted to it in this Junior DIP Note and the DIP Orders, all rights and remedies of a secured party under the UCC (as defined below) or other applicable law. Without limiting the generality of the foregoing, each of the Debtors, on behalf of their estates, expressly agrees that in any such event the Junior DIP Lender, without demand of performance or other demand, advertisement, or notice of any kind (except the notice required by the DIP Orders or the notice specified below of time and place of public or private sale and subject to the rights of the Senior DIP Lender) to or upon the Debtors or any other person (all and each of which demands, advertisements, and/or notices (except the notice required by the DIP Orders or the notice specified below of time and place of public or private sale) are hereby expressly waived to the maximum extent permitted by the UCC and other applicable law), may forthwith collect, receive, appropriate, and realize upon the DIP Collateral, or any part thereof, and/or may forthwith sell, lease, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver said DIP Collateral (or contract to do so), or any part thereof, in one or more parcels at public or private sale or sales, at any exchange or broker's board or at any of the Junior DIP Lender's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. Subject to the rights of the Senior DIP Lender, the Junior DIP Lender shall have the right upon any such public sale or sales to purchase for cash or by credit bidding all or a part of the Junior DIP Obligations the whole or any part of said DIP Collateral so sold, free of any right or equity of redemption, which equity of redemption the Debtor hereby releases. Each of the Debtors, on behalf of its estate and subject to the rights of the Senior DIP Lender, further agrees, at the Junior DIP Lender's request, to assemble the DIP Collateral constituting movable tangible personal property and make it available to the Junior DIP Lender at places that the Junior DIP Lender shall reasonably select. The Junior DIP Lender shall apply the proceeds of any such collection, recovery, receipt, appropriation, realization or sale to the Junior DIP Obligations in the order reasonably deemed appropriate by the Junior DIP Lender, the Debtors' estates remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by the Junior DIP Lender of any other amount required by any provision of law, including section 9-608(a)(1)(C) of the UCC, shall the Junior DIP Lender account for and pay over the surplus, if any, to the Debtors. To the maximum extent permitted by applicable law, the Debtors waive all claims, damages, and demands against the Junior DIP Lender arising

out of the repossession, retention, or sale of the DIP Collateral except such as arise out of the gross negligence or willful misconduct of the Junior DIP Lender. The Debtors agree that the Junior DIP Lender need not give more than five (5) business days' notice to the Debtors (which notification may run concurrently with any notice required under the DIP Orders and shall be deemed given when mailed, electronically delivered or delivered on an overnight basis, postage prepaid, addressed to the Debtors at the address set forth below) of the time and place of any public sale or of the time after which a private sale may take place and that such notice is reasonable notification of such matters. The Debtors' estates shall remain liable for any deficiency if the proceeds of any sale or disposition of the DIP Collateral are insufficient to pay all amounts to which the Junior DIP Lender is entitled.

(d) Subject to Section 4(b) above, except as otherwise expressly provided herein and in the DIP Orders, the Debtors hereby waive presentment, demand, protest, or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Junior DIP Note or any DIP Collateral. The Debtors' estates shall also pay all of the Junior DIP Lender's reasonable costs of collection if any Junior DIP Obligations are not paid when due, including, without limitation, court costs, collection expenses, reasonable out-of-pocket attorneys' fees, and other expenses which the Junior DIP Lender may incur or pay in the prosecution or defense of its rights hereunder, whether in judicial proceedings, including bankruptcy court and appellate proceedings, or whether out of Court.

(d) Except with respect to the payment of the Carve Out, the Junior DIP Lender's agreement to provide the Junior DIP Financing in accordance with the Junior DIP Documents and the Debtors' authorization to use Cash Collateral shall immediately and automatically terminate (except as the Senior DIP Lender may otherwise agree in writing in its reasonable discretion and with written notice to the Junior DIP Lender), upon the earliest to occur of any of the following (each, a "Termination Date"):

- (i) September 30, 2025;
- (ii) the date of final indefeasible payment and satisfaction in full in cash of both the Senior DIP Obligations and the Junior DIP Obligations;
- (iii) the entry of an order by the Court granting a motion by the Debtors to obtain additional financing from a party other than Senior DIP Lender and the Junior DIP Lender under section 363 or 364 of the Bankruptcy Code unless the proceeds from such financing are used to immediately repay in cash the Senior DIP Obligations and the Junior DIP Obligations or unless such financing is subordinate to both the Senior DIP Obligations and the Junior DIP Obligations and consented to in writing by both the Senior DIP Lender and the Junior DIP Lender (which consent may be withheld in each of their sole and absolute discretion);
- (iv) the dismissal of the Chapter 11 Cases or the conversion of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code;



(v) the DIP Order is stayed, reversed, vacated, amended or otherwise modified in any respect without the prior written consent of the Senior DIP Lender (which consent may be withheld in its sole and absolute discretion) and with written notice to the Junior DIP Lender;

(vi) the Effective Date; or

(vii) upon expiration of the Default Notice Period.

## **5. Security.**

(a) To induce the Junior DIP Lender to make the Junior Loans, each Debtor hereby grants to the Junior DIP Lender, as security for the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of the Junior DIP Obligations, a continuing first priority lien and security interest (subject and subordinate only to the Carve Out and to the lien of the Senior DIP Lender) in and to any and all right, title or interest of the Debtors in and to all of the following, whether presently existing or at any time hereafter acquired, whether owned, leased or otherwise possessed, (capitalized terms used in clauses (i) through (xix) and not otherwise defined herein shall have the meanings provided for such term in the Uniform Commercial Code in effect on the date hereof in the State of Delaware (the “UCC”)):

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Deposit Accounts, including any monies or other property held therein;

(iv) all Documents;

(v) all Equipment;

(vi) all General Intangibles, including all intellectual property, including any trademarks or tradenames, and any licenses;

(vii) all Goods;

(viii) all Instruments;

(ix) all Inventory;

(x) all Investment Property;

(xi) all Letter-of-Credit Rights;

(xii) all real property;

(xiii) all motor vehicles;

(xiv) all Commercial Tort Claims;

(xv) all books and records pertaining to the Debtor, its business and any property described herein;

(xvi) all other personal property and other assets of the Debtor, whether tangible or intangible, wherever located, including money, letters of credit, and all rights of payment or performance under letters of credit;

(xvii) to the extent not otherwise included, all monies and other property of any kind that is received by the Debtor in connection with any refunds with respect to taxes, assessments and other governmental charges;

(xviii) all insurance claims; and

(xix) to the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits, and products of, each of the foregoing, and any proceeds of insurance, indemnity, warranty or guaranty payable to the Debtors' estates from time to time with respect to any of the foregoing.

(b) The granting clause herein is intended to supplement (not supersede) that which is provided for in the DIP Orders and the Junior DIP Loans and any other indebtedness or obligations, contingent or absolute (including, without limitation, the principal thereof, interest thereon, and costs and expenses owing in connection therewith) which may now or from time to time hereafter be owing by the Debtors to the Junior DIP Lender under the Junior DIP Note shall be secured as set forth herein, in the DIP Orders.

(c) The DIP Orders provide for the perfection, maintenance, protection, and enforcement of the Junior DIP Lender's security interest in the DIP Collateral. Upon the request of the Junior DIP Lender, the Debtors shall deliver to the Junior DIP Lender those Junior DIP Documents necessary or desirable to perfect the Junior DIP Lender's lien, including in letters of credit on which the Debtors are named as beneficiary and all acceptances issued in connection therewith. The Debtors shall take such other reasonable steps as are deemed necessary or desirable to maintain the Junior DIP Lender's security interest in the DIP Collateral.

(d) The Debtors hereby authorize the Junior DIP Lender to execute and file financing statements or continuation statements, and amendments thereto, on the Debtors' behalf covering the DIP Collateral. The Junior DIP Lender may file one or more financing statements disclosing the Junior DIP Lender's security interest under this Junior DIP Note without the signature of the Debtors appearing thereon. The Junior DIP Lender shall pay the costs of, or incidental to, any recording or filing of any financing statements concerning the DIP Collateral. The Debtors agree that a carbon, photographic, photostatic, or other reproduction of this Junior DIP Note or of a financing statement is sufficient as a financing statement.

(e) Except as otherwise provided for in this Junior DIP Note or in any DIP Order, or as otherwise contemplated by the terms of the RSA, until all Senior DIP Obligations and Junior DIP Obligations have been fully satisfied in cash and the Junior DIP Lender shall have no further obligation to make any Junior Loans hereunder, the Junior DIP Lender's security interest in the DIP Collateral, and all proceeds and products thereof, shall continue in full force and effect.

(f) Notwithstanding the preceding paragraphs, or any failure on the part of the Debtors to take any of the actions set forth therein, the liens and security interests granted herein shall be deemed valid, enforceable and perfected by entry of the final DIP Order. No financing statement, notice of lien, mortgage, deed of trust or similar instrument in any jurisdiction or filing office need be filed or any other action taken in order to validate and perfect the liens and security interests granted by or pursuant to this DIP Note and the DIP Orders.

(g) Other than with respect to the Carve Out and the Professional Fee Reserve, the priority of the Junior DIP Lender's liens on the DIP Collateral shall be senior to all liens existing as of the Petition Date, subject solely to the interest of the Senior DIP Lender, and for so long as any Junior DIP Obligations shall be outstanding, the Debtors hereby irrevocably waive any right, pursuant to sections 364(c) or 364(d) of the Bankruptcy Code or otherwise, to grant any lien of equal or greater priority than the liens securing the Junior DIP Obligations, or to approve a claim of equal or greater priority than the DIP Obligations, unless otherwise permitted or provided for in the DIP Orders or effective upon the granting of any such lien or priority, the DIP Obligations shall be irrevocably paid in full in cash and the obligation to make Junior DIP Loans hereunder terminated.

(h) Upon entry of, subject to and in accordance with the DIP Orders, the Junior DIP Obligations of the Debtors hereunder and under the other Junior DIP Documents and the DIP Orders, shall at all times constitute allowed superpriority claims pursuant to section 364(c)(1) of the Bankruptcy Code.

(i) It is expressly agreed by the Debtors that, anything herein to the contrary notwithstanding, the Debtors shall remain liable under their postpetition contractual obligations to observe and perform all the conditions and obligations to be observed and performed by it thereunder, and the Junior DIP Lender shall not have any obligation or liability under any contractual obligations by reason of or arising out of this Junior DIP Note unless otherwise agreed to in writing by both the Senior DIP Lender and the Junior DIP Lender, and the Junior DIP Lender shall not be required or obligated in any manner to perform or fulfill any of the obligations of the debtors' estates under or pursuant to any contractual obligations, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any contractual obligations, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amounts that may have been assigned to it or to which it may be entitled at any time or times.

(j) Each Debtor hereby appoints the Junior DIP Lender, or any other person who the Junior DIP Lender may designate, as the Debtors' attorney-in-fact (such appointment being coupled with an interest and being irrevocable until Junior DIP Lender's liens and claims shall have been satisfied), at any time after (i) termination of the automatic stay (A) to do any act which Debtor is obligated to do hereunder, or (B) to exercise any of the rights and remedies available under the UCC or other applicable law to a secured party with a lien having the same priority as the Junior DIP Lender's lien on the DIP Collateral (and all acts of such attorney in fact or designee taken pursuant to this section are hereby ratified and approved by the Debtors and said attorney or designee shall not be liable for any acts or omissions nor for any error of judgment or mistake of fact or law, except for gross negligence or willful misconduct); *provided*,

*however*, the Junior DIP Lender shall provide prior or contemporaneous telephonic and electronic notice to the Debtors and any creditor entitled to notice with respect to any affected DIP Collateral of the exercise of any or all of its above-stated rights and powers.

**6. Treatment of the Plan Sponsor and Junior DIP Lender.**

Notwithstanding anything to the contrary contained herein, the form and substance of any and all legal and economic rights and treatment of the Plan Sponsor and the Junior DIP Lender in the Plan, the DIP Orders, the Junior DIP Note and any other orders entered by the Bankruptcy Court, or any other operative document, shall be subject to the consent of the Plan Sponsor, the Senior DIP Lender, and the Junior DIP Lender, in their respective reasonable discretion; provided that the terms of the Budget shall be mutually agreed upon by the Debtors and the DIP Lenders in an aggregate amount not to exceed \$8,000,000, as may be modified from time to time by the Debtors with the consent of the DIP Lenders in their sole and absolute discretion, but without need for further Court approval. The order confirming the Plan shall be in a form and substance reasonably acceptable to both the Senior DIP Lender and the Junior DIP Lender in their reasonable discretion, and subject to the Subscription Option, shall provide for the Senior DIP Lender to be issued 100% of the equity of the reorganized Debtors free and clear of all liens, claims, rights, interests, security interests, and encumbrances of any kind (other than those expressly identified in writing as acceptable to the Senior DIP Lender in its sole and absolute discretion).

**7. Miscellaneous.**

(a) No course of action or delay or omission of Junior DIP Lender in exercising any right or remedy hereunder or under any other agreement or undertaking securing or related to this Junior DIP Note shall constitute or be deemed to be a waiver of any such right or remedy, and a waiver on the one occasion shall not operate as a bar to or waiver of any such right or remedy on any future occasion. The rights and remedies of Junior DIP Lender as provided herein shall be cumulative and concurrent and may be pursued singularly, successively or together at the sole discretion of Junior DIP Lender, and may be exercised as often as occasion therefor shall occur, and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release of the same.

(b) Subject to and limited by the DIP Orders, the Debtors agree to pay or reimburse the Junior DIP Lender for all of its reasonable costs and expenses incurred in connection with the collection, enforcement or preservation of any rights under this Junior DIP Note and the other Junior DIP Documents, including, without limitation, the fees and disbursements of counsel for the Junior DIP Lender, including reasonable attorneys' fees out of court, in trial, on appeal, in bankruptcy proceedings, or otherwise.

(c) This Junior DIP Note shall be binding upon and inure to the benefit of the Debtors and the Junior DIP Lender and their respective administrators, personal representatives, legal representatives, heirs, successors and assigns, except that no Debtor shall assign or transfer any of its rights and/or obligations hereunder, and any such assignment or transfer purported to be made by Debtor shall be null and void. The Junior DIP Lender may at any time transfer or

assign (or grant a participation in) any or all of its rights and/or obligations hereunder without the consent of the Debtors.

(d) If any provision of this Junior DIP Note is invalid, illegal, or unenforceable, the balance of this Junior DIP Note shall remain in effect, and if any provision is inapplicable to any person or circumstance, it shall nevertheless remain applicable to all other persons and circumstances.

(e) This Junior DIP Note shall be governed by and construed in all respects under the laws of the State of New York (except as governed by the Bankruptcy Code), without reference to its conflict of laws rules or principles. Each of the parties submits to the exclusive jurisdiction of the Bankruptcy Court for the Northern District of Texas or (if the Bankruptcy Court lacks or declines jurisdiction) any state or federal court sitting in the State of Texas, in any action or proceeding arising out of or relating to the Junior DIP Note, and each party agrees that all claims in respect of the action or proceeding may be heard and determined in any such court and agrees not to bring any action or proceeding arising out of or relating to the Junior DIP Note in any other court. Each of the parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto. Each party agrees that service of summons and complaint or any other process that might be served in any action or proceeding may be made on such party by sending or delivering a copy of the process to the party to be served at the address of the party and in the manner provided for the giving of notices in Section 7(h) below. Each party agrees that a final, non-appealable judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law.

**(f) THE JUNIOR DIP LENDER AND THE DEBTORS HEREBY KNOWINGLY VOLUNTARILY, INTENTIONALLY WAIVE THE RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREIN, OR ARISING OUT OF UNDER OR IN CONNECTION WITH THIS JUNIOR DIP NOTE AND THE OTHER JUNIOR DIP DOCUMENTS.**

(g) The Debtors, at their own expense, which shall be provided for in the Budget, shall take any lawful actions and execute, deliver, file and register any documents that the Junior DIP Lender may, in its discretion, deem reasonably necessary or appropriate in order to further the purposes of this Junior DIP Note.

(h) All notices hereunder shall be deemed given if in writing and delivered, if sent by email, courier, or by registered or certified mail (return receipt requested) to the following addresses and email addresses (or at such other addresses or facsimile numbers as shall be specified by like notice):

(i) If to the Debtors:

Higher Ground Education, Inc.  
1321 Upland Dr. PMB 20442  
Houston, Texas 77043  
Attn: Jon McCarthy  
Email: board@tohigherground.com

and

FOLEY & LARDNER LLP  
2021 McKinney Avenue, Suite 1600  
Dallas, TX 75201  
Attention: Holland N. O'Neil, Esq.  
Email: honeil@foley.com

and

1144 15th Street, Ste. 2200  
Denver, CO 80202  
Attention: Tim Mohan  
Email: tmohan@foley.com

(ii) If to the Junior DIP Lender:

Guidepost Global Education, Inc.  
1809 Pearl Street  
Austin, Texas 78701  
Attention: Greg Mauro  
Email: greg@learn.vc

and

Kane Russell Coleman Logan PC  
401 Congress Avenue  
Suite 2100  
Austin, Texas 78701  
Attention: Jason Binford  
Email: jbinford@krcl.com  
Phone: 512-487-6566

or to such other address as any party hereto shall notify the other parties hereto (as provided above) from time to time.

[Signature page is next page]

**IN WITNESS WHEREOF**, the Debtors have executed this Junior DIP Note as of the date first written above.

**BORROWERS:**

**HIGHER GROUND EDUCATION INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**GUIDEPOST A LLC**

By: Higher Ground Education Inc.  
Its: Sole Member and Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PREPARED MONTESSORIAN LLC**

By: Higher Ground Education Inc.  
Its: Sole Member and Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TERRA FIRMA SERVICES LLC**

By: Higher Ground Education Inc.  
Its: Sole Member and Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A TO JUNIOR DIP NOTE**

**BUDGET**

(Attached as Exhibit A to Senior DIP Note)



## **EXHIBIT B TO JUNIOR DIP NOTE**

### **CHAPTER 11 MILESTONES**

The obligations of the Junior DIP Lender to advance the DIP Loans shall be subject to the Debtors satisfying, or causing the satisfaction of, the milestones listed below (collectively, the “**Chapter 11 Milestones**”) by the specified deadline (after taking into account any applicable cure period, the “**Specified Deadlines**”). The non-satisfaction of any Chapter 11 Milestone by the applicable Specified Deadline (and the non-waiver of such non-satisfaction by the Junior DIP Lender and Borrower in their sole and absolute discretion) shall be an Event of Default under the DIP Loan Documentation.

	<b><u>Chapter 11 Milestone</u></b>	<b><u>Specified Deadline</u></b>
1	Commencement of these Chapter 11 Cases (the “ <b><u>Petition Date</u></b> ”).	No later than June 30, 2025
2	The Debtors shall file: <ul style="list-style-type: none"> <li>• A motion seeking the Bankruptcy Court’s approval of the DIP Financing</li> <li>• An application to retain a claims agent</li> <li>• A motion to continue cash management</li> <li>• Such other first day papers as may be approved or requested by the Debtor or Plan Sponsor</li> </ul>	No later than one (1) business day after the Petition Date.
3	The Debtors shall file: <ul style="list-style-type: none"> <li>• The Disclosure Statement, Plan, solicitation procedures motion, together with a motion for approval of same on shortened notice</li> <li>• A motion seeking the Bankruptcy Court’s approval of assumption of the RSA</li> <li>• A motion for approval of bar dates</li> <li>• A motion to extend time to file schedules</li> </ul>	No later than five (5) business days after the Petition Date.
4	The Bankruptcy Court shall enter an order approving the DIP Financing on an interim basis	No later than five (5) business days after the Petition Date.
5	The Debtor shall file schedules and statements of financial affairs and the Bankruptcy Court.	No later than twenty-one (21) days after the Petition Date.

6	The Bankruptcy Court shall enter orders: <ul style="list-style-type: none"><li>• Approving the DIP Financing on a final basis</li><li>• Authorizing the Debtor to assume the RSA</li><li>• Approving the bar date motion</li><li>• Approving the Disclosure Statement on a conditional basis</li><li>• Scheduling a combined hearing on the Plan and Disclosure Statement and setting an objection deadline with respect thereto</li></ul>	No later than forty 40 days after the Petition Date.
7	The general bar date	No later than ninety 90 days after the Petition Date.
8	The Bankruptcy Court shall enter an order approving the Disclosure Statement and the Plan	No later than 105 days after the Petition Date.
9	The effective date of the Plan	No later than September 30, 2025

**EXHIBIT B**

**DIP Declaration**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

In re:	§	
	§	Chapter 11
	§	
Higher Ground Education, Inc., <i>et al.</i> , <sup>1</sup>	§	Case No.: 25-80121-11 (MVL)
	§	
Debtor.	§	(Joint Administration Requested)

**DECLARATION OF JONATHAN MCCARTHY  
IN SUPPORT OF DEBTORS' EMERGENCY MOTION FOR  
ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTOR  
TO (A) OBTAIN POSTPETITION SENIOR SECURED FINANCING FROM  
YYYYY, LLC; (B) OBTAIN POSTPETITION JUNIOR SECURED FINANCING  
FROM GUIDEPOST GLOBAL EDUCATION, INC.; (C) UTILIZE CASH  
COLLATERAL; AND (D) PAY CERTAIN RELATED FEES AND CHARGES;  
(II) GRANTING ADEQUATE PROTECTION TO THE PREPETITION LENDER;  
(III) MODIFYING THE AUTOMATIC STAY; (IV) SCHEDULING A FINAL  
HEARING; AND (V) GRANTING CERTAIN RELATED RELIEF**

I, Jonathan McCarthy, hereby declare under penalty of perjury:

1. I am the Interim President and Secretary of the debtor and debtor in possession Higher Ground Education, Inc. ("**HGE**" together with its affiliates, the "**Debtors**") in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**"). I was appointed to my role by the sole independent board member of the HGE Board of Directors (the "**Board**"), Marc D. Kirshbaum

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<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal identification number, are: Higher Ground Education Inc. (7265); Guidepost A LLC (8540); Prepared Montessorian LLC (6181); Terra Firma Services LLC (6999); Guidepost Birmingham LLC (2397); Guidepost Bradley Hills LLC (2058); Guidepost Branchburg LLC (0494); Guidepost Carmel LLC (4060); Guidepost FIC B LLC (8609); Guidepost FIC C LLC (1518); Guidepost Goodyear LLC (1363); Guidepost Las Colinas LLC (9767); Guidepost Leawood LLC (3453); Guidepost Muirfield Village LLC (1889); Guidepost Richardson LLC (7111); Guidepost South Riding LLC (2403); Guidepost St Robert LLC (5136); Guidepost The Woodlands LLC (6101); Guidepost Walled Lake LLC (9118); HGE FIC D LLC (6499); HGE FIC E LLC (0056); HGE FIC F LLC (8861); HGE FIC G LLC (5500); HGE FIC H LLC (8817); HGE FIC I LLC (1138); HGE FIC K LLC (8558); HGE FIC L LLC (2052); HGE FIC M LLC (8912); HGE FIC N LLC (6774); HGE FIC O LLC (4678); HGE FIC P LLC (1477); HGE FIC Q LLC (3122); HGE FIC R LLC (9661); LePort Emeryville LLC (7324); AltSchool II LLC (0403). The Debtors' mailing address is 1321 Upland Dr. PMB 20442, Houston, Texas 77043.

(the “**Independent Director**”) following the resignation of the Debtors’ officers. Prior to this role, I served, and continue to serve, as a director on the Board and have been an HGE director since September 2020.

2. I am also the founder and managing partner of Venn Growth Partners (“**Venn**”) a growth equity investor focused on partnering with distinctive education, health, and consumer companies in North America. Venn, and certain of its affiliates, is an equity holder and debt holder in HGE. Specifically, Venn owns approximately seven percent (7%) of HGE as a common stockholder, a Series B preferred stockholder, and a Series C preferred stockholder. Venn is also a creditor of HGE through different debt obligations owed by HGE to Venn. Venn has also performed consulting services for the benefit of the Debtors in recent years.

3. While I am a director of the Board at the appointment of Venn, my role as Interim President and Secretary of HGE is in my individual capacity and not as a representative for Venn. I will serve the Debtors at the direction of the Independent Director and have, and will continue to, abstain from any Board decisions that impact Venn and its affiliates.

4. As the Debtors’ Interim President and Secretary, I am responsible for, and am materially engaged with, the Debtors’ operational and financial management including, among other things: (a) all restructuring activities and initiatives of the Debtors; (b) cash management and liquidity forecasting; (c) engagement with creditors and other stakeholders; and (d) providing contingency planning.

5. I am responsible for overseeing the Debtors’ restructuring efforts, including the progress of the Chapter 11 Cases, providing leadership to the Debtors’ operations during the pendency of these Chapter 11 Cases, and, as necessary, assisting the Debtors’ counsel, financial advisors, and other retained professionals throughout this process.

6. I am over the age of 18, and I am authorized to submit this declaration on behalf of the Debtors. References to the Bankruptcy Code (as defined herein), the chapter 11 process, and related legal matters are based on my understanding of such as explained to me by counsel, Foley & Lardner LLP (“**Foley**”) and the Debtors’ financial advisors, SierraConstellation Partners (“**SCP**”). Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge of the Debtors, their business operations, history, industry, books and records, and information supplied to me by other members of the Debtors’ current employees, former employees performing work for the benefit of the debtors, the Debtors’ advisors, and/or communications with the Debtors’ investors and creditors. If called as a witness, I could and would testify competently to the statements set forth in this Declaration on that basis, as the information in this Declaration is accurate and correct to the best of my knowledge, information, and belief.

7. I submit this Declaration to assist the Court in understanding the circumstances that led to the filing of these Chapter 11 Cases and in support of the First Day Motions filed by the Debtors contemporaneously with their bankruptcy petitions.

8. I submit this Declaration in support of the relief requested by the Debtors in their motion filed contemporaneously herewith to approve, among other things, postpetition debtor in possession financing (the “**DIP Motion**”)<sup>2</sup> and the financing package proposed therein (the “**DIP Financing**”).

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the DIP Motion, or the Interim Order (as defined in the DIP Motion), as applicable.

**I.**  
**THE DEBTORS' IMMEDIATE NEED**  
**FOR POSTPETITION FINANCING AND USE OF CASH COLLATERAL**

9. I have reviewed the Motion, and it is my belief that the relief sought therein is (a) critical to ensure uninterrupted operation of the Debtors' business and the success of the Debtors' Chapter 11 Cases and (b) necessary to avoid immediate and irreparable harm to these chapter 11 estates.

10. The Debtors are in need of an immediate infusion of liquidity to ensure sufficient working capital to operate their businesses in the ordinary course, pay their employees and vendors, service their students, operate their Schools, and pursue a value-maximizing restructuring transaction during these Chapter 11 Cases. Absent the liquidity provided under the proposed DIP Financing at the outset of these Chapter 11 Cases, the Debtors' estates will be materially and irreparably harmed.

11. In the year leading up to these Chapter 11 Cases, the Debtors engaged Foley as restructuring counsel and three (3) financial advisors, with SCP remaining as the Debtors' financial advisors as of the Petition Date. Specifically, SCP was engaged to help assess the Debtors' liquidity constraints and cash flow issues. SCP conducted a detailed review and analysis of the Debtors' projected cash needs. Based upon that review, the Debtors, in consultation with their advisors, determined that the use of Cash Collateral alone would be insufficient to fund the operation of their Schools for the duration of these Chapter 11 Cases, and that additional funding is necessary.

12. The Debtors are in need of both access to Cash Collateral and an immediate infusion of liquidity to ensure sufficient working capital to operate their businesses, administer their estates during the Chapter 11 Cases, and fund the reorganization of the Debtors' businesses (as contemplated in the RSA). Without immediate access to this DIP Financing and Cash

Collateral, the Debtors will be unable to: (a) continue to serve their Students and families during these Chapter 11 Cases; (b) access working capital for their Schools; (c) fund payments to their workforce and critical third-party vendors; (d) fund the payments authorized by the Court pursuant to the First Day Motions and other pleadings filed contemporaneously herewith; (e) operate their Cash Management System; or (f) satisfy administrative costs and expenses of the Debtors incurred in these Chapter 11 Cases.

13. Furthermore, as demonstrated by the Approved Budget, the need to access the DIP Financing is further underscored by the fact that it would be imprudent, in fact impossible, to administer these cases without immediate access to additional capital. Immediate access to the DIP Financing and continued access to the Cash Collateral is therefore crucial to the Debtors' efforts to preserve value for their stakeholders during these Chapter 11 Cases and to avoid immediate and irreparable harm to the value of the Debtors' estates. The DIP Financing will provide the Debtors with the necessary liquidity to administer these Chapter 11 Cases and conduct the contemplated transactions pursuant to the RSA, without which the Debtors' ability to successfully execute these Chapter 11 Cases will be severely jeopardized to the detriment of all stakeholders in these cases.

**II.**  
**THE MILESTONES THAT THE DEBTORS MUST MEET**  
**UNDER THE TERMS OF THE DIP FACILITY ARE REASONABLE**

14. The DIP Financing includes certain milestones that the DIP Lenders required as a condition to providing the DIP Financing. The Debtors must meet these milestones throughout these Chapter 11 Cases. Failure to do so would constitute an event of default under the Senior DIP Documents. These milestones were heavily negotiated and required by each DIP Lender as a condition to providing the DIP Financing.

15. The DIP Financing, including the milestones, serves as an important component of these Chapter 11 Cases because it will provide the Debtors with the necessary funding to conduct



an orderly wind-down of certain Schools while also creating a pathway for the Debtors to restructure and exit from chapter 11 – neither of which would be possible without access to the DIP Financing. The DIP Financing, and the Debtors’ ability to achieve the milestones contemplated therein, will further preserve the Debtors’ ability to maintain ordinary course relationships with, among other parties in interest, employees, students and families, and vendors, satisfy working capital needs in the ordinary course, and enable the Debtors to facilitate the value-maximizing restructuring.

### **III.**

#### **THE DEBTORS’ EFFORTS TO SECURE POSTPETITION FINANCING**

16. Prior to the Petition Date, SCP and Foley assisted the Debtors with evaluating potential financing alternatives. The Debtors’ financial advisors and investment bankers were tasked with marketing the Debtors for debtor-in-possession financing from parties within the Debtors’ debt structure and potential third-party lenders. These efforts, however, were unsuccessful in obtaining any interest from third parties not already in the debt structure.

17. As discussed in the *Declaration of Jonathan McCarthy in Support of First Day Motions* (the “**First Day Declaration**”), filed contemporaneously herewith, the Debtors have significant levels of secured and unsecured debt. Indeed, the Debtors have over \$143 million of funded debt obligations, with over \$125 million of secured funded debt and \$16 million of unsecured funded debt. Further, the Debtors have limited assets that are not collateralized and secured by the secured funded debt. The only parties that offered any debtor-in-possession financing were the DIP Lenders, parties that hold secured debt instruments from the Debtors.

18. Given the limited options available to the Debtors, the Debtors determined that the proposals submitted by Five Y and GGE were the best and most realistic financing alternative available under the circumstances because, among other things, these proposals (a) provide

sufficient financing to meet the Debtors' liquidity needs and (b) allows the Debtors to immediately work towards the restructuring transaction contemplated in the RSA.

19. I believe that the Senior and Junior DIP Facility and related financing arrangements (a) reflect substantial arm's length and good faith negotiations between the Debtors and the DIP Lenders, (b) are fair, reasonable, and appropriate under the circumstances, and (c) are in accordance with current market terms. I further believe that the Debtors' entry into the DIP Notes is an exercise of the Debtors' sound business judgment and that the benefits of accessing the DIP Financing and further use of Cash Collateral outweigh the burdens and expenses imposed by the financing arrangements. Based on my experience, my conversations with Foley and SCP, my involvement in the negotiations of the DIP Financing, and my review of the material terms and conditions thereof, the DIP Financing should be approved.

**IV.**  
**THE DIP FACILITY WAS NEGOTIATED**  
**IN GOOD FAITH AND AT ARM'S LENGTH**

20. Foley, SCP, the Independent Director, and myself were actively involved throughout the negotiations with the DIP Lenders for the DIP Financing, which were conducted at arm's length and in good faith. The terms of the DIP Financing, including the rates, fees, certain customary waivers, and milestones were negotiated over several weeks leading up to the Petition Date, with the Debtors and their advisors negotiating the Interim Order, each DIP Note, and each of the DIP Documents through a robust, multi-step process. The Debtors and their advisors worked hard to negotiate with the DIP Lenders on the financing proposals, ultimately reaching an agreement with the DIP Lenders on the most favorable terms of the DIP Financing available to the Debtors. Ultimately, the DIP Lenders were only willing to lend on terms specifically set forth in the DIP Documents, which the Debtors believe are the best available offer to the Debtors.

21. It is my understanding that neither the Senior DIP Lender nor the Junior DIP Lender

would not have consented to providing postpetition financing without the Debtors' waiver of, among other things, their ability to surcharge against the DIP Collateral pursuant to Bankruptcy Code section 506(c). Based on my experience and following my conversations with Foley and SCP, such waiver is customary in debtor-in-possession financings, and I believe it is appropriate under the circumstances of these Chapter 11 Cases.

**V.**

**THE TERMS OF THE DIP FACILITY ARE REASONABLE**

22. In sum, the DIP Financing consists of a Senior DIP Facility and Junior DIP Facility, which totals to (a) a term loan of \$8 million of new money that will be made available to the Debtors pursuant to the terms of the DIP Orders and (b) a dollar-for-dollar roll-up of up to \$2 million of the pre-petition bridge loans – loans funded by the DIP Lenders to fund operations and preparations for these Chapter 11 Cases. Indeed, both the Senior DIP Facility and Junior DIP Facility contemplate a roll-up of the prepetition obligations under the respective Bridge Loans (the “**Roll-Up**”).

23. The Debtors believe the Roll-Up is a reasonable concession for the Debtors to agree to because (a) the DIP Lenders were unwilling to provide the DIP Financing without the inclusion of the Roll-Up upon entry of the Interim Order; (b) the Prepetition Lenders have either consented and/or are being adequately protected; and (c) general unsecured creditors or other parties in interest are not prejudiced by the Roll-Up because the prepetition obligations under the Bridge Loans (together, the “**Prepetition Bridge Obligations**”) are fully secured by perfected, liens on the Debtors' property.

24. Each DIP Lender issued the Bridge Loans, which, by way of the Senior Secured Promissory Note and Junior Secured Promissory Note, provided the Debtors with necessary bridge financing in the time period leading up to these Chapter 11 Cases. Without this bridge financing,

the Debtors would have been at severe risk of liquidation and likely would not be in position to conduct these Chapter 11 Cases, as is the case today.

25. Moreover, under the DIP Financing, the Debtors propose providing to the DIP Lenders priming liens, security interests and superpriority claims that supersede all other security interests, liens, and claims on the DIP Collateral (the “**Priming DIP Liens**”), except for the Carve Out. These liens on encumbered and unencumbered assets are common features of postpetition financing facilities. Given the limited interest from third party financing providers, these priming liens and superpriority claims were necessary features of the DIP Financing proposals.

26. Furthermore, it is my understanding that the Prepetition Lenders have consented to the Priming DIP Liens. The Debtors also propose providing the Prepetition Lenders with (a) perfected, security interests in and on the DIP Collateral (the “**Adequate Protection Liens**”) and (b) an allowed superpriority administrative expense claim (the “**Adequate Protection Claims**”), as adequate protection, both of which are only subordinate to the Carve Out and the Priming DIP Liens.

27. Absent this support from the DIP Lenders, it is my belief that these Chapter 11 Cases would not be possible and would likely convert to chapter 7, as there is simply not enough cash on hand, or cash from operations, to fund the business and the administrative costs of these Chapter 11 Cases. Given these circumstances, I believe the Roll-Up feature in the DIP Financing are reasonable and a sound exercise of the Debtors’ business judgment.

28. The terms, including covenants, interest rates, and fees, under the DIP Notes and other DIP Documents were subject to negotiation and are an integral component of the overall terms of the DIP Financing. I believe these terms are reasonable because such economics

constitute the best terms on which the Debtors could obtain the financing necessary to wind-down their ongoing School operations and fund these Chapter 11 Cases.

29. It is also my understanding that there were no alternative financing sources available to the Debtors, and the Debtors have an immediate need to obtain the DIP Financing and to use Cash Collateral to preserve value for their stakeholders and to prevent immediate and irreparable harm to the value of the Debtors' estates. The DIP Financing, including the Roll-Up, and consensual use of Cash Collateral, is in the best interests of the Debtors and their stakeholders.

## **VI.** **CONCLUSION**

30. Without access to both the Senior DIP Facility and Junior DIP Facility and the use of Cash Collateral, I believe the Debtors would suffer immediate and irreparable harm and will not be able to successfully conduct a sale process and administer these Chapter 11 Cases. I believe that the DIP Financing should be approved and the Debtors be authorized to pay the Interest Rate and the DIP Fees under the DIP Facility given the Debtors' financial circumstances and the lack of any other viable financing alternatives. Based on my discussions with the Debtors' management team and their advisors, and my review of the terms of the DIP Financing, I believe that the DIP Financing is the best financing option presently available to the Debtors and that the terms of the DIP Financing are reasonable under the circumstances.

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

DATED: June 18, 2025

/s/ Jonathan McCarthy  
Jonathan McCarthy