

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

In re:

Supply Source Enterprises, Inc., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-11054 (___)

(Joint Administration Requested)

**DECLARATION OF LISA K. LANSIO IN SUPPORT OF
THE DEBTORS' MOTION FOR ENTRY OF ORDERS (I)(A) APPROVING
BIDDING PROCEDURES FOR THE SALE OF SUBSTANTIALLY ALL OF THE
DEBTORS' ASSETS, (B) DESIGNATING THE STALKING HORSE BIDDER, (C)
SCHEDULING AN AUCTION AND APPROVING THE FORM AND MANNER OF
NOTICE THEREOF, (D) APPROVING ASSUMPTION AND ASSIGNMENT
PROCEDURES, (E) SCHEDULING A SALE HEARING AND APPROVING THE FORM
AND MANNER OF NOTICE THEREOF, AND (F) GRANTING RELATED RELIEF;
AND (II)(A) APPROVING THE SALE OF THE DEBTORS' ASSETS FREE AND
CLEAR OF LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES, (B) APPROVING
THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS
AND UNEXPIRED LEASES, AND (C) GRANTING RELATED RELIEF**

I, Lisa K. Lansio, hereby declare as follows under penalty of perjury:

1. I am a Director of Triple P Securities, LLC ("Triple P Securities"), which has its principal place of business at 640 Fifth Ave, 10th Floor, New York, New York 10019. Triple P Securities and Triple P RTS, LLC ("Triple P RTS" and together with Triple P Securities, "Portage Point") are each wholly owned by Portage Point Partners, LLC. Triple P RTS, LLC is the provider of a chief restructuring officer and other associated personnel to the debtors and debtors in possession (collectively, the "Debtors" or the "Company") in the above-captioned chapter 11 cases (the "Chapter 11 Cases"). I am authorized to submit this declaration (the "Declaration") on behalf of Triple P RTS.

¹ The Debtors in these chapter 11 proceedings, together with the last four digits of each Debtor's federal tax identification number, are: Supply Source Enterprises, Inc. (0842); SSE Intermediate, Inc. (1772); SSE Buyer, Inc. (5901); Impact Products, LLC (7450); and The Safety Zone, LLC (4597). The Debtors' headquarters are located at 385 Long Hill Road, Guilford, Connecticut 06437.



2. I submit this Declaration on behalf of the Debtors in support of the *Debtors' Motion for Entry of Orders (I)(A) Approving Bidding Procedures for the Sale of Substantially All of the Debtors' Assets, (B) Designating the Stalking Horse Bidder, (C) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (D) Approving Assumption and Assignment Procedures, (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof, and (F) Granting Related Relief; and (II)(A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* (the "Bidding Procedures Motion").²

3. Except as otherwise indicated, all statements in this Declaration are based on my personal knowledge of the Company's operations and finances gleaned during the course of my engagement with the Company, my discussions with the Debtors' senior management, other members of the Portage Point team, and the Debtors' other advisors, as well as my review of relevant documents and/or my opinion based upon my experience and knowledge of the Debtors' operations and financial condition. If called to testify, I could and would testify to each of the facts set forth herein based on such personal knowledge, discussions, review of documents, and/or opinion. The Debtors have authorized me to submit this Declaration.

Background and Qualifications

4. Portage Point is a business advisory, interim management, investment banking, and financial services firm whose professionals have a wealth of experience in providing financial advisory, restructuring advisory, and turnaround management services and which enjoys an

² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the *Bidding Procedures Motion or the Declaration of Thomas Studebaker in Support of Chapter 11 Petitions and First Day Motion* (the "First Day Declaration"), filed contemporaneously herewith.

excellent reputation for services it has rendered on behalf of debtors and creditors throughout the United States, both in chapter 11 proceedings and out of court restructurings. The Portage Point team is comprised of operators and advisors with proven skills necessary to identify, preserve, and create value in the most challenging and complex situations. Portage Point's professionals have extensive experience across a wide range of industries.

5. Prior to joining Portage Point, I was a Vice President in the Restructuring Group at Lazard Frères & Co. LLC ("Lazard"). Prior to joining Lazard, I was a corporate restructuring and bankruptcy lawyer, most recently at Latham & Watkins LLP. I have approximately 10 years of experience in corporate restructuring, and I have advised companies and creditors in a broad range of restructuring, reorganization, merger & acquisition, and capital raising transactions in traditional and distressed situations across a variety of industries.

6. I have a Juris Doctorate from New York University School of Law and a Bachelor of Arts from Brown University.

Portage Point's Retention

7. Prior to the Petition Date, on January 5, 2024, the Debtors retained Portage Point to provide a chief restructuring officer and associated personnel. In this role, Portage Point has, among other things: (i) analyzed, developed, and discussed potential strategic alternatives with the Debtors' management, board of directors, Prepetition ABL Lenders, and equity holder, (ii) assisted the Debtors in assessing and managing their liquidity; (iii) assisted the Debtors in developing and refining their business plan, (iv) solicited third-party interest in an acquisition of the Debtors, (v) assisted the Debtors with negotiating and documenting the DIP Facility, including assisting management in developing the Approved Budget, (vi) assisted the Debtors in negotiating and documenting the Stalking Horse APA and developing the Bidding Procedures for their postpetition

marketing process, and (vii) assisted the Debtors and their counsel in the preparation for the commencement of these Chapter 11 Cases. Throughout its engagement, Portage Point has worked closely with the Debtors' management and other restructuring professionals and has become knowledgeable and familiar with the Debtors' capital structure, liquidity needs, and business operations.

The Debtors' Capital Structure

8. As described in the First Day Declaration, the Debtors have a highly levered capital structure and have faced liquidity and operational challenges leading to the commencement of these Chapter 11 Cases. The Debtors' capital structure consists of both first and second lien secured debt, with outstanding funded debt obligations consisting of approximately \$140 million as of the Petition Date, exclusive of PIK interest.

Prepetition Marketing Process

9. As discussed further in the First Day Declaration, Portage Point was retained in January 2024 to assist and advise the Debtors with, among other things, the analysis, evaluation, pursuit, and effectuation of a going concern sale transaction. The pursuit of a sale transaction was supported by the Company's Prepetition ABL Lenders who held a first lien on substantially all of the Company's prepetition assets and were the only stakeholder willing to fund the Company.

10. Due to substantial operational and performance challenges that are discussed in detail in the First Day Declaration, the Company's Prepetition ABL Facility was overdrawn by over \$30 million, with the borrowing base continuing to decrease due to declining inventory levels. In February 2024, the Prepetition ABL Lenders exercised cash dominion and began to sweep the Debtors' bank accounts, thereby requiring the Debtors to submit weekly borrowing requests to continue to operate the business and pursue a going-concern sale transaction. Such borrowing

requests were frequently reduced by the Prepetition ABL Lenders, which further exacerbated the Company's significant past due balances with its key trade vendors. As the Company's past due accounts payable grew with key suppliers, the Company's inventory declined significantly as these key vendors were no longer willing to ship new product, putting the Company's customer relationships and orders at risk.

11. Beginning in early February 2024, Portage Point began marketing the sale of all or substantially all of the Debtors' business and assets (the "Marketing Process"). Portage Point, on behalf of the Debtors, contacted over 70 potential investors, including strategic and financial investors, to solicit proposals to acquire the Debtors' business or assets on a cash-free, debt-free basis. In connection with this solicitation, the Debtors and their advisors prepared, among other things, a confidential information memorandum and an electronic data room to provide potential investors and bidders with information upon which to make a proposal. During this process, 25 interested parties executed confidentiality agreements and were granted access to the electronic data room, which contained significant diligence and other confidential information about the Debtors' business and assets. Interested parties were also given an opportunity to have a virtual meeting with management. Portage Point informed each of these parties that the Marketing Process was expeditious driven by the Debtors' limited liquidity and challenged operational needs. The interested parties were invited to submit a non-binding indication of interest ("IOI") for the purchase of the Debtors' business and assets.

12. The Debtors received five IOIs for various portions of the Debtors' business. The Debtors invited each of the five bidders into the second, more comprehensive round of diligence and the Debtors worked with each bidder to attempt to improve their bids in advance of the letter of intent ("LOI") deadline. As part of this diligence phase, prospective bidders were invited to

meet with the Company's management and visit its facilities. The data room also contained a form purchase agreement for bidders to deliver in connection with the submission of their LOIs. Concurrently, Portage Point also continued to work with all other interested parties to maintain competitive tension and interest.

13. Following several weeks of additional diligence, the Debtors received two, non-binding letters of intent ("LOIs") for the purchase of substantially all of the Debtors' assets. In evaluating the LOIs, the Debtors analyzed, among other considerations: (i) the structure of the proposed transaction; (ii) the form and amount of consideration offered; (iii) the assets to be acquired and liabilities to be assumed; (iv) certainty of close, and (v) execution risks. The Debtors met regularly with their advisors and consulted with their key stakeholders before and after LOIs were submitted.

14. The LOI submitted by an affiliate of The Tranzonic Companies ("Tranzonic"), Peak Rock Capital LLC (the "Tranzonic Affiliate"), contemplated a chapter 11 sale scenario with a short timeline to complete confirmatory diligence and execute a purchase agreement (the "Original Tranzonic LOI"). The Tranzonic Affiliate also requested exclusivity for 45 days. The Company and its advisors pushed back on exclusivity to allow the Company to continue engaging with both parties that submitted LOIs in an effort to strengthen those parties' bids. The Tranzonic Affiliate communicated it would not continue diligence without some period of exclusivity, as it was expending significant time and resources to effectuate a sale transaction on an expeditious timeline. The other party that submitted an LOI did not improve its bid at that time. After reviewing the two LOIs with the Debtors' board, management and key stakeholders, including the Prepetition ABL Lenders, and consulting with the Company's advisors, the Debtors

granted Tranzonic Affiliate exclusivity for 10 business days to complete its confirmatory diligence and deliver a draft purchase agreement.

15. Upon execution of the Original Tranzonic LOI, Tranzonic Affiliate, along with its legal and financial advisors, commenced confirmatory diligence. At the same time, the Company and its advisors continued discussions with the Prepetition ABL Lenders to gauge their willingness to fund the Company to the completion of a sale transaction through chapter 11. The Prepetition ABL Lenders communicated their strong desire to have their existing indebtedness purchased by any stalking horse buyer prior to the commencement of a chapter 11 case. The Prepetition ABL Lenders also indicated they were unwilling to consent to a priming debtor in possession facility by Tranzonic Affiliate, or any other third party in a chapter 11 case. Additionally, despite numerous requests, the Prepetition ABL Lenders did not provide the Debtors with a debtor in possession proposal. The Prepetition ABL Lenders did, however, indicate a willingness to fund the Company with incremental liquidity to bridge to a debt purchase to the extent Tranzonic Affiliate would agree to purchase their debt. As set forth above, the Prepetition ABL Lenders had previously exercised cash dominion, thus the Debtors did not have access to funds to continue to operate the business without the support and consent of the Prepetition ABL Lenders.

16. After the ten business days of exclusivity had lapsed, the Company provided the required two-day notice to terminate exclusivity under the Original Tranzonic LOI, as Tranzonic Affiliate had not completed its confirmatory diligence or delivered a draft purchase agreement. The Debtors used this opportunity to continue discussions with the party that provided the second LOI (the "Alternative Bidder").

17. Portage Point engaged with the Alternative Bidder to let it know the Company was no longer in exclusivity with any bidder and the Alternative Bidder had until the end of the week

to conduct due diligence and improve its LOI. During this period, the Alternative Bidder conducted limited diligence and had no discussions with the Company's management. Notwithstanding, the Alternative Bidder submitted a revised LOI (the "Revised Alternative Bid"), which contemplated a 30-day period to provide additional time for confirmatory diligence (which had not begun in earnest) and close an out of court sale.

18. The Debtors simultaneously continued discussions with Tranzonic Affiliate and communicated the Prepetition ABL Lenders' desire to have their debt purchased prior to any chapter 11 case. The Tranzonic Affiliate submitted a revised LOI providing for the purchase of the ABL Facility and Term Loan to be consummated immediately prior to a chapter 11 filing and the funding of a \$17 million debtor-in-possession financing ("DIP Financing") to fund a chapter 11 case, sale closing, and wind-down expenses (the "Revised Tranzonic LOI"). The Revised Tranzonic LOI required the Prepetition ABL Lenders to fund the operations of the business and certain chapter 11 preparation expenses up until the filing date. The Revised Tranzonic LOI did not include a working capital adjustment, despite the Company's working capital position continuing to deteriorate. The Revised Tranzonic LOI provided the Prepetition ABL Lenders with a greater recovery than the Revised Alternative Bid. After submission of its LOI, Tranzonic Affiliate requested reinstatement of exclusivity for a two-week period.

19. Portage Point pushed the Alternative Bidder to, among other things, amend its proposal to increase the creditor recovery as contemplated by the Revised Tranzonic LOI and do so on an expedited timeline shorter than 30 days. The Prepetition ABL Lenders raised concerns with the timing of closing and uncertainty around continued diligence contained in the Revised Alternative Bid as well as the reduced creditor recovery proposed by the Alternative Bidder. The

Prepetition ABL Lenders indicated their support for the Revised Tranzonic LOI and agreed to provide incremental funding to the Debtors to support operations and chapter 11 preparation.

20. Notwithstanding, discussions continued between the Company, its advisors, and the Alternative Bidder in an attempt to have them increase the recovery to the Prepetition ABL Lenders and commit to a more timely close. After several days of discussions between the Company and the Alternative Bidder, the Alternative Bidder communicated it had decided not to submit a revised proposal.

21. After numerous discussions with their advisors and the Prepetition ABL Lenders, the Debtors determined that pursuing the Revised Tranzonic LOI was in their best interests and the only viable alternative that existed at the time. The Debtors and their advisors held numerous calls and discussions and engaged in extensive negotiations with Tranzonic Affiliate over the terms of the potential agreement to purchase substantially all of the assets of the Debtors.

22. After extensive negotiations that were, based upon my observations and involvement, conducted at arms' length, in good faith, and without collusion or fraud, the Debtors executed a binding purchase agreement (the "Stalking Horse Bid") with TZ SSE Buyer LLC, an affiliate of Tranzonic (the "Stalking Horse Bidder"). The agreement governing the Stalking Horse Bid is attached to Bidding Procedures Motion (the "Stalking Horse Agreement").

Designation of Stalking Horse Bidder

23. As set forth in the Bidding Procedures and subject to the terms thereof, the Debtors seek to (i) designate the Stalking Horse Bidder, (ii) enter into the Stalking Horse Agreement, and (iii) provide the Stalking Horse Bidder with the Expense Reimbursement. The Debtors believe setting a floor for the Debtors' business and assets is in the best interest of their estates and all creditors.

24. The Stalking Horse Bid is the result of extensive prepetition marketing efforts by the Debtors and their advisors. The Stalking Horse Bid sets the floor for a competitive bidding process that will allow the Debtors to obtain the highest or otherwise best value for its assets available under the circumstances. By securing the Stalking Horse Bid and the DIP Financing, which each contemplate the preservation of a going-concern business, the Debtors can continue to market their business to interested parties pursuant to the Bidding Procedures while minimizing disruption with customers, vendors, and employees. Although the Debtors have conducted a fulsome outreach to prospective bidders, the Debtors would like to use the postpetition Marketing Process to allow interested bidders to offer higher or better terms. The Debtors intend to continue their discussions with bidders who expressed interest in the Debtors' business or assets previously, including the Alternative Bidder.

25. I understand that the Debtors have agreed that if the Debtors consummate a sale of the Assets to a Qualified Bidder other than the Stalking Horse Bidder, the Debtors shall reimburse the Stalking Horse Bidder for certain fees and expenses, in an amount not to exceed \$750,000 (the "Expense Reimbursement").

26. Based on communications with the Stalking Horse Bidder and its advisors during the negotiations of the Stalking Horse Agreement, I believe the Expense Reimbursement is integral to the Stalking Horse Bidder's participation in the proposed sale transaction, and the Stalking Horse Bidder was not willing to proceed as a Stalking Horse Bidder without it.

27. Further, as the designation of the Stalking Horse Bidder was a requirement to securing debtor in possession financing that is necessary to operate as a going concern in order to continue the Marketing Process, the designation of the Stalking Horse Bidder and the inclusion of the Expense Reimbursement are essential.

28. Accordingly, the Debtors have determined the Expense Reimbursement is appropriate and reasonable in light of the circumstances.

Need for a Timely Sale Process and Bidding Procedures

29. The Debtors, in consultation with Portage Point and its other advisors, designed the Bidding Procedures to promote a competitive and expedient Sale Process. The Bidding Procedures are intended to provide the Debtor with flexibility to solicit proposals, negotiate transactions, hold an auction, and consummate a Sale Transaction for the highest or otherwise best bid. In addition, I believe that the Bidding Procedures provide a uniform process by which the Debtors may solicit and identify bids from potential buyers that constitute the highest or otherwise best offer for the Assets, and by which interested bidders can participate in a competitive auction for the Debtors' Assets.

30. Given the marketing efforts, the exigencies of the Debtors' financial condition, including continuing declines in inventory levels and increasing instability in the supply chain, and the restrictions in the Debtors' postpetition financing and use of cash collateral, I believe that an expeditious sale of the business is critical to avoid continued disruption and potential loss of value of the Debtors' business and assets. The time periods set forth in the Bidding Procedures are reasonable under the circumstances and will provide parties with sufficient time and information to submit a bid for the Debtors' business or assets, particularly given the significant prepetition marketing effort pursued by the Debtors. In formulating the procedures and time periods set forth therein, the Debtors balanced the need to provide adequate time to parties in interest and potential bidders with the need to quickly and efficiently close a sale due to the Debtors' liquidity constraints, significant supply chain challenges, and the continued costs associated with maintaining the Company as a going concern.

31. The Debtors' business and assets have been marketed to strategic and financial investors since early February 2024, and the Debtors and their advisors have engaged in discussions with interested parties, coordinated discussions with the Debtors' management team, and provided additional due diligence materials in response to various diligence requests during such process. Therefore, many parties that may have an interest in bidding at the Auction already have conducted diligence and evaluated the Debtors' business or assets. In addition, potential bidders who have not previously conducted diligence will have immediate access to a substantial body of information regarding the Debtors' business and assets, including information gathered based upon specific due diligence requests of various prepetition bidders who participated in the Marketing Process.

32. In light of the foregoing, the Debtors have determined, in a reasonable exercise of their business judgment, that under these circumstances pursuing the proposed sale transaction and the Bidding Procedures is in the best interests of the Debtors, their estates, and their stakeholders.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Dated: May 21, 2024

Respectfully submitted,

/s/ Lisa Lansio

Lisa Lansio

Director