

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

In re:

PROSOMNUS, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 24-10972 (JTD)

(Jointly Administered)

**Re: Docket Nos. 10 and 48**

**FINAL ORDER AUTHORIZING PAYMENT OF (I) CERTAIN PREPETITION  
EMPLOYEE CLAIMS, INCLUDING WAGES, SALARIES, AND OTHER  
COMPENSATION, (II) CERTAIN EMPLOYEE BENEFITS AND CONFIRMING  
RIGHT TO CONTINUE EMPLOYEE BENEFITS ON POSTPETITION BASIS,  
(III) REIMBURSEMENT TO EMPLOYEES FOR PREPETITION EXPENSES,  
(IV) WITHHOLDING AND PAYROLL-RELATED TAXES, (V) WORKERS'  
COMPENSATION OBLIGATIONS, AND (VI) PREPETITION CLAIMS OWING TO  
ADMINISTRATORS AND THIRD-PARTY PROVIDERS**

Upon the motion (the “**Motion**”)<sup>2</sup> of the Debtors for entry of a final order (this “**Final Order**”) authorizing payment and/or performance of, as applicable, obligations relating to of (i) certain prepetition employee claims, including wages, salaries, and other compensation, (ii) certain employee benefits and confirming right to continue employee benefits on a postpetition basis, (iii) reimbursement to employees for prepetition expenses, (iv) withholding and payroll-related taxes, and (v) prepetition claims owing to administrators and third-party providers; and the Court having reviewed the Motion, the First Day Declaration, and the *Interim Order Authorizing Payment of (I) Certain Prepetition Employee Claims, Including Wages, Salaries, and Other Compensation, (II) Employee Benefits and Confirming Right to Continue Employee Benefits on Postpetition Basis,*

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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: ProSomnus, Inc. (8216), ProSomnus Holdings, Inc. (3855), and ProSomnus Sleep Technologies, Inc. (0766). The location of the Debtors’ principal place of business and the Debtors’ mailing address is 5675 Gibraltar Dr., Pleasanton, California 94588.

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



(III) Reimbursement to Employees for Prepetition Expenses, (IV) Withholding and Payroll-Related Taxes, (V) Workers' Compensation Obligations, and (VI) Prepetition Claims Owing to Administrators or Third-Party Providers [Docket No. 48] (the "**Interim Order**"); and the Court having jurisdiction over this matter under 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference from the United States District Court for the District of Delaware, dated as of February 29, 2012; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), that the Debtors consent to entry of a final order under Article III of the United States Constitution, and venue of these Chapter 11 Cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefore, it is hereby

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is GRANTED on a final basis, as set forth herein.
2. All objections to the entry of this Final Order, to the extent not withdrawn or settled, are overruled.
3. The Debtors are authorized, but not directed, to: (i) pay prepetition claims and honor obligations incurred or related to the Employee Obligations up to an amount of \$479,000; *provided, however*, that payments to or for the benefit of any individual Temp Worker or Employee on account of prepetition obligations will not exceed the amounts set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code; and (ii) maintain, continue, and honor, in the ordinary course of business, the Employee Plans and Programs.
4. Subject to Paragraph 6 below, nothing herein authorizes the payment of bonus or severance obligations that implicate section 503(c) of the Bankruptcy Code or otherwise; *provided*

that nothing herein shall prejudice the Debtors' ability to seek approval of relief with respect to such obligations at a later time, on notice.

5. Notwithstanding anything herein to the contrary, the Debtors are authorized (i) to continue the PTO Benefits policies in the ordinary course of business, and (ii) to honor all obligations under the PTO Benefits policies, including payout of accrued PTO Benefits, subject to the cap for such expenses that arose prepetition that is set forth in paragraph 3 above, in accordance with the Debtors' prepetition practice and applicable law.

6. The Debtors are authorized to maintain the Incentive Programs and to honor any obligations, including unpaid prepetition obligations, in the ordinary course of business.

7. The Debtors are authorized to continue the programs and policies described in the Motion on a postpetition basis, except as otherwise set forth herein, and to make non-material alterations, modifications, or to discontinue such programs and policies as they deem necessary or appropriate in the ordinary course of business, without further notice to or order of the Court, subject to the limitations contained in this Final Order.

8. Except as otherwise set forth herein, the Debtors are authorized, pursuant to Bankruptcy Code sections 105(a) and 363(b), in the reasonable exercise of their business judgment and in the ordinary course of business, to pay and honor amounts on account of Compensation Obligations (inclusive of any Withholding Obligations).

9. The Debtors and any applicable third parties are authorized to continue to allocate and distribute Withholding Obligations to the appropriate third-party recipients or taxing authorities in accordance with the Debtors' stated policies and prepetition practices.

10. The Debtors are authorized to continue to honor their Reimbursable Expense Obligations including any prepetition obligations, and to continue in accordance with the Debtors'

stated policies and prepetition practices; *provided, however*, that satisfaction of prepetition Reimbursable Expense Obligations shall only be allowed to the extent Employees have paid for such expenses directly from their own funds or are otherwise personally liable for such expenses.

11. Subject to the limitations set forth in this Final Order, the Debtors are authorized to honor the Employee Benefits Plans in the ordinary course of business and in accordance with the Debtors' prepetition policies and programs, and to coordinate necessary contributions to such programs and coordinate contributions to cover any unpaid premium, claim, or amount owed as of the Petition Date with respect thereto.

12. The Debtors are authorized to pay all processing and administrative fees associated with and all costs and expenses incidental to payment of the Compensation Obligations and the Employee Benefits Obligations, including the Administrative Fee Obligations.

13. The Debtors are authorized to honor obligations related to Director Compensation in the ordinary course of business and in accordance with the Debtors' prepetition policies and programs.

14. Nothing in the Motion, the Interim Order, or this Final Order, nor as a result of any payment made pursuant to this Final Order, shall be deemed or construed as an admission as to the validity or priority of any claim against the Debtors, an approval or assumption of any agreement, contract or lease pursuant to Bankruptcy Code section 365, or a waiver of the right of the Debtors, or shall impair the ability of the Debtors, or any other party in interest, to the extent applicable, to contest the validity and amount of any payment made pursuant to this Final Order.

15. Each of the Processors is authorized to receive, process, honor, and pay all checks and transfers issued or requested by the Debtors, to the extent that sufficient funds are on deposit in the applicable accounts, in accordance with this Final Order and any other order of this Court.

16. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests in connection with any Employee Obligations that are dishonored or rejected, and which are authorized to be paid by this Final Order.

17. The requirements of Bankruptcy Rule 6003(b) are satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors.

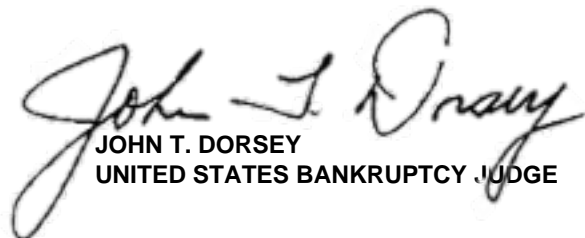
18. Notice of the Motion as provided therein satisfies the requirements of the Bankruptcy Rules and the Local Rules.

19. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Final Order shall be effective and enforceable immediately upon entry hereof.

20. The Debtors are authorized to take such actions and to execute such documents as may be necessary to implement the relief granted by this Final Order.

21. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and/or interpretation of this Final Order.

**Dated: June 4th, 2024**  
**Wilmington, Delaware**

  
**JOHN T. DORSEY**  
**UNITED STATES BANKRUPTCY JUDGE**