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*Proposed Attorneys for the Debtors*

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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

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<p>In re:</p> <p>PolarityTE, Inc., a Delaware corporation</p> <p style="text-align: center;">Debtor</p>	<p>Case No. 23-bk-22358-KRA</p> <p>Case No. 23-bk-22360-KRA</p> <p>Case No. 23-bk-22361-KRA</p>
<p>In re:</p> <p>PolarityTE, MD Inc., a Nevada corporation</p> <p style="text-align: center;">Debtor</p>	<p>Chapter 11</p> <p>Judge Kevin R. Anderson</p>
<p>In re:</p> <p>PolarityTE, Inc., a Nevada corporation</p> <p style="text-align: center;">Debtor</p>	<p style="text-align: center;"><b>THIS FILING RELATES TO ALL DEBTORS<sup>1</sup></b></p>

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**DEBTORS' MOTION FOR INTERIM AND FINAL ORDERS AUTHORIZING  
PAYMENT OF CERTAIN PREPETITION WAGES, SALARIES, EMPLOYEE  
BENEFIT PROGRAMS, AND OTHER COMPENSATION AND 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 tax identification number, are PolarityTE, Inc. (9524); PolarityTE MD, Inc. (1555); and PolarityTE, Inc. (6882). The location of the Debtors' service address is 1960 S. 4250 W., Salt Lake City, UT 84104.



By this motion (the “**Motion**”), PolarityTE, Inc., a Delaware corporation (“**PTE**”), PolarityTE MD, Inc., a Nevada corporation (“**PTE MD**”), and PolarityTE, Inc., a Nevada corporation (“**PTE NV**” and, together with PTE and PTE MD, the “**Debtors**” or each a “**Debtor**”), hereby move (this “**Employee Motion**”) for entry of interim and final orders substantially in the form attached as Exhibit A and Exhibit B hereto, authorizing the Debtors to pay prepetition wages, salaries, payroll taxes, and related expenses in accordance with their existing policies, and in support, respectfully state as follows.

### **MEMORANDUM OF POINTS AND AUTHORITIES**

#### **I. SUMMARY OF RELIEF REQUESTED**

By this Motion, the Debtors seek authority under sections 105(a), 363(b), and 507(a)(4) and (a)(5) of the Bankruptcy Code to pay certain prepetition obligations to and on behalf of the Debtors’ employees. As more fully described below, these prepetition obligations may include, without limitation, (a) amounts owed to the employees for wages and salaries; (b) benefit claims of employees (including, without limitation, medical, dental, or life insurance); and (c) federal and state payroll-related taxes, deductions, and withholdings in respect to various benefits and fees due to third-party payroll and benefits administrators.

#### **II. JURISDICTION**

1. The Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. The Debtors’ principal offices and principal place of business are located in Salt Lake City, Utah, within the District of Utah, and, therefore, venue is proper in this District under 28 U.S.C. §§ 1408(1) and 1409.

3. The bases for the relief requested herein are sections 105(a), 363, and 507(a)(2) of title 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) and rules 2002 and 6003 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

### **III. BACKGROUND**

#### **A. General Background**

4. Debtors PolarityTE MD, Inc., a Nevada corporation (1555) (“**PTE MD**”); and PolarityTE, Inc., a Nevada corporation (6882) (“**PTE NV**”), are wholly owned subsidiaries of PolarityTE, Inc. (9524) (“**PTE**”), a Delaware corporation and publicly traded company.

5. The Debtors are a clinical stage biotechnology company with a promising product, SkinTE (“**SkinTE**”). SkinTE is a human cellular and tissue-based product derived and grown from a patient’s own skin to regenerate full-thickness skin with all of its layers (epidermis, dermis and hypodermis) and appendages (hair follicles and glands). SkinTE has been used to treat complex wounds, including both acute and chronic wounds, and can be used in addition to and/or in place of split-thickness skin grafting, full-thickness grafting, temporizing skin coverage and/or skin substitute products.

6. Previously the Debtors were selling SkinTE under the U.S. Food and Drug Administration’s (“**FDA**”) 361 HCT/P pathway governed by 21 C.F.R. 1271. SkinTE was earning revenue, which partially offset its operating expenses. However, based on FDA guidance, since May 2021, the Debtors have been conducting the first of two more-rigorous clinical trials under the FDA’s 351 Biologic pathway, from which they derive no revenue. On this pathway, the Debtors will not be generating revenue again until obtaining FDA approval, which it anticipates in 2026.

7. The Debtors cannot suspend their current clinical trial regime without jeopardizing FDA approval. But the Debtors are unable to continue to fund the clinical trials and will shortly run out of cash.

8. Rather than abandon the clinical trials and their promising product, on June 6, 2023 (the “**Petition Date**”), each of the Debtors filed a petition for relief under chapter 11 of the Bankruptcy Code (the “**Chapter 11 Cases**”) in the United States Bankruptcy Court for the District of Utah (the “**Bankruptcy Court**”). The Debtors will seek to sell their assets, including the ongoing clinical trials, to the highest bidder who can maximize the value of the assets and, presumably, will have funding to allow the clinical trials to go forward and eventually monetize the SkinTE product. Without this relief, the Debtors will be forced to close the clinical trials due to lack of funding, which will greatly reduce the potential value of their assets and delay, perhaps for years, the availability of the SkinTE product.

9. Additional information about the Debtors and their business and the facts and circumstances leading to the filing of the petition for relief are set forth in the Declaration of Richard Hague in Support of Chapter 11 Petition and First Day Motions (the “**First Day Declaration**”) filed on the Petition Date. Additional facts specific to the Motion are set forth below.

**B. Employee Compensation**

10. As of the Petition Date, the Debtors employed 27 full-time employees, each of whom were paid on a salary basis, and 4 part-time employees, each of whom were paid on an hourly basis (the “**Employees**”). In the ordinary course of its business, the Debtors pay the wages and salaries of all Employees (the “**Payroll Obligation**”) on a bi-weekly basis. The Debtors’ bi-weekly payrolls average approximately \$245,000 for all Employees but may vary depending on

scheduling and other factors. As of the Petition Date, the Debtors are current on all outstanding Payroll Obligation to their Employees in the ordinary course of business except the Payroll Obligations that were incurred between the last payday and the Petition Date. The Debtors hereby requests authorization to pay the prepetition Payroll Obligation due the next payday. In addition, in case the Debtors issued any checks to Employees prior to the Petition Date on account of the Payroll Obligations, and such checks have not yet been cashed or have not “cleared” the Debtors’ bank accounts, the Debtors request instructions that the Debtors’ banks should honor any such checks on account of the Payroll Obligations.

11. To the extent that these obligations are on account of the Debtors’ prepetition Payroll Obligations, the Debtors are seeking authority to pay all the Payroll Obligations in full, including any amount in excess of \$13,650 per Employee, the statutory priority claim afforded by such claims under section 507(a)(4) and (a)(5) of the Bankruptcy Code

**C. Withholdings, Related Taxes, Garnishments, and Benefits**

12. As required under federal and state law in the jurisdictions in which it operates, the Debtors withhold amounts for payroll taxes, Social Security taxes, unemployment taxes, Medicare taxes, and garnishments. Such withheld funds, to the extent that they remain in Debtors’ possession, constitute moneys held in trust and, therefore, are not property of the Debtor’s bankruptcy estate. 11 U.S.C. § 541(d). Further, any debts for such amounts would be entitled to priority under section 507(a)(8)(D) of the Bankruptcy Code.

13. The Debtors use Paylocity to process and administer payroll expenses, at an approximate monthly cost of \$900.

14. In addition, each month, the Debtors incur expenses to subsidize health, dental, and life insurance plans for the Employees. These plans are administered by United Healthcare, EMI, and The Lincoln National Life Insurance Company. They total approximately \$32,000 per month.

15. Finally, the Debtors maintain workers' compensation insurance as required by the jurisdictions in which it operates. This coverage provides Employees with workers' compensation insurance protection for claims arising under or related to their employment with the Debtors. The Debtors finance the yearly premium, for which it pays approximately \$1,320 per month.

16. The Employees include personnel who are intimately familiar with the Debtors' business, processes, and systems, and possess unique skills and experience with the core business segments of the Debtors' operations. The Employees are essential to the Debtors' operations. Without the continued, uninterrupted services of the Employees, the Debtors' clinical trials will be halted and the value and administration of the estate materially impaired.

17. The Employees are vital to the Debtors' business operations and ability to operate as debtors in possession during the pendency of these Chapter 11 Cases. The Debtors' Employees rely on their wages and compensation to pay for housing, food, and energy. Failure to pay the Employees their earned wages and compensation would result in substantial hardship to the Employees. Additionally, the failure to continue the Employee Benefits Programs could cause Employees to experience severe hardship, while the failure to continue the Employee Incentives Program would negatively impact morale and performance. Under the best circumstances, the filing of a chapter 11 petition is a stressful and uncertain event for a debtor's employees. Such stress and uncertainty may adversely affect employee morale at a time when a debtor is particularly vulnerable to business disruptions. Low morale, and a perception that employees are receiving less than favorable treatment, may result in many Employees seeking employment elsewhere,

including from competitors of the Debtors. Accordingly, honoring the Prepetition Payroll Obligations and continuing the Employee Benefits Programs in the ordinary course of business without interruption will avoid any hardship to the Employees and encourage the Employees to continue their employment with the Debtors.

18. Honoring the Prepetition Payroll Obligations at the outset of the Chapter 11 Cases is also necessary and essential to the Debtors' continued operations. Loss of the Employees would have immediate negative impacts on the Debtors' ability to continue operations as debtors in possession during Chapter 11 Cases — especially the continuation of clinical trials of SkinTE— and payment of the Prepetition Payroll Obligations would allow the Debtors to operate without interruption, continue to operate the business with minimal disruption, and proceed with the critical task of stabilizing operations and pursuing a successful chapter 11 reorganization and to preserve value for the estates. Accordingly, the relief requested in the Employee Wage Motion is appropriate under the circumstances and necessary to avoid immediate and irreparable harm to the Debtors' business and prospects of a successful Section 363 Sale under chapter 11.

#### **IV. BASIS FOR RELIEF**

Without the requested relief, the Employees and their families face undue hardship. This relief is necessary for their financial stability and overall well-being. If not granted, many Employees may be forced to pursue other job opportunities, severely disrupting the Debtors' business. The Debtors' success in preserving its business, assets, and maximizing value in this Chapter 11 Cases hinges on retaining their dedicated Employees. These individuals have specialized skills acquired through on-the-job training, making them challenging and costly to replace. Their expertise is a valuable asset to the estates.

Hence, it's crucial to minimize the hardship and disruption from the onset of this Chapter 11 Cases to sustain workforce morale and stability. The Debtors submit that the relief requested in this Motion is critical to its ability to operate its business and is warranted under sections 105(a) and 363(b) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code authorizes the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code.]” 11 U.S.C. § 105(a). The purpose of that section is to permit a bankruptcy court to take whatever action “is appropriate or necessary in aid of the exercise of its jurisdiction.” 2 COLLIER ON BANKRUPTCY, ¶ 105.01, at 105-2 (16th ed. rev. 2014). Section 363(b)(1) of the Bankruptcy Code authorizes the trustee to use property of the estate other than in the ordinary course of business after notice or a hearing. 11 U.S.C. § 363(b)(1).

Under section 105(a) of the Bankruptcy Code, courts have authorized debtors to pay prepetition claims where such payment was necessary to ensure that the debtors' business continued uninterrupted, including claims similar to those described herein. In *In re Chateaugay Corp.*, 80 B.R. 279, 281 (S.D.N.Y. 1987), the court stated that—

A rigid application of the priorities of § 507 would be inconsistent with the fundamental purposes of reorganization and of the [Code's] grant of equity powers to the bankruptcy courts, which is to create a flexible mechanism that will permit the greatest likelihood of survival of the debtor and payment of creditors in full or at least proportionately . . . [T]he fact that the bankruptcy courts are courts of equity . . . allows exceptions to any strict rules of classifications of claims.

*Id.* at 287–88 (citations omitted); *see also In re Mahalo Energy (USA) Inc.*, 2009 WL 8189271 (E. D. Okla. June 12, 2009).

The relief requested in this Motion is supported by the well-established “necessity of payment” rule. *In re Chateaugay Corp.*, 80 B.R. at 281; *In re Gulf Air, Inc.*, 112 B.R. 152, 153 (Bankr. W.D. La. 1989). The “necessity of payment” rule “recognizes the existence of the judicial



power to authorize a debtor in a reorganization case to pay prepetition claims where such payment is essential to the continued operation of the debtor.” *In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 176 (Bankr. S.D.N.Y. 1989).

Courts have recognized that invocation of the “necessity of payment rule” is particularly appropriate where a debtor’s employees must be paid on time to assure their continued service and loyalty during a chapter 11 case. In *Ionosphere Clubs*, the court permitted Eastern Air Lines to pay its employees’ prepetition wages, salaries, medical benefits and business expense claims. In doing so, the judge relied on his equitable powers under section 105(a) and, in particular, the “necessity of payment rule,” recognizing that the debtor had to make the payments to retain its current employees and maintain positive employee morale—two factors which the judge deemed critical to the rehabilitation of an operating debtor. *Id.*

Other courts have also permitted debtors in possession to pay prepetition wage, salary, commission, expense and benefit claims on the grounds that payment of such prepetition claims was necessary to effectuate a successful reorganization. *In re Marion Energy Inc*, Case No. 14-31632 (Bankr. D. Utah, Dec. 1, 2014); *In re Naartjie Custom Kids, Inc.*, Case No. 14-29666, Docket No. 64, 157 (Bankr. D. Utah. October 15, 2014) (Interim and Final Order respectively, authorizing payment of prepetition wages, salaries, and related obligations and taxes); *In re Chateaugay*, 80 B.R. 279, 280 (approving bankruptcy court order authorizing debtor to pay certain prepetition wages, salaries, employee reimbursement expenses and benefits, including payments on workers’ compensation claims); *In re Revere Copper and Brass Inc.*, orders dated Nov. 3, 1982, and Dec. 3, 1982, Case Nos. 82 B 12073 - 82 B 12086 (PBA), inclusive (Bankr. S.D.N.Y.) (authorizing payment of past and present employees’ claims for medical, life, disability and workers’ compensation benefits and reimbursement to employees for prepetition business

expenses); *In re KDT Industries*, order dated Sept. 16, 1982, Case Nos. 82B 11453 – 82 B 11515 (JL) inclusive and 82 B 11687 – 82 B 11718 (JL) inclusive (Bankr. S.D.N.Y.) (authorizing reimbursement to employees for prepetition travel expenses); *In re Continental Airlines Corp. et al.*, order dated Sept. 29, 1983, No. 83-04019-72-5 (Bankr. S.D. Tex.) (authorizing payment of active employees' prepetition claims for salary, insurance benefits and out-of-pocket expenses and payment of \$500,000 toward certain employee insurance claims).

Furthermore, all or a portion of such claims, if unpaid, may be treated as priority claims under section 507(a)(4) and (a)(5) of the Bankruptcy Code. Those claims would have to be paid, in any event, under a chapter 11 plan or any priority-ordered distribution by the estate. The issue is, thus, one of timing only, and not of payment, and no creditor or stakeholder will be harmed by paying the Employees timely.

Here, it is essential to the Debtors' ability to continue to operate its business that the Employees continue to provide services and that their morale be preserved. To accomplish this, it is essential that the employees be paid without interruption and that the Debtors continues to honor their existing obligations to their employees. Such payments are necessary to prevent irreparable harm to the Employees' morale at the very time when their dedication, confidence, and cooperation are most critical to the Debtors' chapter 11 efforts.

The Debtors submit that further cause exists for the payment of the deductions from the Employees' payroll relating to federal, state, and local tax withholdings, and garnishments. These amounts are comprised principally of Employee earnings that Employees or, in the case of taxes or garnishments, taxing or judicial authorities, have designated for deduction from Employee paychecks. The failure to pay these benefits could result in hardship to certain Employees. In addition, the Debtors may face inquiries from taxing authorities and garnishors regarding their

failure to submit, among other things, taxes and child support and alimony payments which are not the Debtors' property, but rather have been withheld from Employee paychecks. Moreover, if the Debtors cannot remit these amounts, the affected Employees may face legal action due to the Debtors' failure to submit these payments.

**V. IMMEDIATE RELIEF**

Bankruptcy Rule 6003 provides that “[e]xcept to the extent that relief is necessary to avoid immediate and irreparable harm, the court shall not, within 21 days after the filing of the petition, grant . . . (b) a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition . . . .” For the reasons discussed herein, the Debtors will suffer immediate and irreparable harm unless it is authorized to continue its ordinary business operations by maintaining its Employee-related wage, salary, and the Employee Benefits Programs. Accordingly, the interim relief requested herein is consistent with Bankruptcy Rule 6003.

Further, to implement the foregoing successfully, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h), to the extent these rules are applicable.

The services provided by the Employees are vital to the Debtors' business operations. Without them, the Debtors would be forced to immediately shut down operations, which would greatly reduce the going-concern value of its business. The Debtors' ability to obtain maximum value for their assets is dependent on their ability to maintain their business as a going concern. The Debtors cannot do this without their Employees, and therefore, the relief requested in this Motion is necessary to avert immediate and irreparable harm to the Debtors' estates.

The Debtors' request for authority to pay the amounts described herein is not to be deemed an assumption or adoption of any agreements or policies. The Debtors reserve all its rights with respect to the assumption or rejection of any executory contracts.

**VI. NOTICE**

No trustee or examiner has been appointed in the Chapter 11 Cases. The Debtors have or will provide notice of this Motion to (a) the Office of the United States Trustee for the District of Utah; (b) the parties listed on the combined List of Creditors Holding the 20 Largest Unsecured Claims for the Debtors; (c) all ECF notice parties; (d) the United States Internal Revenue Service; (e) the Utah Tax Commission; (f) the United States Securities and Exchange Commission; (g) the Utility Providers listed on Exhibit C hereto; and (h) all parties on the Debtors' combined mailing matrix. In light of the nature of the relief requested in this Motion, the Debtors respectfully submit that no further notice is necessary.

No prior application for the relief sought in this Motion has been made to this Court or any other court in connection with the Chapter 11 Cases.

**VII. CONCLUSION**

WHEREFORE, for the reasons set forth herein, the Debtors respectfully request that the Court enter interim and final orders, substantially in the firm attached hereto as Exhibit A and Exhibit B, respectively, authorizing the relief requested herein and such other and further relief as this Court may deem just and proper.

DATED June 6, 2023.

**PARSONS BEHLE & LATIMER**

/s/ Brian M. Rothschild

Brian M. Rothschild

Darren Neilson

*Proposed Attorneys for the Debtors*

**EXHIBIT A**  
**INTERIM ORDER**

*Order prepared and submitted by:*

J. Thomas Beckett, USB #5587

Brian M. Rothschild, USB #15316

Darren Neilson, USB #15005

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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

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In re:  PolarityTE, Inc., a Delaware corporation  Debtor	Case No. 23-bk-22358-KRA  Case No. 23-bk-22360-KRA  Case No. 23-bk-22361-KRA
In re:  PolarityTE, MD Inc., a Nevada corporation  Debtor	Chapter 11  Judge Kevin R. Anderson

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<p>In re:</p> <p>PolarityTE, Inc., a Nevada corporation</p> <p>Debtor</p>	<p><b>THIS FILING RELATES TO ALL DEBTORS<sup>1</sup></b></p>
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**INTERIM ORDER AUTHORIZING PAYMENT OF CERTAIN PREPETITION WAGES, SALARIES, EMPLOYEE BENEFIT PROGRAMS, AND OTHER COMPENSATION AND RELATED RELIEF**

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By this motion the motion (the “**Motion**”)<sup>2</sup> filed by the above-captioned debtors and debtors in possession (the “**Debtors**”) seeking entry of an order authorizing the Debtors to honor certain prepetition obligations to its Employees, including its Payroll Obligation, and the Court, having reviewed the Motion and having heard the statements of counsel in support of the relief requested in the Motion at the hearing before the Court (the “**Hearing**”), and upon the Declaration of Richard Hague in Support of Chapter 11 Petitions and First Day Motions, and upon the record of the proceedings before this Court, and the Court finding that it has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334, that this is a core matter under 28 U.S.C. § 157(b)(2), that notice of the Motion and the Hearing were sufficient under the circumstances and that no further notice need be given for the interim relief sought herein; and the legal and evidentiary bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein and that such relief is necessary to avoid immediate and irreparable harm to the Debtors’ estates,

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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 tax identification number, are PolarityTE, Inc. (9524); PolarityTE MD, Inc. (1555); and PolarityTE, Inc. (6882). The location of the Debtors’ service address is 1960 S. 4250 W., Salt Lake City, UT 84104.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

**THEREFORE, IT IS HEREBY ORDERED THAT:**

1. The Motion is GRANTED on an interim basis to the extent provided herein pending the hearing on the Final Order granting the Motion.

2. Any objection to the relief requested in the Motion being granted on a final basis must be filed in the Court and served on proposed counsel to the Debtors so that such objection is received no later than **June \_\_, 2023, at 5:00 p.m. (Prevailing Utah Time)** (the “**Objection Deadline**”). If any party in interest files an objection, the Court will hold a hearing on the relief sought in the Motion on a final basis on **June \_\_, 2023 at 10:00 a.m. (Prevailing Utah Time)** (the “**Final Hearing**”) at the United States Bankruptcy Court, Judge Kevin R. Anderson, U.S. Courthouse, 350 South Main Street, Courtroom 369, Salt Lake City, Utah 84101. If no objections are filed to the Motion, this Court may enter a Final Order on the Motion without holding the Final Hearing.

3. Entry of this Interim Order is without prejudice to the rights of any party in interest to interpose an objection to the Motion, and any such objection will be considered on a *de novo* basis at the final hearing.

4. In the interim, the Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Interim Order.

5. The Debtors are authorized, but not required, to pay prepetition wages, salaries, payroll taxes, and related expenses in accordance with its existing policies. These prepetition obligations may include, without limitation, (a) amounts owed to the employees for wages and salaries; (b) benefit claims of employees (including, without limitation, medical, dental, or life



insurance); and (c) federal and state payroll-related taxes, deductions, and withholdings in respect to various benefits and fees due to third-party payroll and benefits administrators.

6. Rule 6003 of the Bankruptcy Rules has been satisfied to the extent applicable.

7. Notwithstanding Bankruptcy Rules 6004, 7062, or 9014, the terms and conditions of this Order shall be immediately effective upon its entry.

8. Nothing in this Interim Order constitutes a waiver of any defense or right, admission of liability of the Debtors on any claim, or the assumption of any executory contract.

9. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Interim Order.

**[END OF DOCUMENT]**

**EXHIBIT B**  
**FINAL ORDER**

*Order prepared and submitted by:*

J. Thomas Beckett, USB #5587

Brian M. Rothschild, USB #15316

Darren Neilson, USB #15005

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**IN THE UNITED STATES BANKRUPTCY COURT  
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In re:  PolarityTE, Inc., a Delaware corporation  Debtor	Case No. 23-bk-22358-KRA  Case No. 23-bk-22360-KRA  Case No. 23-bk-22361-KRA
In re:  PolarityTE, MD Inc., a Nevada corporation  Debtor	Chapter 11  Judge Kevin R. Anderson

In re:  PolarityTE, Inc., a Nevada corporation  Debtor	<b>THIS FILING RELATES TO ALL DEBTORS<sup>1</sup></b>
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**FINAL ORDER AUTHORIZING PAYMENT OF CERTAIN PREPETITION WAGES, SALARIES, EMPLOYEE BENEFIT PROGRAMS, AND OTHER COMPENSATION AND RELATED RELIEF**

Upon the motion (the “**Motion**”)<sup>2</sup> filed by the above-captioned debtors and debtors in possession (the “**Debtors**”) seeking entry of an order authorizing the Debtors to honor certain prepetition obligations to its Employees, including its Payroll Obligation; and the Court, having reviewed the Motion and having heard the statements of counsel in support of the relief requested in the Motion at the hearing before the Court (the “**Hearing**”), finds that the Court has jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334, that this is a core matter under 28 U.S.C. § 157(b)(2), that notice of the Motion and the Hearing were sufficient under the circumstances and that no further notice need be given; and the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein and that such relief is necessary to avoid immediate and irreparable harm to the Debtors’ estates,

**THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:**

1. The Motion is GRANTED as provided herein on a final basis.
2. The Debtors are authorized, but not required, on a final basis to pay prepetition wages, salaries, payroll taxes, and related expenses in accordance with its existing policies. These

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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 tax identification number, are PolarityTE, Inc. (9524); PolarityTE MD, Inc. (1555); and PolarityTE, Inc. (6882). The location of the Debtors’ service address is 1960 S. 4250 W., Salt Lake City, UT 84104.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

prepetition obligations may include, without limitation, (a) amounts owed to the employees for wages and salaries; (b) benefit claims of employees (including, without limitation, medical, dental, or life insurance); and (c) federal and state payroll-related taxes, deductions, and withholdings in respect to various benefits and fees due to third-party payroll and benefits administrators.

3. Notwithstanding Bankruptcy Rules 6004, 7062, or 9014, the terms and conditions of this Final Order shall be immediately effective upon its entry.

4. Nothing in this Final Order constitutes a waiver of any defense or right, admission of liability of the Debtors on any claim, or the assumption of any executory contract.

5. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Final Order.

**[END OF DOCUMENT]**

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