IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	
	)	Chapter 11
PLASTIQ INC., *et al.*,[1]	)	
	)	Case No. 23-10671 (___)
Debtors.	)	
	)	(Joint Administration Requested)

DECLARATION OF VLADIMIR KASPAROV IN SUPPORT OF CHAPTER 11 PETITIONS AND FIRST DAY PLEADINGS

I, Vladimir Kasparov, pursuant to 28 U.S.C. § 1746, and under penalty of perjury, declare the following to the best of my knowledge, information and belief:

1. I am a Managing Director at Triple P RTS, LLC ("**Portage Point**") and the chief restructuring officer ("**CRO**") of the above-captioned debtors and debtors in possession (collectively, the "**Debtors**" or "**Plastiq**"). I am familiar with the Debtors' business and financial affairs and assets and liabilities, as a result of having served as CRO since January 13, 2023.

2. As a Managing Director at Portage Point, I specialize in managing complex financial and operational restructurings. I have over twenty (20) years' experience assisting clients, primarily in the middle market sector, in navigating periods of downturn, as well as providing interim management services and stepping into officer or director roles. Prior to joining Portage Point, I spent nearly twelve (12) years with Andrews Advisory Group, where I advised leading financial institutions, including mezzanine lenders, hedge funds and private equity funds during corporate restructurings and operational turnarounds, specifically involving companies that were experiencing various forms of distress.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Plastiq Inc. (6125), PLV Inc. d/b/a/ PLV TX Branch Inc. (5084), and Nearside Business Corp. (N/A). The corporate headquarters and the mailing address for the Debtors is 1475 Folsom Street, Suite 400, San Francisco, California 94103.

3. All facts set forth in this declaration (this "**Declaration**") are based on: (i) my personal knowledge; (ii) my communications with members of the Debtors' Boards of Directors (collectively, the "**Board**"), management team, and the Debtors' consultants and professional advisors (collectively, "**Company Representatives**"); or (iii) my opinions developed through my overall professional experience, personal knowledge of the Debtors' history, financial condition, and business operations and affairs.

4. If called as a witness, I could and would testify competently to the matters set forth herein based on the foregoing. My testimony is further based on my review of the Debtors' books and records and other relevant documents and information compiled and communicated to me by Company Representatives. I am duly authorized to submit this Declaration on behalf of the Debtors.

5. On the date hereof (the "**Petition Date**"), each of the Debtors commenced a voluntary case under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq*. (the "**Bankruptcy Code**"). The Debtors intend to continue in possession of their assets and the management of their business as debtors in possession during the pendency of these chapter 11 cases (collectively, the "**Chapter 11 Cases**").

6. This Declaration is submitted: (i) to provide a brief overview of the Debtors and these Chapter 11 Cases; and (ii) in support of the Debtors' chapter 11 petitions and "first day" motions and applications (collectively, the "**First Day Pleadings**"), which have been filed to minimize the adverse effects of the Debtors' filing for chapter 11 protection, and to enhance the Debtors' ability to maximize value for the benefit of their estates and creditors through the chapter 11 process, including the contemplated sale of substantially all of their assets pursuant to a robust auction and sale process.

7. This Declaration is organized into the following sections: *Section I* provides a brief overview of the Debtors' business and history; *Section II* summarizes the Debtors' equity ownership and capital structure; *Section III* describes the circumstances that led to the commencement of these Chapter 11 Cases, the Debtors' marketing and sale efforts, their efforts to obtain consensual use of cash collateral, and the Debtors' objective for these Chapter 11 Cases and the contemplated means by which that objective will be met; and finally *Section IV* identifies the First Day Pleadings and provides support for the relief requested therein.

8. A chart detailing the organizational structure of the Debtors as of the Petition Date is attached hereto as Exhibit 1 (the "**Org Chart**").

I. The Debtors' Business and Formation

A. Debtors' Business

9. Plastiq is at the forefront of digital transformation of the small and medium business economy. The Debtors provide a leading software platform for business-to-business payment automation that powers all aspects of accounts payables and accounts receivables operations for small and medium businesses ("**SMBs**"). Their proprietary software allows clients to automate payments, workflows, and processes, and access new credit sources. Thus, the Debtors' services solve two primary needs of SMBs: (i) automation at an affordable price; and (ii) assisting with healthy cash flow. In addition to the services aimed towards SMBs, the Debtors facilitate one-time or recurring payments for individuals for bills such as rent, mortgage, utilities, day care, homeowners association fees, and other expenses. To that end, the Debtors operate through five business lines: Plastiq Pay, Plastiq Accept, Plastiq Connect, Plastiq Credit, and in 2023, the Debtors plan to launch Plastiq SmartPay.

10. The Debtors' main business offering is Plastiq Pay, which was launched in 2016. Plastiq Pay enables SMBs and individuals to make payments with credit cards, even if the receiving party does not accept credit card payments. Plastiq Pay provides SMB clients with cash flow management and instant access to working capital, and replaces legacy bill payment platforms, such as checks, bank transfer fees, and paper reconciliation. For providing the ability to pay by credit card, the Debtors collect a fee from the customers for each transaction initiated. In 2022, Plastiq Pay facilitated approximately 347,080 transactions in the aggregate amount of approximately $3.6 billion.

11. In 2020, the Debtors launched Plastiq Accept. Plastiq Accept allows SMBs to accept any form of digital payment through a single link with no fees owed by the SMB clients to Plastiq and thus providing clients with higher working capital return on investment and revenue by accepting digital payment methods. Plastiq Accept replaces expensive merchant accounts, online gateways, and other cumbersome and expensive payment acceptance methods. In 2022, Plastiq Accept facilitated approximately 179,704 transactions in the aggregate amount of approximately $300 million.

12. The Debtors began offering Plastiq Connect in 2021. Plastiq Connect empowers platforms that serve other SMBs to fully embed Plastiq's product offerings into their own customer experience. Plastiq Connect automatically integrates with accounting software, enterprise resource planning systems, and other marketplaces. It allows clients to reduce costs by managing all cash flow and provides new partner opportunities. Plastiq Connect also replaces manual data entry and reconciliation. In 2022, Plastiq Connect facilitated approximately 8,000 transactions in the aggregate amount of approximately $39 million.

13. Established in 2022, Plastiq Credit offers clients instant access to short-term financing. Plastiq connect allows clients to preserve cash on hand and increase credit availability by avoiding expensive business loans, early cash depletion, and paper based payments. The Debtors partnered with an alternative lending platform to fund and service the loans. Once a client is approved for a loan offering, the Debtors advance the funds to the client and are repaid by the lender. The lender assumes all responsibility for servicing and collecting on the loan. Importantly, the Debtors do not take on any balance sheet risk through the financing offerings. In its first year, Plastiq Credit facilitated approximately $67 million in financings through approximately 475,000 loan offerings.

14. Finally, the Debtors anticipate launching Plastiq SmartPay in 2023. Plastiq SmartPay is an end-to-end payables workflow solution that allows SMBs to automate their account payable and accounts receivables, cash operations, and compliance procedures. It will replace SMB's manual process and legacy accounts receivable and accounts payables, and legacy bank platforms. The Debtors anticipate launching Plastiq SmartPay as a subscription or software as a service plan.

B. Debtors' Formation

15. Plastiq was formed on the belief that SMBs need solutions to their short term working capital problem, and using an existing credit card is a simple and powerful way to solve that need. As is common, most undergraduate institutions only accept payment via banks because large transactions and purchases make credit card fees prohibitively expensive. Determined to solve this issue, Eliot Buchanan and co-founder Daniel Choi launched Plastiq in 2012 from their apartment based in Boston, Massachusetts.

16. Plastiq received its first round of seed funding in 2012 in the amount of $2.35 million. At that time, Plastiq had approximately 25 employees, all of whom were based in Boston. However, as a tech start-up based on Boston, Plastiq found it difficult to secure funding and identify investors, and, as a result, relocated to San Francisco, California in 2014.

17. Once based in San Francisco, the Debtors expanded rapidly and quickly secured an additional $10 million in funding from investors. Overall, Plastiq raised approximately $142 million through 10 rounds of funding between 2012 and 2021. At its peak, Plastiq had more than 200 employees.

18. Plastiq received its largest investment in March of 2020, in the amount of $75 million, shortly after the onset of the COVID-19 pandemic. This round of funding allowed the Debtors to roll-out Plastiq Accept and develop Plastiq's further offerings to the SMB community. Plastiq also used this funding to expand its partnerships with key industry players and credit card providers.

II. The Debtors' Equity Ownership and Capital Structure

A. Equity Ownership

19. The equity interests of Debtor Plastiq, Inc., a corporation organized under the laws of the State of Delaware, are held by certain institutional investors and certain individuals, including current and former employees who have been awarded equity interests as part of their compensation packages.

20. As demonstrated in the Org Chart attached hereto as Exhibit 1, Plastiq, Inc., wholly owns (i) PLV Inc., a Delaware corporation; (ii) Nearside Business Corp. ("**Nearside**"), a Delaware Corporation; (iii) Plastiq Canada Inc., a corporation organized under the laws of Canada, Plastiq Canada EP Inc., a Delaware corporation; (iii) P4B Inc., a Delaware corporation; and (iv)

PBS Inc., a Delaware Corporation. Nearside wholly owns Nearside Business Software Canada, Inc., a corporation organized under the laws of Canada.

B. Capital Structure[2]

21. The Debtors' current capital structure is generally described as follows:

i. Prepetition Credit Agreement

22. Plastiq Inc., as borrower, and certain of its affiliates designated therein as "**Guarantors**" (such parties, collectively, the "**Prepetition Obligors**"), and certain lenders (each, a "**Lender**" and collectively, the "**Prepetition Lenders**"), and Blue Torch, as administrative agent and collateral agent (in such capacities, the "**Prepetition Agent**" and together with the Prepetition Lenders, the "**Prepetition Secured Parties")** are parties to that certain *Financing Agreement*, dated as of November 14, 2022 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the "**Prepetition Term Loan Agreement**" and, together with all other agreements, documents, and instruments executed and/or delivered with, to, or in favor of the Prepetition Secured Parties, including, without limitation, all security agreements, deposit account control agreements (including, without limitation, the Control Agreements (as defined below), control agreements, notes, guarantees, mortgages, Uniform Commercial Code financing statements, documents, and instruments, including any fee letters, executed and/or delivered in connection therewith or related thereto, the "**Prepetition Term Loan Documents**"). Pursuant to the Prepetition Term Loan Agreement, the Prepetition Lenders made term loans in the aggregate principal amount of $40 million, $35 million of which was funded directly to the Debtors

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the applicable prepetition credit documents described herein.

and $5 million of which was funded into an escrow account, which amounts were to be available to the Borrower upon the satisfaction of certain conditions (the "**Prepetition Term Loans**").

23. As of the Petition Date, approximately $43,334,584.39 million of indebtedness under the Prepetition Term Loan Agreement was outstanding, which amount is comprised of $41,301,734.15 in principal amount, accrued and unpaid interest in the amount of $2,032,850.24, and the Applicable Premium (as such term is defined in the Prepetition Term Loan Agreement) in the amount of $372,713.81 (and, together with any other amounts outstanding under the Prepetition Term Loan Documents, including interest, fees, and expenses, the "**Prepetition Obligations**"). The Prepetition Term Loans are secured by first priority security interests in and liens (subject only to certain of the liens permitted under the Prepetition Term Loan Documents) on the Collateral (as such term is defined in the Prepetition Loan Documents) (the "**Prepetition Collateral**" and such liens and security interests on such Prepetition Collateral, the "**Prepetition Liens**").

24. To secure the Prepetition Obligations, the Debtors entered into certain guaranty and collateral agreements and certain other security documents governing the Prepetition Secured Parties' security interests in the Prepetition Collateral (such agreements, as amended, restated, amended and restated, supplemented or otherwise modified from time to time, and together with any ancillary collateral documents, including, without limitation, any related mortgages and deeds of trust, the "**Prepetition Collateral Documents**"). Pursuant to the Prepetition Collateral Documents, and on the terms set forth therein, the Debtors granted to the Prepetition Secured Parties the Prepetition Liens on the Prepetition Collateral.

25. On February 13, 2023, the Debtors and the Prepetition Lenders entered into that certain Forbearance Agreement (as amended and extended, the "**Forbearance Agreement**"). The Forbearance Agreement expired on March 15, 2023.

26. Certain of the Prepetition Lenders held warrants to purchase common stock, which contained a put right that could be exercised upon an event of default under the Prepetition Term Loan Agreement. Those put rights were exercised on February 17, 2023, and the warrants were due to be paid on March 6, 2023. The Debtors did not make this payment. On March 8, 2023, the Prepetition Lenders delivered a default and acceleration notice to the Debtors. On March 17, 2023, the Debtors and the Prepetition Lenders entered into an amendment to the Forbearance Agreement, which extended the forbearance period through and including March 24, 2023. The amendment to the Forbearance Agreement also provided that the warrants, in the amount of $3.5 million, would be considered Prepetition Obligations under the Prepetition Term Loan Agreement. The forbearance period and related deadlines in the Forbearance Agreement have been consensually extended multiple times through May 19, 2023.

ii. Trade Debt

27. As of the Petition Date, the Debtors' books and records list approximately $7.5 million in outstanding trade liabilities.

III. Circumstances Leading to these Chapter 11 Cases; Chapter 11 Objectives

A. Failed De-SPAC Transactions and Sale Process

28. The Debtors weathered the COVID-19 pandemic well. Armed with a $75 million investment that closed in late March of 2020, the Debtors began to deploy their full suite of automated financial products to SMBs. Although they were forced to slightly reduce their

headcount, the Debtors otherwise used the pandemic as an opportunity to right-size their business and continued to develop their SMB offerings.

29. The pandemic provided the Debtors with a unique – and unexpected – opportunity. After an initial pullback, financial markets quickly recovered and de-SPAC transactions were booming. In 2020, SPACs raised $79.87 billion in gross proceeds, surpassing the previous record of $13.6 billion in 2019. Many of the de-SPAC transactions driving the 2020 uptick consisted of companies in the technology sector. And by the beginning of 2021, the NASDAQ was nearing, and would eventually hit, an all-time high.

30. Seeking to capitalize on these favorable market conditions, in early 2021, the Debtors decided that they would pursue a de-SPAC transaction. To that end, they entered into a letter of intent with Colonnade Acquisition Corp. II ("**Colonnade**"), a special purpose acquisition company. After performing diligence, however, Colonnade decided that the Debtors' businesses were not yet prepared to go public, and the transaction did not advance to the definitive documentation stage.

31. Undeterred and continuing to seek to make the most of the surging market for tech companies, the Debtors engaged Qatalyst Partners as investment banker in mid-2021 to pursue a sale process. While the Debtors received a $550 million market valuation and entered into an indication of interest with a potential purchaser, the transaction failed to materialize.

32. Shortly thereafter, in 2022, Colonnade re-engaged with the Debtors, believing that the businesses were now ready for a public offering. At the same time, the Debtors explored traditional sale transactions with potential purchasers, but eventually determined that a de-SPAC transaction with Colonnade would provide maximum value. On August 3, 2022, Plastiq, Inc. entered into an Agreement and Plan of Merger (the "**Colonnade Agreement**") with

Colonnade. The Colonnade Agreement contemplated that the Debtors would go public through the de-SPAC transaction, and provided an estimated enterprise value of $480 million. The Debtors intended to use the proceeds from the de-SPAC transaction to fuel the growth of their businesses and continue to expand their product offerings.

33. In September of 2022, the Debtors completed an acquisition for Nearside and certain subsidiaries, for an aggregate purchase price of $59.6 million, which consisted primarily of approximately $57.2 million in shares of common stock of Plastiq, Inc., $0.4 million paid in cash, and the assumption of certain liabilities. Founded in 2019, Nearside was an early-stage technology company focused on building software to provide financial products and services to SMBs with free and simple bank accounts and incorporation service. Nearside's suite of financial services targeted towards SMBs provided a potential strategic compliment to the payment services offered by the Debtors. Plastiq acquired Nearside primarily for its technology, the ability to offer business bank accounts to customers, and the $21.9 million of cash on Nearside's balance sheet at the time of the transaction. Subsequent to the acquisition, however, the Debtors discovered that Nearside lacked the technology, security, and controls to sell into Plastiq's customer base. Given the gaps in the technology and the cost/time it would take to achieve commercial feasibility, the Board ultimately made the decision to completely shut down Nearside in November of 2022.

34. Around the same time, the Debtors entered into the Prepetition Loan Agreements, pursuant to which the Debtors incurred term loans in the aggregate principal amount of $40 million. In addition, in November of 2022, Plastiq entered into a Note Purchase Agreement (the "**Note Purchase Agreement**") to sell and issue up to $15.0 million of convertible promissory notes (the "**Convertible Promissory Notes**") that would convert automatically into shares of preferred stock issued by Plastiq, Inc. in a qualified financing or into SPAC shares after the closing

of a de-SPAC transaction. The issued Convertible Promissory Notes have interest rates of 10% and maturity dates one year from the date of the Note Purchase Agreement. Additionally, a prior $5 million investment from July 2021 was converted into Convertible Promissory Notes. In total, Plastiq, Inc. issued $9.1 million of Convertible Promissory Notes to new and existing investors in November and December 2022.

35. The Debtors spent months preparing their businesses for the de-SPAC transaction. In late 2022, however, it was determined that the de-SPAC transaction was not viable. In an attempt to address the viability of the de-SPAC transaction, the Debtors worked to optimize their business.

36. In December, 2022, the Debtors informed the Prepetition Lenders of a default under the Prepetition Term Loan Agreement for a failure to maintain a minimum cash balance. On December 28, 2022, the Prepetition Lenders and the Borrowers entered into a waiver agreement, waiving this default. However, on January 5, 2023, the Prepetition Lenders informed the Debtors of certain additional alleged defaults under the Prepetition Term Loan Agreement. In an attempt to improve their cash position and increase liquidity, the Debtors conducted a small reduction in force of approximately 15 independent contractors and terminated certain unfavorable vendor agreements and contracts. Unfortunately, these efforts were not sufficient to resolve their liquidity issues.

37. On February 1, 2023, Colonnade delivered a letter to the Debtors alleging certain breaches of the Colonnade Agreement and threating litigation. With the Colonnade Agreement unlikely to close, the Debtors pivoted for a second time to a traditional sale process. However, with limited cash on hand, the Debtors were forced into cash-preservation mode. To

that end, they conducted a second and more significant reduction in force of approximately 85 employees and contractors, reducing their workforce to approximately 128 employees.

B. The Collapse of Silicon Valley Bank

38. As set forth more fully in the Cash Management Motion (as defined below), many of the Debtors' operating bank accounts are held at Silicon Valley Bank ("**SVB**"). Prior to its shutdown, the Debtors relied upon SVB's money transmitter license to operate their businesses in the majority of states in which they operate.

39. On March 8, 2023, SVB announced a $1.8 billion loss on the sale of securities, including U.S. Treasury and mortgage bonds, which significantly depreciated in value over the previous year due to an aggressive series of interest rate hikes at the Federal Reserve. The following day, SVB's stock fell 60% in response to investor concern regarding the bank's distressed financial position, and account holders began to withdrawal funds. By March 10, 2023, the rapid withdrawal of funds gained momentum, with approximately $42 billion withdrawn in a single day, putting SVB on the verge of collapse as it could not generate sufficient cash to meet the needs of depositors. That same day, the California Department of Financial Protection and Innovation shut down SVB and placed it into receivership with the Federal Deposit Insurance Company. All accounts, including the accounts of Plastiq, were frozen. While the accounts were unfrozen the following week and bank operations were subsequently stabilized, Plastiq was unable to operate its businesses during the shutdown.

40. The Debtors worked quickly to find a solution and on March 21, 2023, entered into that certain *Passport Master Services Agreement* with Priority Technology Holdings, Inc. ("**Priority**"). Priority operates a technology platform which allows its customers, such as Plastiq, to process credit and debit card transactions and business-to-business payments. This

allowed Plastiq to eliminate its reliance on SVB's money transmitter license, which was essential given the uncertainty in the wake of the SVB shutdown.

C. Despite Significant and Prolonged Efforts, the Debtors Have Been Unable to Successfully Restructure Out of Court

41. As the Debtors' liquidity challenges persisted, the Board began to increasingly consider the need for the Debtors to restructure or otherwise receive a cash infusion to ensure that Plastiq could move forward as a viable business. In furtherance of the restructuring efforts, in January of 2023, the Debtors engaged Triple P RTS, LLC to provide a chief restructuring officer and other associated personnel, to assist the Debtors in exploring strategic alternatives to maximize value for the benefit of their stakeholders. On January 13, 2023, I was appointed as CRO.

42. Recognizing the increasing need for Board independence and experienced restructuring professionals, in February of 2023, the Board created a special restructuring committee (the "**Special Committee**") to, among other things, independently evaluate the Debtors' capital structure, and consider, evaluate, and negotiate financing and strategic alternatives to address the Debtors' ongoing liquidity issues. To that end, the Board appointed Jill Frizzley and Matthew Kahn – seasoned restructuring professionals and independent fiduciaries – as independent directors and members of the Board, and appointed them to serve on the Special Committee.

43. Shortly after their retention, Portage Point began the process of implementing a formal marketing process for the sale of the Debtors' assets. As part of these efforts, Portage Point crafted detailed marketing materials and assembled related diligence information for a confidential electronic data room (the "**Data Room**") and a confidential information presentation (the "**CIM**") with the assistance of the Debtors and their other

professional advisors. The Debtors and their advisors contacted approximately 14 prospective buyers. Thereafter, 7 parties executed non-disclosure agreements (each, an "**NDA**"). Parties who executed an NDA were provided with access to the Data Room, which contained diligence information about the Debtors and their assets and the CIM. Portage Point responded to various inquiries and, together with the Debtors' management team, conducted virtual and in-person meetings with several of the potential buyers who executed NDAs in order to offer them the opportunity to ask questions about the Assets and the Debtors' operations. During this time period, the Debtors and their advisors began negotiating a potential stalking horse bid from the Debtors' prepetition secured lender, Blue Torch Finance LLC ("**Blue Torch**") which would potentially be effectuated through a chapter 11 proceeding.

44. On March 9, 2023, the Debtors received a non-binding letter of intent (the "**LOI**") from Priority to pursue a potential out-of-court merger transaction. The Prepetition Lenders extended the Forbearance Agreement multiple times to allow the Debtors to explore the potential transaction contemplated by the LOI. Over the following two weeks, the Debtors, the Prepetition Lenders, and Priority negotiated the terms and conditions of the LOI. On March 27, 2023, the Debtors received a second non-binding letter of intent from a new potential bidder. Following evaluation of this new letter of intent and the LOI by the Debtors, their advisors, and Blue Torch, on March 28, 2023, the LOI with Priority was executed by the necessary parties. The LOI contained certain customary provisions for a merger transaction, including a diligence period of fifteen (15) business days and an exclusivity provision for the duration of the diligence period.

45. During the diligence period, the Debtors continued to streamline their business operations, canceling certain unprofitable partnerships, contracts, and other relationships. On April 4, 2023, the Debtors conducted a further reduction in force, terminating approximately

40 employees. The Debtors' current employee base consists of approximately 45 full time employees, one hourly employee, and four independent contractors, which is considered the bare minimum to operate their businesses.

46. On April 22, 2023, after being informed by Priority that it no longer was willing to consummate the proposed transaction outside of a chapter 11 process and that it had not completed its due diligence, the Debtors, after consultation with the Prepetition Secured Parties, terminated the LOI.

D. The Board Determined that, Given the Debtors' Lack of Liquidity and Increasing Vendor Pressure, the Only Viable Path Forward to Preserve the Value of the Debtors' Business and Assets Was a Chapter 11 Filing

47. After carefully considering, among other things, the Debtors' cash position, feedback received through the prepetition marketing process and the LOI diligence, the increasing pressure from the Debtors' vendor base, threatened litigation related to the Colonnade Agreement, and the recommendation of the Special Committee, the members of the Board determined that the only viable path to preserving and maximizing the value of the Debtors' assets was to commence these Chapter 11 Cases. Around the same time, the Board determined that it was in the Debtors' best interest to sell some or substantially all of their assets through a Court-approved marketing and sale process (the "**Sale Process**"). The Sale Process will provide a transparent and comprehensive avenue through which the Debtors will seek bids for their assets to maximize value for the estates.

48. Following termination of the LOI, the Debtors continued discussions with Priority regarding a potential stalking horse bid. In addition, on April 24, 2023, the Debtors re-initiated their marketing efforts. In particular, the Debtors, with the assistance of Portage Point, identified a broad universe of 107 potential strategic buyers and 79 potential financial buyers. As

of the Petition Date, the Debtors and their advisors have contacted 79 financial buyers and 101 strategic buyers. Of these, 20 financial buyers and 12 strategic buyers have signed NDAs.

49. On May 23, 2023, the Debtors and Plastiq, Powered by Priority, LLC. (the "**Stalking Horse Bidder**"), an acquisition vehicle formed by Priority, agreed on the terms of a stalking horse bid, and executed the asset purchase agreement, attached hereto as Exhibit B (the "**Stalking Horse APA**"). The Stalking Horse APA provides that the Stalking Horse Bidder will provide the following consideration to acquire substantially all of Debtors' Assets, in addition to the assumption by Stalking Horse Bidder of certain assumed liabilities:

a. a cash payment to the Debtors equal to $27.5 million;

b. pay to Blue Torch the consideration as described in the Exchange Agreement Terms attached to the Stalking Horse APA as Exhibit A, in accordance with the terms and conditions of the Exchange Agreement; and

c. pay to Colonnade the consideration as described in the Letter Agreement Terms attached so the Stalking Horse APA as Exhibit B, in accordance with the terms and conditions of the Letter Agreement.

50. The Stalking Horse APA will serve as the baseline for all prospective bidders to negotiate from and be subject to higher or otherwise better bids for the Assets in accordance with the Bidding Procedures.

51. The Stalking Horse APA, under the circumstances, currently provides the best option to maximize value for the Debtors estates. The Debtors' entry into the Stalking Horse APA, together with the liquidity provided under the DIP Facility (as defined below) and consensual use of cash collateral, permits the Debtors to conduct a value-maximizing Sale Process that is backstopped by the proposed Stalking Horse Bidder. The Debtors' consummation of the sale pursuant to the terms of the Stalking Horse APA is subject to higher or otherwise better offers

(in whole or through a combination of bids) that the Debtors may receive for their assets pursuant to the Bidding Procedures Motion (as defined below).

52. Further, the Stalking Horse APA benefits the Debtors by serving as a floor for an overbid process to ensure that the Debtors receive the highest or otherwise best offer for the sale of their assets. Accordingly, if the Debtors were to continue to market their assets without the benefit of the Stalking Horse Bidder serving as the floor, the Debtors might encounter greater challenges in their pursuit of the highest or otherwise best offer for their assets.

53. Therefore, the Debtors believe that, subject to Court approval and under the supervision of the Court, the proposed Sale Process will allow them to move their Chapter 11 Cases forward with much needed certainty provided by the contemplated sale, and with a clear message to the Debtors' employees, customers, vendors, and the marketplace, all of which the Debtors believe is necessary and critical to the success of their chapter 11 efforts and the preservation of their business operations.

i. Bidding Procedures Motion

54. Given the nature of their assets, the Debtors and their professional advisors are confident that interested parties will be able to assess the sale opportunity in an expeditious and thorough manner, and the Debtors are pursuing a value-maximizing transaction in the first approximately 65 days of these Chapter 11 Cases. The Sale Process has been designed in accordance with the milestones for these Chapter 11 Cases, in keeping with the Debtors' liquidity position and as contemplated by the Stalking Horse APA and the DIP Facility (as defined below) (collectively, the "**Case Milestones**").

55. In furtherance of Portage Point's efforts to actively market the Debtors' assets for sale, and in accordance with the Case Milestones, the Debtors will be filing a motion

(the "**Bidding Procedures Motion**") seeking authority to proceed with a bidding and auction process to consummate a sale or series of sales (the "**Sale**") that the Debtors expect will generate maximum value for their assets. To facilitate the Sale, the Debtors, in consultation with Portage Point and their other professional advisors, will propose certain customary bidding procedures to preserve flexibility in the Sale Process, generate the greatest level of interest in the Debtors' assets, and result in the highest or otherwise best value for those assets. Among other things, the Bidding Procedures Motion will seek approval of procedures that, in the Debtors' business judgment, will create an appropriate timeline for the Sale Process, consistent with the Case Milestones. Also, given the Debtors' current liquidity situation, the Debtors believe that a prompt sale of their assets will maximize value to the greatest extent possible under the circumstances of these Chapter 11 Cases, and generate the highest possible recoveries in the most efficient and expeditious manner possible, which will inure to the benefit of the Debtors' creditors and other stakeholders. The Debtors also believe that it will ensure, to the benefit of their estates, that the market has certainty around the parameters of the Sale Process.

IV. DIP Motion and Other First Day Pleadings

56. Contemporaneously herewith, the Debtors filed the First Day Pleadings, seeking orders granting various forms of relief intended to facilitate the efficient administration of the Chapter 11 Cases. The relief sought in the First Day Pleadings is narrowly tailored to achieve the goals identified above.

i. DIP Motion

57. To enable the Debtors to fund the administration of these Chapter 11 Cases and the Sale Process, the Debtors solicited post-petition financing proposals from certain parties, including the Prepetition Lenders. As a result of those efforts, the Debtors negotiated a senior

secured, superpriority term loan in an aggregate principal amount of $7.1, plus capitalized fees and accrued interest thereon, with $1 million available upon entry of an Interim Order, and an additional $6.1 million available upon entry of the Final Order (the "**DIP Facility**"). Upon Court approval, the DIP Facility will be secured by a lien on substantially all of the Debtors' assets, the vast majority of which were previously collateral of the Prepetition Lenders.

58. The Debtors negotiated and reached agreement on the DIP Facility, pursuant to which the Debtors, subject to Court approval, will be provided with a senior secured superpriority postpetition financing facility from the DIP Lenders. I believe that the terms and amount of the proposed DIP Facility will permit the Debtors to meet their business and other obligations in connection with these Chapter 11 Cases in accordance with the Approved Budget, the Interim Order, and the DIP Loan Agreement, which is expressly premised on approval of the DIP Facility on an interim and final basis.

59. The Debtors have a critical need to use the DIP Facility proceeds and the cash collateral to operate their business and preserve their going-concern value. The Debtors' business requires cash to satisfy obligations to vendors and employees incurred in the ordinary course of business. The DIP Facility will provide the Debtors with immediate access to necessary liquidity and to cash collateral, which will permit the Debtors to: (a) continue to serve their customers and generate revenue during these chapter 11 cases; (b) provide working capital for their business; (c) fund payments to their workforce; (d) fund other general corporate purposes; (e) fund the payments authorized by the Court pursuant to the First Day Pleadings filed contemporaneously with the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Debtors to Obtain Postpetition Financing, (II) Authorizing Debtors to Use Cash Collateral, (III) Granting Liens and Providing Superpriority Administrative Expense Claims, (IV)*

Granting Adequate Protection, (V) Modifying Automatic Stay, (VI) Scheduling a Final Hearing, and (VII) Granting Related Relief (the "**DIP Motion**"); (f) operate the Cash Management System as described in the Cash Management Motion (as defined below); and (g) satisfy administrative costs and expenses of the Debtors incurred in these chapter 11 cases. Additionally, as demonstrated by the Approved Budget, the need for access to the DIP Facility is further underscored by the fact that I do not believe it would be prudent, or even possible, to administer these Chapter 11 Cases solely on a "cash collateral" basis with no access to additional capital.

60. As set forth more fully in the Bremer Declaration (as defined in the DIP Motion), the Debtors sought, but were unable to obtain postpetition financing from another source, including a facility that would be on an unsecured, administrative expense basis. Under the circumstances, including the nature and amount of the Prepetition Liens and the Debtors' other outstanding prepetition debt obligations, obtaining the financing needed by the Debtors as unsecured debt, or even debt secured by liens junior to the liens of the Prepetition Secured Creditors, was simply not a realistic option. No other lender that the Debtors contacted was willing to provide the financing necessary to pay the Prepetition Obligations and fund the Debtors' business and the contemplated Sale Process on terms more favorable than those provided in the DIP Facility, which includes certain reasonable Milestones that I believe are reasonable under the circumstances of these Chapter 11 Cases, and will afford the Debtors an opportunity to conduct a fulsome Sale Process.

61. It is important to note that the Debtors negotiated with the DIP Lender in good faith and otherwise to ensure that the terms of the DIP Facility and related interim order are customary, consistent with what I believe (based on my experience and discussions with counsel for the Debtors) are reasonable to the Debtors and their estates given the current circumstances. To

that end, the Debtors, on the one hand, and the DIP Lenders, on the other hand, each had separate professional advisors negotiating the DIP Facility.

62. Based on my experience, and in my business judgment, I believe that the terms of the DIP Facility are reasonable to the Debtors and appropriate under the circumstances, and that good and sufficient cause exists to grant the relief requested in the DIP Motion. As explained above, the DIP Facility is necessary as it will provide the Debtors with liquidity to administer these Chapter 11 Cases and conduct the contemplated Sale Process, without which the Debtors' ability to successfully prosecute these Chapter 11 Cases will be jeopardized, to the detriment of all of the Debtors' stakeholders. Further, I believe that the absence of the DIP Facility and access to Cash Collateral would cause immediate and irreparable harm to the Debtors' estates, their creditors and other stakeholders, by compromising the Debtors' ability to, among other things, maintain its business relationships and pay vendors that are providing necessary services to the Debtors.

63. The First Day Pleadings, other than the DIP Motion, include:

i. *Debtors' Motion for an Order, Pursuant to Bankruptcy Rule 1015 and Local Rule 1015-1, Authorizing the Joint Administration of the Debtors' Chapter 11 Cases*

ii. *Debtors' Application for the Retention and Appointment of Kurtzman Carson Consultants LLC as Claims and Noticing Agent, Effective as of Petition Date*

iii. *Debtors' Motion for Interim and Final Orders, Pursuant to Sections 105(a), 363(b), 507(a)(8), 541, 1107(a), and 1108 of the Bankruptcy Code, (A) Authorizing the Debtors to Pay Certain Prepetition Taxes and Fees and Related Obligations, (B) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto, and (C) Scheduling a Final Hearing*

iv. *Debtors' Motion for Interim and Final Orders, Pursuant to Sections 105(a), 363, and 364 of the Bankruptcy Code, (I) Authorizing Payment of Prepetition Obligations Incurred in the Ordinary Course of Business in Connection with Insurance Programs and Bonding Program, Including Payment of Policy*

Premiums, Costs, and Broker Fees; (II) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto, (III) Authorizing Maintenance of Postpetition Insurance Coverage and Bonding Program, and (IV) Scheduling a Final Hearing

v. *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to Pay Certain Prepetition Claims of Critical Vendors and Service Providers; (II) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto; and (III) Granting Related Relief*

vi. *Debtors' Motion for Entry of Interim and Final Orders (A) Authorizing the Debtors to Maintain and Honor Certain Prepetition Customer Programs, (B) Authorizing Banks to Honor and Process Check and Electronic Transfer requests Related Thereto, and (C) Granting Related Relief*

vii. *Debtors' Motion for Interim and Final Orders, Pursuant to Sections 105(a), 345, 363, 1107(a), and 1108 of the Bankruptcy Code, Bankruptcy Rule 2015, and Local Rule 2015-2, (A) Authorizing and Approving Continued Use of Cash Management System, (B) Approving the Payment of the FBO Account Fees (C) Authorizing Use of Prepetition Bank Accounts and Business Forms, (D) Waiving the Requirements of Section 345(b) on an Interim Basis, and (E) Granting Certain Related Relief* (the "**Cash Management Motion**")

viii. *Debtors' Motion for Entry of Interim and Final Orders, Pursuant to Sections 105(a), 363(b), 507(a)(4), and 507(a)(5) of the Bankruptcy Code, (A) Authorizing (I) Payment of Prepetition Employee Wages, Salaries, Commissions, and Other Compensation; (II) Payment of Prepetition Employee Business Expenses; (III) Contributions to Prepetition Employee Benefit Programs and Continuation of Such Programs in the Ordinary Course; (IV) Payment of Severance Obligations; (V) Payment of Workers' Compensation Obligations; (VI) Payment for Which Prepetition Payroll Deductions Were Made; (VII) Payment of All Costs and Expenses Incident to the Foregoing Payments and Contributions; and (VIII) Payment to Third Parties of All Amounts Incident to the Foregoing Payments and Contributions; and (B) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto*

64. I am familiar with each First Day Pleading, and I believe that the relief sought in each First Day Pleading (i) is necessary to minimize disruption due to the commencement of the Chapter 11 Cases and to permit the Debtors to administer the Chapter 11 Cases smoothly, (ii) constitutes a critical element in the Debtors' achievement of their goals in this chapter 11 process, and (iii) best serves the Debtors' estates and their stakeholders' interests. I have reviewed

each First Day Pleading, and the facts and descriptions of the relief set forth therein are true and correct to the best of my information and belief with appropriate reliance on the Debtors' relevant advisors and are incorporated herein in their entirety by reference. If asked to testify as to the facts supporting each of the First Day Pleadings, I would testify as to such facts.

65. It is my belief that the relief sought in each of the First Day Pleadings is necessary to the success of the Debtors' chapter 11 efforts and the maximization of the value of the Debtors' estates through a sale process. It is my further belief that, with respect to those First Day Pleadings requesting the authority to pay specific prepetition claims, the relief requested is essential to the Debtors' chapter 11 efforts and necessary to avoid immediate and irreparable harm to the Debtors' estates.

CONCLUSION

66. In conclusion, for the reasons stated herein and in each of the First Day Pleadings, I respectfully request that each First Day Pleading be granted in its entirety, along with such other and further relief as the Court deems just and proper.

I certify under penalty of perjury that, based upon my knowledge, information and belief as set forth herein, the foregoing is true and correct.

Executed: May 24, 2023

/s/ Vladimir Kasparov
Vladimir Kasparov
Chief Restructuring Officer