Docket #0014 Date Filed: 4/10/2026

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	)	Chapter 11
ASCEND ELEMENTS, INC., *et al.*,[1]	)	Case No. 26-90440 (ARP)
Debtors.	)	(Joint Administration Requested)

DEBTORS' EMERGENCY MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING THE DEBTORS TO (A) PAY PREPETITION WAGES, SALARIES, AND EMPLOYEE BENEFITS AND (B) CONTINUE THE POSTPETITION MAINTENANCE OF EMPLOYEE BENEFIT PROGRAMS, POLICIES, AND PROCEDURES IN THE ORDINARY COURSE OF BUSINESS, AND (II) GRANTING RELATED RELIEF

Emergency relief has been requested. Relief is requested not later than 4:00 P.M. (prevailing Central Time) on April 10, 2026.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

A hearing will be conducted on this matter on April 10, 2026, at 4:00 P.M. (prevailing Central Time) in Courtroom 400, 515 Rusk St., Houston, Texas 77002. Participation at the hearing will only be permitted by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at 832-917-1510. Once connected, you will be asked to enter the conference room number. Judge Pérez's conference room number is 282694. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Pérez's homepage. The meeting code is "JudgePerez". Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the "Electronic Appearance" link on Judge Pérez's homepage. Select the case name, complete the required fields and click "Submit" to complete your appearance.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Ascend Elements, Inc. (2893) and Ascend Elements US, LLC (8309). The location of the Debtors' service address is: 133 Flanders Road, Westborough, MA 01581.

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The above-captioned debtors and debtors in possession (collectively, the "Debtors") state the following in support of this emergency motion (this "Motion"):

Relief Requested

1. The Debtors seek entry of an order, substantially in the form attached hereto (the "Order") (i) authorizing the Debtors to: (a) pay prepetition wages, salaries, other compensation and reimbursable expenses to Employees and Contractors (each as defined below) (collectively, the "Compensation") and (b) continue providing Employees with benefits (the "Benefits") pursuant to the Employee Benefits Programs (as defined below) in the ordinary course of business, including payment of certain prepetition obligations related thereto, and (ii) granting related relief. Pursuant to paragraph 4 of the Complex Case Procedures (as defined herein), the Debtors seek entry of a final order, rather than an interim order subject to a final order at a subsequent hearing.[2] Pursuant to and consistent with the terms of the Cash Management Motion, filed contemporaneously herewith, the Debtors have sufficient unrestricted cash on hand to satisfy the wage-related relief requested.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the Southern District of Texas (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). 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 in connection with this Motion to the extent that it is later determined that the Court,

[2] Paragraph 4 of the Complex Case Procedures permits a debtor to seek a final order, rather than an interim order subject to a final order at a subsequent hearing, for, among other things, "[m]otions to pay employee wages and benefits that do not include relief of the nature specified in 11 U.S.C. § 503(c) or that do not otherwise contain a request for payments outside the ordinary course of the debtors' business." *Complex Case Procedures*, ¶ 4(a).

absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

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

4. The bases for the relief requested herein are sections 105(a), 362, 363, 503, 507, and 1107 of title 11 of the United States Code (the "Bankruptcy Code"), Bankruptcy Rules 6003 and 6004, rules 1075-1, 4002-1 and 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the "Bankruptcy Local Rules"), and section B of the Procedures for Complex Chapter 11 Cases in the Southern District of Texas (the "Complex Case Procedures").

Background

5. A detailed description of the Debtors and their businesses, including the facts and circumstances giving rise to the Debtors' chapter 11 cases, is set forth in the *Declaration of Linh Austin in Support of the Debtors' Chapter 11 Petitions and Emergency First Day Motions* (the "First Day Declaration"), filed contemporaneously herewith on April 9, 2026 (the "Petition Date").[3]

6. On the Petition Date, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Concurrently with the filing of this Motion, the Debtors have filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). The primary goal of these chapter 11 proceedings is to preserve liquidity, stabilize operations, and provide the breathing room necessary for the Debtors to explore a value-maximizing transaction or other restructuring alternatives for the benefit of all stakeholders. No request for the appointment of a trustee or examiner has been made in these

[3] Capitalized terms used but not defined in this Motion have the meanings ascribed to them in the First Day Declaration.

chapter 11 cases and no official committees have been appointed or designated as of the date hereof.

The Debtors' Workforce, Compensation, and Benefits

I. The Debtors' Workforce

7. As of the Petition Date, the Debtors employ approximately 102 employees (collectively, the "Employees"). All Employees are employed by Debtor Ascend Elements, Inc. None of the Employees are represented by a union or employed pursuant to a collective bargaining agreement. As of the Petition Date, the Debtors have also retained 14 independent contractors and sub-contractors, and from time to time may seek to engage additional independent and sub-contractors (the "Contractors").

8. The Employees and Contractors provide a broad range of essential services that are critical to the Debtors' business operations and restructuring efforts. Their specialized skills, institutional knowledge, and familiarity with the Debtors' infrastructure and processes are crucial to maintaining the continuity and stability of the Debtors' businesses while the Debtors consider restructuring alternatives. Many of the Employees and Contractors possess expertise that is not easily replaced, and any disruption to their services would impair the Debtors' ability to sustain operations and advance these chapter 11 cases.

9. The Debtors further believe that most of the Employees and Contractors depend on their wages and benefits as their primary source of income to cover daily living expenses and support their families. Without continued payment of Compensation and, to the extent applicable, provision of Benefits, the Employees and Contractors would likely face substantial financial hardship. To avoid such personal hardship and the resulting adverse impact on workforce morale and retention, the Debtors seek authority to satisfy the obligations described herein as they become

due. The Debtors intend to maintain their prepetition employee compensation practices, benefits programs, and related policies in the ordinary course of business on a postpetition basis, subject to the Court's approval of the relief requested.

II. Employee Compensation and Benefits

10. The Debtors believe that, as of the Petition Date, the aggregate amount of accrued Compensation and Benefits due and owing is approximately $1,401,700. The prepetition amounts owing in relation to the Compensation and Benefits that the Debtors are seeking authority to pay pursuant to this Motion are summarized in the following table:[4]

Employee Compensation and Benefits	Estimated Prepetition Amount Outstanding
Compensation	
Employee Compensation	$325,200
Withholding Obligations	$178,800
Employer Payroll Taxes	$34,900
Reimbursable Expenses	$24,000
Contractors and Staffing Agency Obligations	$159,300
Administration Fees	$19,800
Employee Benefits Programs	
Medical Benefit Programs	$31,200
Insurance Benefit Programs	$2,200
Workers' Compensation Program	$0
401(k) Plan	$1,800
Leave Policy	$617,000
Bonus and Incentive Programs	$7,500
Benefits Administration Fees	$0
TOTAL:	$1,401,700

[4] The Debtors will not increase insider base compensation or bonus payments without Court approval.

A. Compensation

11. The Debtors provide Compensation for their Employees and Contractors and pay various related administration fees and taxes related to such Compensation. The Compensation includes the following categories (each as defined below): (a) Employee Compensation, (b) Withholding Obligations, (c) Employer Payroll Taxes, (d) Reimbursable Expenses, (e) Contractor and Staffing Agency Obligations, and (f) Administration Fees. The Debtors estimate that, as of the Petition Date, the aggregate accrued, but unpaid prepetition amounts related to the Compensation totals approximately $742,000. The categories of Compensation are explained in more detail below.

i. Employee Compensation

12. In the ordinary course, the Debtors incur obligations to their Employees for, among other things, wages, salaries, overtime, and call-out pay (collectively, the "Employee Compensation"). Historically, the Debtors pay obligations relating to the Employee Compensation on a bi-weekly basis in approximately 26 pay periods in a calendar year. On average, the Debtors pay approximately $910,000 per month for Employee Compensation, excluding employer paid payroll taxes and benefits. Payroll often varies depending upon taxes, overtime, and other factors. The Debtors' last scheduled payroll before the Petition Date was disbursed to Employees on April 3, 2026. The Debtors also pay their independent directors in the ordinary course of business and reimburse the independent directors for reasonable and documented out-of-pocket expenses

13. The Debtors estimate that, as of the Petition Date, the aggregate amount of accrued and unpaid prepetition Employee Compensation totals approximately $325,200 (the "Unpaid Employee Compensation"). As of the Petition Date, no Employee has accrued amounts in excess of the $17,150 priority wage cap on account of the Unpaid Employee Compensation (subject to

the Debtors' PTO program below). The Debtors seek authority to pay the Unpaid Employee Compensation in the ordinary course of business and consistent with past practices, up to the $17,150 priority cap for each Employee under section 507(a)(4) of the Bankruptcy Code, and to continue paying the Employee Compensation in the ordinary course of business on a postpetition basis. As discussed further below, the Debtors believe that up to 12 Employees may be entitled to compensation in excess of the $17,150 statutory cap set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code (the "Priority Cap") in the ordinary course, if potential obligations related to the Debtors' PTO program arise. The Debtors do not anticipate making any such payments during the course of these chapter 11 cases but request authority to make such payments in excess of the Priority Cap if it becomes necessary in compliance with applicable law.

ii. Withholding Obligations and Employer Payroll Taxes

14. During each applicable payroll period, the Debtors, with assistance from their payroll processor, Automatic Data Processing, Inc. ("ADP"), routinely deduct certain amounts from the Employees' paychecks, including pre-tax and after-tax deductions payable pursuant to certain Employee benefit plans discussed below, such as an Employee's share of health care benefits and insurance premiums and other miscellaneous deductions, as well as certain required wage garnishments and domestic support obligations (collectively, the "Deductions"), and forward such amounts to various third-party recipients. The total amount of Deductions may fluctuate from month to month based on the Employees' benefit elections, but is generally approximately $41,000 per payroll cycle.

15. In addition to the Deductions, the Debtors are required by law to withhold from Employees' Compensation amounts related to federal income taxes and Social Security and Medicare taxes (collectively, the "Employee Withholding Taxes" and, together with the

Deductions, the "Withholding Obligations") and remit them to the appropriate taxing authorities (collectively, the "Taxing Authorities"). The Debtors estimate that, as of the Petition Date, the aggregate amount of accrued and unpaid prepetition Withholding Obligations totals approximately $178,800 (the "Unpaid Withholding Obligations"). The Debtors seek authority to pay the Unpaid Withholding Obligations in the ordinary course of business and consistent with past practices and to continue collecting and remitting the Withholding Obligations on a postpetition basis in the ordinary course of business.

16. The Debtors are also required by law to make payments from their own funds on account of Social Security and Medicare taxes and to pay, based on a percentage of gross payroll (and subject to applicable limits), additional amounts to the Taxing Authorities for, among other things, state and federal unemployment insurance and other state programs (the "Employer Payroll Taxes"). As of the Petition Date, the Debtors estimate that the amount outstanding on account of the Employer Payroll Taxes is approximately $34,900 (the "Unpaid Employer Payroll Taxes"). The Debtors seek authority to pay the Unpaid Payroll Taxes in the ordinary course of business and consistent with past practices and to continue paying the Employer Payroll Taxes on a postpetition basis in the ordinary course of business.

iii. Reimbursable Expenses

17. In the ordinary course of business, the Debtors reimburse their Employees for certain eligible business-related expenditures ("Reimbursable Expenses") incurred by the Employees while performing their duties on the Debtors' behalf. Reimbursable Expenses typically include expenses associated with travel, transportation, lodging, meals, personal vehicle use, equipment and supplies, and other reasonable business-related expenses. Employees who pay for their own Reimbursable Expenses up front can apply for reimbursement by submitting a record of

expenses, stating the business purpose. Once the record has been reviewed and approved by management, the Debtors include the reimbursement of such expenses in the next regularly scheduled payroll. In addition, the Debtors also provide reimbursement of certain relocation expenses to some employees. These reimbursable expenses include moving expenses, temporary housing or travel costs, and other related expenses incurred to facilitate an Employee's transition to a new work location. The Debtors contract with American Relocation Connections to facilitate relocation and reimbursement of these expenses.

18. As of the Petition Date, the Debtors estimate an aggregate of approximately $24,000 in accrued and unpaid prepetition Reimbursable Expenses remains outstanding ("Unpaid Reimbursable Expenses"). The uninterrupted processing of Reimbursable Expenses is imperative to the smooth operation of the Debtors' business. Although the Debtors ask that Employees submit reimbursement requests promptly, sometimes submission delays occur, and Employees may submit reimbursement requests for prepetition Reimbursable Expenses postpetition. Employees incurred the Reimbursable Expenses as business expenses on the Debtors' behalf and with the understanding that the Debtors would fully reimburse such expenses. The Reimbursable Expenses were incurred in the ordinary course of the Debtors' businesses, on behalf and in furtherance of those businesses, and do not constitute compensation, bonuses, or severance. Accordingly, to avoid harming Employees who incurred the Reimbursable Expenses and who may become personally liable for such expenses, the Debtors seek authority to pay the Unpaid Reimbursable Expenses in the ordinary course of business and consistent with past practices and to continue paying the Reimbursable Expenses on a postpetition basis in the ordinary course of business.

iv. Contractor and Staffing Agency Obligations

19. In addition to Employees, the Debtors rely on and make payments to Contractors for the performance of certain services critical to the Debtors' operations (the "Contractor Obligations"). The Employees rely on the support of Contractors in management engineering, business development, operations, logistics, and site development roles to help the Debtors' business and fill positions that are not economically feasible to fill on a full- or part-time basis with the Employees. The Debtors believe that the authority to continue paying Contractors is critical to minimize disruption of the Debtors' continued business operations. As of the Petition Date, the Debtors have contracted with approximately 14 Contractors situated in multiple locations worldwide.

20. The Debtors source and pay 3 of the Contractors through staffing agencies and labor sub-contractors or agents (the "Staffing Agencies"), pursuant to certain purchase orders, which set forth the scope of work and applicable rates for the Contractor engagements. The Debtors remit payment to the Staffing Agencies (together with the Contractor Obligations, the "Contractor and Staffing Agency Obligations") for services and incurred expenses in accordance with the purchase orders upon receipt of invoices from the Staffing Agencies, which are typically submitted on a bi-monthly or monthly basis. The Debtors believe that the authority to continue utilizing and paying the Staffing Agencies for the continued service and supply of Contractors and payment for expenses incurred by the Staffing Agencies is critical to the Debtors' business operations. As of the Petition Date, the Debtors estimate that their total accrued but unpaid Contractor and Staffing Agency Obligations are approximately $159,300 ("Unpaid Contractor and Staffing Agency Obligations"). The Debtors believe the Contractors and Staffing Agencies serve in essential operations, safety, and engineering roles, and losing them abruptly would impair safe operations.

Accordingly, the Debtors are seeking the authority to pay the Unpaid Contractor and Staffing Agency Obligations in the ordinary course of business and consistent with past practices and to continue paying any further Contractor and Staffing Agency Obligations on a postpetition basis in the ordinary course of business.

v. Administration Fees

21. As previously stated, the Debtors use ADP as a third-party payroll processor to assist in the smooth administration of the payroll (the "ADP Fees"). The Debtors pay approximately $11,000 per month for such services. As of the Petition Date, the Debtors to ADP on account of prepetition payroll services are approximately $8,700. The Debtors' relationship with ADP allows the Debtors to realize substantial cost savings with respect to the administration of their payroll by not having to employ additional human resources professionals to administer payroll.

22. Additionally, the Debtors employ certain vendors to administer and perform essential functions for the Debtors' human resources programs (the "HR Program Fees" and together with the ADP Fees, the "Administrative Fees"). These services include conducting pre-employment background checks, providing laboratory-based screening and health services (such as physicals, workers' compensation, and occupational assessments). Further, the Debtors are currently negotiating an agreement with Deel, Inc to provide global payroll, ensure compliance, and streamline HR operations related to independent contractors. The HR Program Fees are essential to ensuring the Debtors can hire qualified personnel, maintain workplace safety and regulatory compliance, and operate their business efficiently. The Debtors pay approximately $8,000 per month for HR Program Fees. As of the Petition Date, the Debtors estimate that their

total accrued and unpaid HR Program Fees owed on account of prepetition services are approximately $11,100.

23. As such, the Debtors are seeking the authority to pay the unpaid Administrative Fees in the ordinary course of business and consistent with past practice and to continue paying the Administrative Fees on a postpetition basis in the ordinary course of business.

B. Employee Benefits Programs

24. In addition to the aforementioned Compensation-related obligations, the Debtors, with the assistance of their Benefits Administrators (as defined herein) where applicable, maintain various Employee benefit plans and policies for eligible Employees (collectively, the "Employee Benefits Programs"). All full-time Employees are eligible to participate in the Employee Benefits Programs. As of the Petition Date, the Debtors believe there is approximately $659,700 accrued and outstanding on account of the Employees Benefits Programs. The Employee Benefits Programs are explained in more detail below.

i. Medical Plans

25. The Debtors offer their Employees and their dependents the opportunity to participate in a number of health benefits plans (collectively, the "Medical Benefits Program"). As of the Petition Date, the Debtors believe there is approximately $31,200 accrued and outstanding on account of the Medical Benefits Program. The Debtors seek authority to continue administering and paying their obligations under the Medical Benefits Programs in the ordinary course of business and the authority to pay, in full, any prepetition amounts on account thereof.

26. The Debtors offer medical coverage (the "Medical Plans") to eligible Employees and their dependents through United Healthcare ("United"). Under the Medical Plans, participants receive coverage for, among other things, preventive care, doctor visits, hospital care and

prescription drugs. The Debtors subsidize 80% of the cost of the Medical Plans for all eligible and participating Employees. Participating Employees contribute the remaining portion of the cost of the Medical Plans through automatic pre-tax payroll deductions. The Debtors pay approximately $80,000 a month (excluding employee contributions) on account of the Medical Plans and remit such payments on a monthly basis in satisfaction of their obligations thereunder, with such payments made on or around the 10th of each month. As of the Petition Date, the Debtors believe there is approximately $28,800 accrued and outstanding on account of the Medical Plans. The Debtors seek authority to pay any prepetition amounts on account of the Medical Plans. The Debtors also seek authority to continue the Medical Plans in the ordinary course of business, including to continue to pay any such obligations that come due in the ordinary course on a postpetition basis.

ii. Dental Plan

27. The Debtors offer eligible Employees dental coverage (the "Dental Plan") through United. The Debtors subsidize 70% of the cost of the Dental Plan for all eligible and participating Employees. Participating Employees contribute the remaining portion of the cost of the Dental Plan through automatic pre-tax payroll deductions. The Debtors pay approximately $5,400 a month on account of the Dental Plan and remit such payments on a monthly basis in satisfaction of their obligations thereunder, with such payments made on or around the 10th of each month. As of the Petition Date, the Debtors believe there is approximately $2,000 amounts accrued and outstanding on account of the Dental Plan. However, the Debtors seek authority to pay any prepetition amounts on account of the Dental Plan. The Debtors also seek authority to continue the Dental Plan in the ordinary course of business, including to continue to pay any such obligations that come due in the ordinary course on a postpetition basis.

iii. Vision Plan

28. The Debtors offer eligible Employees vision coverage through United (the "Vision Plan"). The Debtors subsidize 100% of the cost of the Vision Plan for all eligible and participating Employees. The Debtors pay approximately $1,100 a month on account of the Vision Plan and remit such payments on a monthly basis in satisfaction of their obligations thereunder, with such payments made on or around the 10th of each month. As of the Petition Date, the Debtors believe there is approximately $400 accrued and outstanding on account of the Vision Plan. However, the Debtors, out of an abundance of caution, seek authority to pay any prepetition amounts on account of the Vision Plan. The Debtors also seek authority to continue the Vision Plan in the ordinary course of business, including to continue to pay any such obligations that come due in the ordinary course on a postpetition basis.

iv. Health Savings Account

29. For Employees who participate in the high-deductible Medical Plan, the Debtors offer access to health savings accounts ("HSAs") through Optum Bank (the "HSA Administrator"). Participating Employees can opt to make pre-tax contributions to their individual HSAs through payroll deductions to cover reimbursements under the program up to the maximum amount permitted by the Internal Revenue Service. The Debtors withhold the applicable Employee contributions from the participating Employees' salary and wages and transfer approximately $2,500 per pay period in such withholdings to the HSA Administrator in connection with the HSAs. As of the Petition Date, the Debtors do not believe there are any outstanding amounts due and owing on account of the HSAs. The Debtors, however, out of an abundance of caution, seek authority to pay any prepetition amounts on account of the HSAs and to continue to pay the HSA Administrator in the ordinary course of business on a postpetition basis.

v. COBRA

30. Under the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), Employees and their families who are terminated have the right to continue their health benefits from their employer for a limited period of time under certain circumstances. The Debtors provide such benefits to exiting Employees as required by law (the "COBRA Program"). Under the COBRA Program, former Employees are responsible for the full cost of health benefits at the Debtors' group rates, together with any applicable administrative fee. The Debtors currently provide benefits through the COBRA Program for four former Employees. As of the Petition Date, the Debtors do not believe there are any amounts accrued and outstanding on account of the COBRA benefits. The Debtors request authority to continue the COBRA Program in the ordinary course of business on a postpetition basis.

C. Insurance Benefits Program

31. The Debtors offer insurance benefit plans to the Employees under various policies and programs, in some cases automatically and in others upon election by an eligible Employee. These include the Basic Life & AD&D Insurance Plans, the Voluntary Insurance Plans and the Disability Plans (each as defined herein, and together, the "Insurance Benefits Programs"). Currently, 102 Employees are enrolled in the Basic Life & AD&D Insurance Plans, 102 Employees are enrolled in the Voluntary Insurance Plans, and 102 Employees are enrolled in the Disability Plans. As of the Petition Date, the Debtors believe there is approximately $2,200 amounts accrued and outstanding on account of the Insurance Benefits Programs. The Debtors seek authority to continue the Insurance Benefits Programs, including all constituent plans and programs, in the ordinary course of business, and to pay any prepetition amounts on account thereof. The Insurance Benefits Programs are described in more detail below.

i. Basic Life & AD&D Insurance Plans

32. The Debtors provide all eligible Employees, automatically at no cost to such Employees, with basic life and accidental death and dismemberment insurance coverage (the "Basic Life and AD&D Insurance Plan"), which is administered by United. The Debtors pay approximately $9,000 annually on account of the Basic Life and AD&D Insurance Plan and remit such payments on a monthly basis in satisfaction of their obligations thereunder, with such payments made on or around the 10th of each month. As of the Petition Date, the Debtors believe there is approximately $1,800 amounts due and owing on account of the Basic Life and AD&D Insurance Plan. The Debtors seek authority to pay any prepetition amounts on account of the Basic Life and AD&D Insurance Plan. The Debtors also seek authority to continue the Basic Life and AD&D Insurance Plan in the ordinary course of business.

ii. Voluntary Life & AD&D Insurance Plans

33. Employees can also elect to purchase additional insurance coverage plans (the "Voluntary Insurance Plans") at their own expense. The Voluntary Insurance Plans include additional voluntary life and voluntary accidental death and dismemberment coverage for the Employee, their spouse, or any children, and is also provided by United. The Debtors do not contribute any amounts under the Voluntary Insurance Plans but deduct the applicable premiums from participating Employees' salary and wages each pay period. As of the Petition Date, the Debtors do not believe there are any outstanding amounts due and owing on account of the Voluntary Insurance Plans. The Debtors seek authority to continue deducting and remitting the applicable premiums in connection with the Voluntary Insurance Plans in the ordinary course of business.

iii. Disability Plans

34. The Debtors provide eligible Employees, at no cost to such Employees, with long-term disability benefits (the "Long-Term Disability Benefits") and short-term disability benefits (the "Short-Term Disability Benefits," and together with the Long-Term Disability Benefits, the "Disability Plans"), which are provided by Principal. Employees become eligible for the Disability Plans effective upon their first day of employment. The Disability Plans provide income protection if an Employee is unable to perform his or her job due to illness or injury. The Debtors make payments on account of the Disability Plans and remit such payments on a monthly basis in satisfaction of their obligations thereunder, with such payments made on or around the 10th of each month. As of the Petition Date, the Debtors believe there is approximately $400 accrued and outstanding on account of the Disability Plans. The Debtors seek authority to pay any prepetition amounts on account of the Disability Plans. The Debtors also seek authority to continue the Disability Plans in the ordinary course of business.

D. Workers' Compensation Program

35. The Debtors maintain workers' compensation insurance for their Employees to cover, among other things, workers' compensation and employer liability for accidents, death, or disease sustained by employees in the course of their employment (the "Workers' Compensation Program"). The Debtors self-fund their Workers' Compensation Program through QBE Insurance Group, Ltd. and claims management specialist, Sedgewick Claims Management Services, Inc.

36. As of the Petition Date, the Debtors believe there are at least two open claims under the Workers' Compensation Program. The Debtors, seek authority to pay any prepetition amounts on account of the Workers' Compensation Program. The Debtors also request authority to continue the Workers' Compensation Program in the ordinary course of business on a postpetition

basis, including by renewing or replacing the Workers' Compensation Policy. Maintaining uninterrupted workers compensation coverage requires the Debtors to remain current on all related obligations. Therefore, the Debtors request authority to continue the Worker's Compensation Program in the ordinary course of business.

E. 401(k) Plan

37. The Debtors provide eligible Employees the ability to participate in a 401(k) retirement plan (the "401(k) Plan"), which is provided by Empower Advisory Group, LLC (the "401(k) Plan Administrator"). After deducting participating Employees' 401(k) Plan contributions per pay period from the Employees' Compensation, the Debtors forward such amounts to the 401(k) Plan Administrator within one business day. At the end of each year, the Debtors review the businesses performance and determine whether the Debtors will make any 401(k) match for the previous year.

38. The Debtors estimate their average contributions to the 401(k) Plan by employees and withheld on their behalf to be approximately $40,000 per month. As of the Petition Date, the Debtors owe approximately $1,800 in accrued but unpaid amounts relating to administration fees under the 401(k) Plan. Due to the voluntary nature of the Debtors' 401(k) match obligations, and the precarious financial position of the businesses, the Debtors do not intend to match any 401(k) contributions.

39. Many Employees' retirement savings consist solely of their 401(k) Plan. Thus, the Debtors believe that continuing the 401(k) Plan is essential to maintaining Employee morale. Accordingly, the Debtors seek the authority to pay any accrued but unpaid amounts owed on account of the 401(k) Plan, and remit any unpaid prepetition defined contribution withholdings to

the 401(k) Plan Administrator and to continue the 401(k) Plan on a postpetition basis in the ordinary course of business and consistent with past practices.

F. Leave Policy

40. The Debtors offer eligible Employees paid and unpaid time-off benefits that include Holidays and PTO (each as defined herein, and together, the "Leave Policy"). The Debtors believe that the continuation of the Leave Policy in accordance with prior practice is essential to maintaining employee morale during these chapter 11 cases, as the Employees have come to depend on the Leave Policy. The Debtors anticipate that most of the Employees will use accrued paid leave in the ordinary course of business, which will not create any material cash flow requirements beyond the Debtors' normal payroll obligations. The Debtors request authority to continue the Leave Policy in the ordinary course and consistent with past practice and to honor any amounts accrued thereunder prior to the Petition Date.

41. The Debtors offer eligible Employees paid holidays throughout the year (collectively, the "Holidays"). Generally, eligible Employees are not required to work on a designated Holiday but are paid at their regular rate of pay. Eligible hourly employees who work on a designated Holiday will receive 1.5 times their regular rate of pay for the hours worked in addition to 8-hour holiday pay.

42. As part of the Leave Policy, all regular full-time Employees are provided with a flexible paid time off ("PTO") policy. All regular full-time Employees begin accruing PTO after 90 days of employment, with the annual PTO allotment granted at the start of each calendar year and earned monthly through continued active employment. The PTO accrual rates are based on an Employee's length of full-time service and experience, and Employees receive 4.62 – 9.23 hours of PTO per pay period. At the start of each calendar year, up to 80 hours of unused PTO

roll over, and employees continue to accrue new PTO every payroll cycle. Upon an Employee's separation from the company, the Debtors calculate the Employee's used PTO against their accrued balance, and to the extent the Employee has accrued and unused PTO, compensate the Employee for such accrued and unused PTO in the form of a cash payment.

43. As of the Petition Date, the Debtors believe that the amount of unpaid Employee PTO is approximately $617,000. The Debtors believe that some Employees may be entitled to compensation in excess of the $17,150 statutory cap set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code (the "Priority Cap") in the ordinary course, if potential obligations related to the Debtors' PTO program arise. The Debtors do not anticipate making any such payments during the course of these chapter 11 cases but request authority to make such payments in excess of the Priority Cap if it becomes necessary in compliance with applicable law, including to cash out accrued benefits at termination, as and when they come due, and to continue to make all payments on a postpetition basis, each in the ordinary course of business and consistent with their prepetition practices. *See e.g.* Mass. Gen. Laws Ann. ch. 149, § 148 (holiday and vacation payments are considered wages and must be included in final paycheck upon termination). For the avoidance of doubt, to the extent the Debtors seek to pay outstanding prepetition amounts on account of accrued PTO in excess of the Priority Cap, the Debtors request such relief solely pursuant to the Order.

G. Bonus and Incentive Programs

44. Historically, the Debtors have offered certain discretionary and performance-based incentive programs to provide Employees with an opportunity to receive monetary compensation for achieving certain performance goals (the "Bonus and Incentive Programs").[5] Specifically, all

[5] The Debtors also have awarded equity interests to certain Employees as part of their compensation packages, and may continue to include certain stock incentives for new hires.

full-time Employees and some independent contractors are eligible to receive discretionary bonuses, which are based on the Company's performance as well Employee performance. Bonuses for Employees average 10-70% of base compensation. In the 6 months prior to the Petition Date, the Debtors paid out approximately $21,000 on account of the discretionary bonus program. As of the Petition Date, the Debtors do not believe any amounts are accrued but unpaid in connection with the discretionary bonus program.

45. Additionally, prior to the Petition Date, and to maintain stability and preserve value of the Debtors' estates, the Debtors developed and implemented a targeted incentive program for certain key employees ("Incentive Program"). The initial phase of the Incentive Program included 40 participants (including 5 contractors) and featured a cash payout ranging from 10–75% of the participants annual base salary. The total amount paid under the initial phase of the Incentive Program was $2.29 million, paid in a lump sum, and fully funded in October 2025. In addition, three of the Incentive Program participants received a cash payout payable in quarterly installments. Under these agreements, which total $30,000, the Debtors still owe $7,500 that will become payable post-petition. In exchange, the Incentive Program participants agreed to remain in their roles with the Debtors—despite the significant uncertainty—until the earlier of (i) 9 months from the payment date, (ii) the date that is 30 days following the Emergence Date (as defined therein), or (iii) the date that is 10 days following a change in control (the "Retention Period"). Amounts paid under the Incentive Program are subject to clawback during the Retention Period. The amounts paid under the Incentive Program were market tested, and the Debtors believe the amounts paid under the Incentive Program were at the lower end of market benchmarks. The Debtors submit that the Incentive Program was essential to retain several of their key employees and essential to the continued viability of the Debtors' businesses.

Basis for Relief

I. Cause Exists to Authorize the Debtors to Honor the Compensation and Benefits.

A. Certain Compensation and Benefits Are Entitled to Priority.

46. Sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code provide priority status to certain unsecured claims for wages, salaries, commissions, vacation, severance, sick leave, and employee benefit plan contributions, up to $17,150 per individual. Because such claims are priority claims, the Debtors are required to pay them in full to confirm a chapter 11 plan. *See* 11 U.S.C. § 1129(a)(9)(B) (requiring payment in full of certain allowed unsecured claims for (a) wages, salaries, or commissions, including severance, and sick leave pay earned by an individual, and (b) contributions to an employee benefit plan). The Debtors do not seek to pay any individual an amount exceeding the statutory priority cap pursuant to this Motion. Thus, granting the relief requested herein with respect to payment of certain amounts up to the priority cap will likely only affect the timing of such payments, and should not negatively affect recoveries for general unsecured creditors. Payment of the Compensation and Benefits at this time will enhance value for the benefit of all interested parties as the continued operation of the Debtors' business relies on the Employees, without whom the Debtors could not operate.

B. Payment of Certain Compensation and Benefits Is Required by Law.

47. The Debtors seek authority to pay the Withholding Obligations to the appropriate third-party entities. These amounts principally represent Employee earnings that governments, Employees, and judicial authorities have designated for deduction from the Employees' paychecks. Certain Withholding Obligations are not property of the Debtors' estates because the Debtors have withheld such amounts from the Employees' paychecks on another party's behalf. *See* 11 U.S.C. §§ 541(b)(1), (d). Furthermore, federal and state laws require the Debtors to

withhold certain tax payments from the Employees' paychecks and to pay such amounts to the appropriate taxing authority. 26 U.S.C. §§ 6672, 7501(a); *see In re Chabrand*, 301 B.R. 468, 475–81 (Bankr. S.D. Tex. 2003) (noting that individual officers of a company may be held personally liable for failure to pay trust fund taxes); *see also City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 95–97 (3d Cir. 1994) (finding that state law requiring a corporate debtor to withhold city income tax from its employees' wages created a trust relationship between debtor and the city for payment of withheld income taxes). Because the Withholding Obligations may not be property of the Debtors' estates, the Debtors request that the Court authorize them to transmit the Withholding Obligations on account of the Employees to the proper parties in the ordinary course of business.

48. Similarly, state laws require the Debtors to pay the Employer Payroll Taxes. If the Debtors fail to pay the Employer Payroll Taxes, state and federal laws may prohibit the Debtors from operating. Payment of all Employer Payroll Tax amounts is therefore crucial to the Debtors' continued operations and the success of these chapter 11 cases.

II. Payment of the Employee Compensation and Benefits Is Warranted Under Sections 105(a), 363(b), and 1107 of the Bankruptcy Code.

49. Section 363 of the Bankruptcy Code provides, in relevant part, that "[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Courts in the Fifth Circuit have granted a debtor's request to use property of the estate outside of the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code upon a finding that such use is supported by sound business reasons. *See, e.g.*, *Inst'l Creditors of Cont'l Air Lines, Inc. v. Cont'l Air Lines, Inc. (In re Cont'l Air Lines, Inc.)*, 780 F.2d 1223, 1226 (5th Cir. 1986) ("[F]or the debtor-in-possession or trustee to satisfy its fiduciary duty to the debtor, creditors and equity holders, there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of

business."); *see also In re Crutcher Res. Corp.*, 72 B.R. 628, 631 (Bankr. N.D. Tex. 1987) ("A Bankruptcy Judge has considerable discretion in approving a § 363(b) sale of property of the estate other than in the ordinary course of business, but the movant must articulate some business justification for the sale.").

50. Further, section 105(a) of the Bankruptcy Code provides that a court "may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of" the Bankruptcy Code, pursuant to the doctrine of necessity. 11 U.S.C. § 105(a). The doctrine of necessity functions in a chapter 11 case as a mechanism by which the bankruptcy court can exercise its equitable power to allow payment of critical claims not explicitly authorized by the Bankruptcy Code and further supports the relief requested herein. *See In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (recognizing the doctrine of necessity). Additionally, section 1107 of the Bankruptcy Code provides that a debtor in possession has, among other things, an "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) (quoting *In re CoServ, L.L.C.*, 273 B.R. at 497).

51. Payment of the Compensation and Benefits is warranted under this authority and the facts and circumstances of these chapter 11 cases. The Debtors believe that the vast majority of the Debtors' Employees rely exclusively on their Compensation and Benefits to pay their daily living expenses and support their families. Thus, the Employees will be exposed to significant financial difficulties if the Debtors are not permitted to honor obligations for unpaid Employee Compensation and Benefits. Consequently, the relief requested is necessary and appropriate.

52. Moreover, the Employees provide the Debtors with services necessary to conduct the Debtors' business, and the Debtors believe that, absent the payment of the Compensation and

Benefits owed to the Employees, the Debtors may experience turnover and instability at this critical time. The Debtors believe that without these payments, the Employees may become demoralized and unproductive because of the potential significant financial strain and other hardships they may face, causing them to elect to seek alternative employment opportunities. Additionally, a significant portion of the value of the Debtors' business is tied to their Employees, which cannot be replaced without significant efforts (which efforts may not be successful given the potential overhang and stigma associated with being a debtor in possession). Enterprise value may be materially impaired to the detriment of all stakeholders in such a scenario. Payment of the prepetition obligations with respect to the Compensation and Benefits is thus a necessary and critical element of the Debtors' efforts to preserve value and will provide the Debtors the greatest likelihood of retention of their Employees as the Debtors seek to operate their businesses in these chapter 11 cases.

53. Accordingly, the Debtors request that the Court authorize the Debtors to pay the prepetition and postpetition obligations specified herein and to continue the Compensation and Benefits in the ordinary course of business and consistent with past practice. Courts in this district have granted relief similar to that described herein as a routine matter in similar cases. *See, e.g.*, *In re LifeScan Global Corp.*, No. 25-90259 (ARP) (Bankr. S.D. Tex. July 16, 2025); *In re Global Clean Energy Holdings, Inc.*, No. 25-90113 (ARP) (Bankr. S.D. Tex. Apr. 16, 2025); *In re Northvolt AB*, No. 24-90577 (ARP) (Bankr. S.D. Tex. Nov. 21, 2024); *In re Vertex Energy, Inc.*, No. 24-90507 (CML) (Bankr. S.D. Tex. Sept. 25, 2024); *In re SmileDirectClub, Inc.*, No. 23-90786 (CML) (Bankr. S.D. Tex. Oct. 2, 2023).

Cause Exists to Authorize the Debtors' Financial Institutions to Honor Electronic Funds Transfer.

54. The Debtors have sufficient unrestricted cash on hand to pay the amounts described in this Motion in the ordinary course of business by virtue of access to cash on hand and anticipated access to cash collateral. In addition, under the Debtors' cash management system, the Debtors can readily identify wire transfer requests as relating to an authorized payment in respect of the Compensation and Benefits, as applicable. Accordingly, the Debtors believe there is minimal risk that ACH transfers or wire transfer requests the Court has not authorized will be made inadvertently. Therefore, the Debtors respectfully request that the Court authorize and direct all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all ACH transfers or wire transfer requests in respect of the relief requested in this Motion.

Emergency Consideration

55. Pursuant to Bankruptcy Local Rule 9013-1, the Debtors request emergency consideration of this Motion. Bankruptcy Rule 6003 empowers a court to grant relief within the first twenty-one days after the commencement of a chapter 11 case if "relief is needed to avoid immediate and irreparable harm." FED. R. BANKR. P. 6003. Failure to receive the requested relief during the first twenty-one days of these chapter 11 cases would imperil the Debtors' restructuring and cause irreparable harm. Further, this relief will save costs and avoid undue administrative burden and confusion only if granted immediately. The Debtors therefore have satisfied the

"immediate and irreparable harm" standard and request that the Court approve the Motion on an emergency basis.

Waiver of Bankruptcy Rules 6004(a) and 6004(h)

56. The Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the fourteen-day stay period under Bankruptcy Rule 6004(h), to the extent applicable.

Reservation of Rights

57. Nothing contained herein or any actions taken pursuant to such relief requested is intended or shall be construed as: (a) an admission as to the amount of, basis for, or validity of any claim against any Debtor under the Bankruptcy Code or other applicable law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion or any order granting the relief requested by this Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates (and the rights of all parties in interest are expressly reserved with respect to such liens); or (g) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an

admission as to the validity of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

Notice

58. The Debtors have provided notice of this Motion to the following parties or their respective counsel: (a) the U.S. Trustee; (b) the holders of the thirty largest unsecured claims against the Debtors (on a consolidated basis); (c) the Banks (as defined in the Cash Management Motion); (d) counsel to certain Senior Secured Noteholders; (e) the United States Attorney's Office for the Southern District of Texas; (f) the state attorneys general for states in which the Debtors conduct business; (g) other governmental or regulatory agencies having a regulatory or statutory interest in these cases; and (h) any party that has requested notice pursuant to Bankruptcy Rule 2002 and Bankruptcy Local Rule 9013-1(d). In light of the nature of the relief requested, the Debtors submit that no other or further notice is required.

59. The Debtors request that the Court enter the Order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

[*Remainder of Page Intentionally Left Blank*]

Dated: April 10, 2026

Respectfully submitted,

NORTON ROSE FULBRIGHT US LLP

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Proposed Counsel to the Debtors and Debtors in Possession

Certificate of Accuracy

I certify that the foregoing statements are true and accurate to the best of my knowledge. This statement is being made pursuant to Bankruptcy Local Rule 9013-1(i).

/s/ Ryan Manns
Ryan Manns

Certificate of Service

I certify that on April 10, 2026, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas. Additionally, the foregoing document will be served as set forth in a forthcoming affidavit filed by the Debtors' proposed claims agent.

/s/ Ryan Manns
Ryan Manns

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	)	Chapter 11
ASCEND ELEMENTS, INC., *et al.*,[1]	)	Case No. 26-90440
Debtors.	)	(Joint Administration Requested)

ORDER (I) AUTHORIZING THE DEBTORS TO (A) PAY PREPETITION WAGES, SALARIES, AND EMPLOYEE BENEFITS AND (B) CONTINUE THE POSTPETITION MAINTENANCE OF EMPLOYEE BENEFIT PROGRAMS, POLICIES, AND PROCEDURES IN THE ORDINARY COURSE OF BUSINESS, AND (II) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for the entry of an order (this "Order"), (i) authorizing the Debtors to (a) pay prepetition wages, salaries, compensation and reimbursable expenses to Employees and Contractors and (b) continue providing Employees with Benefits pursuant to the Employee Benefits Programs in the ordinary course of business, including payment of certain prepetition obligations related thereto, and (ii) granting related relief, all as more fully set forth in the Motion and the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Ascend Elements, Inc. (2893) and Ascend Elements US, LLC (8309). The location of the Debtors' service address is: 133 Flanders Road, Westborough, MA 01581.

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

relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court, if any; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT**:

1. The Debtors are authorized, but not directed, to pay, honor, or reimburse all prepetition amounts related to the Compensation and Benefits in an aggregate amount not to exceed $1,401,700 and to continue paying postpetition obligations on account of the Compensation and Benefits, including the Employee Benefits Programs, in the ordinary course of business and consistent with past practices. The Debtors are authorized further, but not directed, upon 7 days notice to the Senior Secured Holders, the U.S. Trustee, and counsel to any official committee, and opportunity to object, to honor any prepetition claims or amounts on account of accrued PTO to any individual that exceeds the priority amounts set forth in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code, after identifying (a) the title of the Employee, (b) the amount of the payment, and (c) the proposed payment date.

2. The Debtors are authorized to continue, administer, modify, change, or discontinue the Compensation and Benefits in the ordinary course of business during these chapter 11 cases and without need for further Court approval, subject to applicable law and in consultation with the Senior Secured Noteholders.

3. The Debtors shall not make any bonus, incentive, retention, or severance payments to any insiders (as such term is defined in section 101(31) of the Bankruptcy Code) without further order of this Court and the consent of the Senior Secured Noteholders.

4. Nothing herein shall be deemed to authorize the payment of any amounts which violates or implicates section 503(c) of the Bankruptcy Code; *provided*, that nothing herein shall prejudice the Debtors' ability to seek approval of relief pursuant to section 503(c) of the Bankruptcy Code at a later time.

5. Neither this Order, nor any payments made by the Debtors pursuant to the Motion or this Order, shall be deemed to change the classification of any claim or to in any way change the rights or create new rights of any Employees or any other person, including, without limitation, the creation of any right to payment entitled to administrative expense priority pursuant to sections 503 and 507 of the Bankruptcy Code.

6. The banks and financial institutions on which electronic payment or wire transfer requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such electronic payment or wire transfer requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular electronic payment or wire transfer request as approved by this Order without any duty of further inquiry and without liability for following the Debtors' instructions.

7. The Debtors are hereby authorized, but not directed, to effect new fund transfers for prepetition Compensation or Benefits to replace any prepetition fund transfers that may be dishonored or rejected and to reimburse the Employees or the applicable payee for any fees or costs incurred by them in connection with a dishonored or voided funds transfer as a result of the

commencement of the Debtors' chapter 11 cases with respect to any prepetition amounts that are authorized to be paid pursuant to this Order.

8. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, and subject to the administrative status afforded pursuant to this Order, nothing in this Order shall be deemed: (a) an admission by the Debtors as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission by the Debtors as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors' or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in the Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens. Any payment made pursuant to this Order is not intended to be nor should it be construed as an admission as to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

9. Nothing herein shall be deemed to authorize the Debtors to cash out or set off unpaid PTO obligations, except upon termination of an employee solely to the extent required by applicable non-bankruptcy law, and in consultation with the Senior Secured Holders.

10. Notwithstanding anything to the contrary contained in the Motion or this Order, any payment to be made and any relief or authorization granted hereunder shall be limited by, and shall be subject to, the requirements imposed on the Debtors in any orders entered by this Court authorizing the Debtors' use of cash collateral (any such order, a "CC Order"), including, for the avoidance of doubt, any budget and the terms of any definitive documentation in connection therewith (the "CC Documents"). To the extent of any conflict (but solely to the extent of such conflict) between the terms of the Motion, this Order, and the terms of any CC Order or any CC Documents, the terms of the CC Order or such CC Document, as applicable, will govern.

11. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003.

12. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

13. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

14. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order.

15. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.