IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
UNCONDITIONAL LOVE INC., *et al.*,[1]	Case No. 23-11759 (MFW)
Debtors.	(Joint Administration Requested)

DECLARATION OF ERICA BUXTON IN SUPPORT OF DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY MOTIONS

I, Erica Buxton, hereby declare, under penalty of perjury, as follows:

1. I am the Chief Executive Officer of Unconditional Love Inc. d/b/a Hello Bello ("Hello Bello" or the "Company") and its affiliated debtors and debtors in possession (collectively, the "Debtors") in the above-captioned cases (the "Chapter 11 Cases").

2. I joined the Company in April 2021 as President, and have held my current position with the Company since June 2022. Prior to that, I was the Chief Operating Officer of Razor USA, LLC, and the co-founder and Chief Executive Officer of EQtainment. Prior to these roles, I also spent over seven years working at Mattel, Inc. in a variety of strategic and financial roles. I hold a Bachelor of Science degree in Chemical Engineering from Rose-Hulman Institute of Technology and a Master's Degree in Business Administration from Harvard Business School.

3. As a result of my tenure with the Debtors, I am familiar with the day-to-day operations and business and financial affairs of the Debtors. All facts set forth in this declaration (the "Declaration") are based on my personal knowledge, my communications with other members

[1] The Debtors in these Chapter 11 Cases, along with the last four digits of their U.S. federal tax identification number, are Unconditional Love Inc. d/b/a Hello Bello (5895), Unconditional Love Canada, Inc., and The Best Training Pants in the World Inc. (9369). The Debtors' headquarters is located at 17383 Sunset Blvd, Suite B200, Pacific Palisades, CA 90272.

of the Debtors' senior management and advisors, my review of relevant documents, or my opinion, based on my overall professional experience, in light of my personal knowledge of the Debtors' operations, business affairs, and financial condition. If called as a witness, I could and would competently testify to the matters set forth herein based on the foregoing.

4. On the date hereof (the "Petition Date"), the Debtors filed voluntary petitions for relief with the United States Bankruptcy Court for the District of Delaware (the "Court") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), thereby commencing these Chapter 11 Cases. The Debtors intend to operate their business and manage their property as debtors in possession.

5. Concurrently with this Declaration, the Debtors have filed various motions and applications seeking immediate or expedited relief (collectively, the "First Day Motions") 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 estate and creditors through the contemplated sale of all or substantially all of their assets pursuant to an auction and sale process. As further discussed below, I am familiar with the contents of each of the First Day Motions and I believe the Debtors would suffer immediate and irreparable harm absent the ability to continue their business operations through the relief sought in the First Day Motions.

6. Part I of this Declaration provides background with respect to the Debtors' business and capital structure, and the events leading to the commencement of these Chapter 11 Cases. Part II sets forth the relevant facts in support of the First Day Motions.

INTRODUCTION

7. Hello Bello was created with a vision to bring high-quality and environmentally-friendly products to every family at an affordable cost. As described in greater detail below, in the first three years after its founding Hello Bello experienced rapid expansion and sustained sales

growth, reaching over 130,000 subscription customers by December 2021 and achieving approximately $180 million in annual net sales. The Debtors were also uniquely positioned to initially withstand the effects of the COVID-19 pandemic, as their online subscription model and key products of hand sanitizer and vitamin gummies were in particularly high demand.

8. Eventually, the rise of global shipping costs and inflation outpaced the Debtors' ability to maintain their growth at steady margins, eroding their liquidity. Prior to the Petition Date, the Debtors spent nearly an entire year pursuing a broad range of strategic alternatives, including potential debt or equity financing transactions. Over the summer of 2023, the Debtors received an offer from Hildred Capital Management, LLC to acquire substantially all of the Debtors' assets in a section 363 sale. In the weeks leading up to the Petition Date, the Debtors negotiated the terms of the Stalking Horse APA (as defined below), while continuing to develop potential bids from other prospective bidders and working with the Prepetition CIT Secured Parties (as defined below) to ensure the Debtors would have the financing to continue marketing their assets in chapter 11. The Debtors have commenced these Chapter 11 Cases to complete its marketing process and pursue the sale of all or substantially all of their assets to the Stalking Horse Bidder (as defined below) or another qualified bidder that submits a higher or otherwise better bid at auction, while minimizing any potential adverse effects to the Debtors' business, customers, employees and other key stakeholders.

BACKGROUND

I. Business History, Corporate Structure, and Prepetition Indebtedness

A. Company History

9. Founded in February 2019, Hello Bello is a retailer of baby necessities, selling products made with plant-based ingredients and organic botanicals across the baby, family, and

wellness markets. At the Company's inception, its products were sold exclusively in Walmart and direct-to-consumer through its website, www.hellobello.com, with thirty core products in diapering, wipes, and personal care. The Company was an immediate success. The Company's premier, competitively priced, eco-friendly products resonated with consumers, and its interactive online platform quickly generated a strong direct-to-consumer presence. The Company also enjoyed a strong relationship with Walmart as its first retail partner, which expanded its customer reach and brand awareness with prominent in-store presence both in-aisle and on display. By 2021, the Company was the largest direct-to-consumer subscription diaper brand in the United States, with approximately 130,000 subscribers and $200 million in annual net sales.

10. Building on this momentum, funds affiliated with VMG Partners acquired approximately a one-third stake in the Company and began a series of extensive investment initiatives to further grow the Company in July 2020. Following the acquisition, the Company further expanded its existing key product lines in health and wellness products for babies and parents; diversified its retail channels into grocery, drug, wholesale, and specialty markets; and accelerated its international presence in Canada, Australia, and the United Kingdom. As of the Petition Date, investment funds advised by VMG Partners hold approximately 35% of the Company's equity, with the remaining equity owned by the Company's founders and other third-party investors.

B. Current Business Operations

11. Headquartered in Los Angeles, California, the Company manufactures and sells a broad range of products through manufacturing plants located in the United States, Mexico, Canada, and China. From 2019 to early 2021, the Company produced all of its products through third-party co-manufacturers. However, in 2021, the Company opened a diaper manufacturing

facility in Waco, Texas (the "Texas Manufacturing Facility"). The Company has manufactured its own diapers since that time, and is now one of the few privately held, vertically integrated diaper branded businesses in the United States. As of the Petition Date, the Company continues to rely on eight co-manufacturers throughout Canada, Mexico and China to produce its vitamins, personal care products, training pants and swim diapers, and baby wipes.

12. Hello Bello sells its products (i) to a network of wholesale accounts in the United States, Canada and the United Kingdom that include big-box retailers, specialty retailers, and boutiques, and (ii) directly to consumers, primarily through their e-commerce site, www.hellobello.com. Direct purchasers can subscribe to purchase customizable bundles of products on a monthly basis or choose to purchase individual products through the Company's website. 95% of the bundles sold consist of a combination of diapers and wipes. Customers are also able to incorporate additional add-ons and extra products from the Company's personal care lines, such as vitamins, shampoo, bug spray, sunscreen, and hand sanitizer, among other products, into their bundle subscription boxes each month. In addition, Hello Bello produces private labeled products for Walmart.

13. The Debtors order all raw materials needed to manufacture their products from both domestic and foreign vendors through a worldwide logistics network of common carriers, freight forwarders, customs agents, rail carriers, and truckers. In addition to their Texas Manufacturing Facility, the Debtors maintain their distribution system across two distribution facilities located in Waco, Texas (collectively, the "Texas Distribution Facilities") and a storage facility. The Texas Distribution Facilities are shipping and warehouse facilities in which all direct-to-consumer and store-bound merchandise is received, sorted, and repacked. The Debtors maintain a third facility in Texas that is used solely for the storage of merchandise.

14. For the fiscal year ending January 31, 2023, the Company generated approximately $179 million in sales and had negative EBITDA of approximately $15 million. Retailer sales accounted for approximately 60% of the Company's total annual sales, while the Company's e-commerce direct-to-consumer business generated approximately 40% in sales.

15. As of the Petition Date, the Debtors employ approximately 334 full-time employees in the United States and 2 full-time employees in Canada. The workforce is divided among the Debtors' Los Angeles headquarters and the Texas Manufacturing Facility. Certain other employees work remotely throughout the United States. None of the Debtors' employees are covered by a collective bargaining agreement.

C. Product Lines

16. The Company sells products in five primary categories: diapers and training pants, baby wipes, personal care products, vitamins, and homecare and other products. As reflected in the Company's organization chart, attached hereto as Exhibit A, Unconditional Love Inc. wholly owns (i) Debtor Unconditional Love Canada, Inc., which facilitates payments to a limited set of supply chain logistics providers in Canada, and (ii) Debtor The Best Training Pants in the World Inc., through which the Company operates its private label training pants business.

i. *Diapers and Training Pants.* Through its diapers and training pants segment, the Company manufactures a variety of diapers and training pants. As noted above, the Company now manufactures all diapers in-house, which provides for increased flexibility to quickly change designs at scale. The Company sources the raw materials from primarily local, U.S.-based providers, and currently uses four production lines to manufacture the diapers. This segment accounted for 67% of the Company's revenue in fiscal year 2022, generating over $137 million in gross revenue.

ii. *Baby Wipes*. Through its baby wipes segment, the Company offers both scented and unscented wipes in 20-, 60-, 180- and 600-count packages at its e-commerce site and at Walmart, and 540-, 720-, and 1080-count packages that are available through Amazon. Since the Company's launch, its wipes have been available at Walmart, and has significantly expanded its presence internationally. The

Company offers baby wipes as an additional product that may be included with any diaper-bundle subscription purchases. This segment accounted for 12% of the Company's revenue in fiscal year 2022, generating over $25 million in gross revenue.

iii. *Personal Care*. Through its personal care segment, the Company offers a broad range of products for use by both adults and babies such as hair care, sunscreens, balms, lotions, and baby oil. In addition to being sold at retailers such as Walmart and Amazon, these products are often sold as an add-on with diaper bundles to increase items per cart. This segment accounted for 12% of the Company's revenue in fiscal year 2022, generating over $24 million in gross revenue.

iv. *Vitamins*. Through its vitamin segment, the Company offers a variety of naturally flavored, chewable vitamin gummies for both children and adults. The vitamins address a broad range of needs such as gut health and probiotics, prenatal, stress relief and sleep aids, beauty, immunity and daily multi-vitamins. This segment accounted for 7% of the Company's revenue in fiscal year 2022, generating over $14 million in gross revenue.

v. *Home Care and Other*. Through the homecare and other segment, the company offers a range of products used around and outside the home, including multi-surface wipes and spray, hand soap, laundry detergent, mosquito repellent, and hand sanitizer gel and spray. These products leverage consumer focus on eco-friendly products by offering plant-based, hypoallergenic products in reusable bottles. This segment accounted for 2% of the Company's revenue in fiscal year 2022, generating over $4 million in gross revenue.

D. Prepetition Indebtedness

17. The Debtors' prepetition debt structure primarily consists of (i) the amounts outstanding under the Prepetition CIT Loan Documents (as defined below), (ii) the Prepetition Subordinated Notes (as defined below), (iii) the Equipment Leases (as defined below), and (iv) other unsecured obligations, consisting of, among other things, trade debt. As of the Petition Date, the Debtors have approximately $65 million in outstanding borrowings, consisting of (i) approximately $35 million aggregate principal amount outstanding under the Debtors' Prepetition CIT Loan Agreements and (ii) approximately $30 million in borrowings under the Debtors' Prepetition Subordinated Notes. The Debtors' outstanding borrowings are set forth below:

Type of Debt	Maturity	Amount Outstanding
Prepetition CIT Loan Documents	April 12, 2026	$34,929,332.54
VMG Partners IV Coinvest Subordinated Note	November 2, 2025	$17,550,000.00
VMG Partners Mentors Circle IV, L.P. Subordinated Note	November 2, 2025	$314,645.00
VMG Partners IV, L.P. Subordinated Note	November 2, 2025	$12,135,355.00
Total		**$64,929,332.54**

i. Prepetition CIT Loan Documents

18. The Debtors are party to that certain Loan, Security and Guarantee Agreement, dated as of April 12, 2022 (as amended, supplemented or otherwise modified from time to time, the "Prepetition First Lien Credit Agreement"), by and among Unconditional Love Inc., Unconditional Love Canada, Inc., and The Best Training Pants in the World Inc., as borrowers, the Lenders (as defined therein), and CIT Northbridge Credit LLC, as agent for the Prepetition CIT Lenders, (together with the Lenders, "Prepetition CIT Secured Parties"), pursuant to which the Debtors received a revolving line of credit in an initial aggregate commitment amount of $65 million. Pursuant to the Prepetition First Lien Credit Agreement and various other Security Documents (as defined in the Prepetition First Lien Credit Agreement), the obligations under the Prepetition First Lien Credit Agreement are secured by a first priority security interest in substantially all of the assets of the Debtors other than certain excluded assets (the "Prepetition Collateral"). As of the Petition Date, the aggregate principal amount outstanding under the Prepetition First Lien Credit Agreement and other documents, instruments, and agreements

executed in connection with the Prepetition First Lien Credit Agreement (collectively, the "Prepetition CIT Loan Documents") is $35 million, plus accrued and unpaid interest thereon.

ii. Prepetition Subordinated Notes

19. Unconditional Love Inc. is also party to that certain Note Purchase Agreement, dated as of November 2, 2022 (as amended, supplemented or otherwise modified from time to time, the "Prepetition Note Purchase Agreement"), by and between Unconditional Love Inc. and VMG Partners IV Coinvest, L.P., VMG Partners Mentors Circle IV, L.P. and VMG Partners IV, L.P. (collectively, the "Investors"), pursuant to which each Investor purchased from Unconditional Love Inc., and Unconditional Love Inc. sold to such Investor, a secured subordinated convertible promissory note (as amended, supplemented or otherwise modified from time to time, the "Prepetition Subordinated Notes"). The Prepetition Subordinated Notes are secured by substantially all of the personal property of Unconditional Love Inc. under that certain Security Agreement, dated as of November 2, 2022 (the "Subordinated Notes Collateral"). Pursuant to that certain Subordination Agreement, dated as of November 2, 2022, by and among the Investors and the Prepetition CIT Secured Parties, the Junior Liabilities (as defined therein) arising under the Prepetition Subordinated Notes are subordinated to the payment in full of the Senior Liabilities arising under the Prepetition CIT Loan Documents, and the Liens (as defined therein) securing the Prepetition Subordination Notes are subordinated to the senior Liens securing the Prepetition CIT Loan Documents. As of the Petition Date, there are three Prepetition Subordinated Notes outstanding, issued to (i) VMG Partners IV Coinvest in the principal amount of $17,550,000.00, (ii) VMG Partners Mentors Circle IV, L.P. in the principal amount of $314,645.00, and (iii) VMG Partners IV, L.P. in the principal amount of $12,135,355.00, in each case, plus accrued and unpaid interest thereon.

iii. Prepetition Equipment Leases

20. Debtor Unconditional Love Inc. is also party to multiple master equipment leases, which include: (i) that certain Master Equipment Lease Agreement No. 2022092, dated as of December 12, 2022, by and between CSC Leasing Co. ("CSC") and Unconditional Love Inc., (ii) that certain Master Equipment Lease Agreement, dated as of March 10, 2021, by and between 36th Street Capital Partners LLC ("36th Street Capital") and Unconditional Love Inc., (iii) that certain Master Lease Agreement No. 106020, dated as of February 16, 2023, by and between NFS Leasing, Inc., (assignee to Consultants Group Commercial Funding Corporation (d/b/a Nexseer Capital)) ("NFS") and Unconditional Love Inc., and (iv) that certain Master Lease Agreement, dated as of December 1, 2022, by and between SGC Capital Corporation ("SGC") and Unconditional Love Inc. (collectively, as amended, supplemented, or otherwise modified from time to time, the "Prepetition Equipment Leases"). The Prepetition Equipment Leases each relate to individual diaper manufacturing lines and certain other equipment, in each case, as scheduled in each applicable Prepetition Equipment Lease (the "Equipment Lease Collateral").

21. Certain parties entered into subordination agreements regarding NFS's interests on the equipment subject to its Master Lease Agreement. Those subordination agreements, each to the benefit of NFS, include: (i) that certain Subordination, dated as of February 24, 2023, made by 36th Street Capital, (ii) that certain Subordination, dated as of March 1, 2023, made by CSC, (iii) that certain Subordination, dated as of February 21, 2023, made by VMG Partners IV, L.P., and (iv) that certain Subordination, dated as of February 23, 2023, made by CIT Northbridge Credit, LLC.

iv. Other Equipment Arrangements

22. Unconditional Love Inc. has three other outstanding equipment liens, which are evidenced by unterminated UCC-1 filings. The equipment lessors include Raymond Leasing, Wells Fargo, and De Lage Landen, and the liens relate to "material handling equipment," forklifts, trucks, and other similar equipment (the "Other Prepetition Equipment Arrangements").

v. Other Unsecured Obligations

23. In addition to the Debtors' funded debt, the Debtors estimate that, as of the Petition Date, it has approximately $52.5 million in unpaid trade and other ordinary course obligations.

III. Events Leading to these Chapter 11 Cases

i. Rising Manufacturing Costs Following the COVID-19 Pandemic

24. As noted above, following its initial launch in 2019, the Company experienced immediate popularity and rapid growth, earning the title of leading direct-to-consumer subscription diaper brand in the United States during its second year on the market. Further, unlike the vast majority of retail consumer brands during 2020, the Company initially successfully weathered the COVID-19 pandemic as consumers shifted away from in-person retail outlets and towards online shopping. During the spring and fall of 2020, the Company's direct-to-consumer subscription services and diaper bundle orders experienced significant growth. The Company was also able to successfully capitalize on such increases in direct-to-consumer traffic by producing and selling other high demand products—such as vitamin gummies and hand sanitizers—to customers as stand-alone products or as additions to their diaper bundle subscription boxes.

25. However, the ancillary impacts of COVID-19 eventually caught up with the Company and produced drastic effects on its margins. Global supply chain issues caused higher shipping costs, increased purchase prices and delayed shipment of raw materials needed to

manufacture the Company's products. This, in turn, impacted the Company's ability to fulfill customer orders in a timely manner. Further, with approximately half of the Company's business comprised of direct-to-consumer customers and a business model committed to ensuring high-quality, low cost products for customers, the Company struggled to meet increased shipping costs and costs of raw materials while maintaining its margins. The Company's focus on maintaining affordable pricing and low shipping costs for customers made it difficult for the Company to quickly adapt to (or mitigate) the effects of rising supply chain and shipping costs.

ii. Vertical Integration of the Company's Diaper Manufacturing Process

26. As noted above, the Company initially relied upon one main third-party manufacturer, Irving, to produce all of its diapers supply. The manufacturing contract with Irving set wholesale diaper production prices at a specified rate for a period of time, but in 2021 Irving began increasing the rates at which diapers were produced to a rate higher than the Company could pass on to retailers. For example, over time, the manufacturer increased diaper production prices by over 18%; however, the Company's main wholesale retailers, such as Walmart and Amazon, would not accept a price increase of more than 10%. Further, even if the Company was able to offset rising manufacturing costs by raising product prices at in-store wholesalers, the Company would likely have priced itself out of the market with competitors and risk losing its customer base. As a result, the Company was forced to choose between shouldering all rising manufacturing costs at the expense of company growth or severing ties with its sole diaper manufacturer and moving all production in-house.

27. To minimize the impact of rising shipping costs and regain control of the cost of producing its flagship product, the Company made the strategic choice to vertically integrate its diaper productions and launch its own manufacturing facility in Waco, Texas. Vertical integration

also provides the company with flexibility to quickly and efficiently pivot to new diaper designs, a differentiating factor in the market increasingly sought out by customers.

28. Despite the significant benefits associated with the decision to integrate, the Company faced several challenges in getting the Texas Manufacturing Facility off the ground that further strained the Company's liquidity profile. First, while the lines were in early development, the Company continued to purchase diapers from Irving to maintain inventory levels and fulfill orders during the transition period. By June 2022, the Company no longer purchased diapers from Irving (although it does still purchase training pants and swim diapers from Irving), but did not realize any cost savings in production in the initial months after integration. Further, although the Company forecasted product sales to keep up with direct-to-consumer and wholesale orders, its manufacturer required the Company to pre-purchase inventory for up to one year in advance. The Company was left with front-loading the costs of producing warehouses full of excess inventory without reaping the benefits of the anticipated, high volume product sales.

29. Second, the Company encountered several setbacks in its efforts to get the manufacturing plant up and running. To develop the manufacturing lines, the Company first created a diaper design and worked with a development company in Italy to build machines that could make the diapers according to the Company's specifications. Under ordinary circumstances, the Company would send employees to be on-site at the development company to oversee the creation of the machines and ensure the machines met a number of qualification tests and standards. The Italian company would then disassemble the machine, ship it to the Texas Manufacturing Facility, and send its own employees to Texas to supervise the machine's reassembly. Because the manufacturing lines were developed and designed in 2020 during strict COVID-19 lockdowns in Italy, travel restrictions complicated and delayed the ability to develop

the lines in a typical timeframe. Neither company's employees were permitted to travel internationally to supervise the development or assembly of the machines. Further, once the manufacturing lines arrived, the Texas Manufacturing Facility was facing its own shortage of personnel due to COVID-19 sick-leave and restrictions. The Company was forced to rely upon United States-based specialists and engineers to reassemble the lines and bring the lines up to code in order to pass another, final round of additional quality testing, which delayed the assembly production time longer than the Company had anticipated. Specifically, the first production line was delivered to Waco, Texas in the summer of 2021, but was not assembled and subsequently approved to begin manufacturing products until six months thereafter.

30. Third, the Company now had to consider certain problems inherent with in-house manufacturing due to the vertical integration. For example, the Company went through trial and error in sourcing the right raw materials and ensuring no quality issues. Located in a manufacturing hotspot with a competitive labor force, the Company faced unanticipated difficulties with hiring and retaining employees given the turbulence associated with getting a new manufacturing plant off the ground. Since the Company was unable to offer consistent hours of employment during the first several months of manufacturing in Waco, Texas, the Company experienced an unanticipated increase in turnover of its workforce.

31. Despite these initial setbacks, the Company has more recently realized the benefits of vertically integrating its production and manufacturing in several respects. The Texas Manufacturing Facility is comprised of three diaper lines and one training pant line, and the Company is now able to produce more diapers at a cheaper cost, with more control over that cost. The Company estimates the savings equate to approximately five cents cheaper per diaper, a significant cost reduction for a business that produces 400 million diapers per year. Overall, the

Company has the ability to generate a 25% reduction in manufacturing cost at maximum capacity, a total cash savings of up to $54 million. The Texas Manufacturing Facility has the ability to expand to eight total lines (either diaper or training pant), which would further increase savings as the company grows in scale. As noted above, the Company now has more control over the design of the diapers and flexibility to change the designs, which has become one of the Company's key features that distinguish it from other legacy brands in the market. While the significant cost benefits of its vertical integration efforts over the past several months will continue to benefit the Company's bottom-line margins over time, the Company simply did not incur those benefits quickly enough to fully rebound from the impacts of COVID-19 and currently finds itself in an untenable position with severe liquidity constraints despite its relative success and ongoing growth.

IV. Prepetition Marketing Process

32. In an attempt to navigate these adverse economic and operational circumstances and the lack of access to capital markets, in the months leading up to the bankruptcy filing the Debtors initiated various cost-cutting measures to preserve liquidity. These efforts included: scaling back their footprint in international markets; requiring more direct-to-consumer customers to pay for shipping costs; re-evaluating their portfolio of products and pausing their expansion into new products; reducing the corporate workforce by 20%; carefully managing payments to vendors, landlords, and other creditors; and other restructuring initiatives.

33. While the Debtors have continued to generate revenues, these revenue streams—even when combined with their extensive cost-cutting measures—have proved insufficient to cover the Debtors' ongoing cash requirements. With these concerns in mind, and with their operating cash running low, the Debtors retained Jefferies LLC in November 2022 as investment banker to pursue a range of strategic alternatives, including additional financing, equity

investments, and a sale of the Debtors' assets. To support this process and liquidity, the Company also received additional financing from the Investors at this time, which invested a further $30 million in the Prepetition Subordinated Notes. In addition, beginning in August 2023, the Debtors retained Willkie Farr & Gallagher LLP, as corporate and restructuring counsel; Young Conaway Stargatt & Taylor, LLP, as co-counsel; and Emerald Capital Advisors Corp., as restructuring advisor.

34. The Debtors and their professionals have worked vigorously over the last several months evaluating the Debtors' options and exploring paths to address the difficulties facing the Company. The Debtors' initial outreach formally began in December 2022, and included outreach to a full universe of potential investors. As part of this process, the Debtors, with the assistance of Jefferies, contacted approximately 155 parties, including 135 financial and/or equity investors and 20 strategic buyers (including the Stalking Horse Bidder), 80 of which executed nondisclosure agreements and were provided with initial financial and operational diligence materials. Jefferies received four indications of interest in mid-February 2023, and invited each of them to continue with additional due diligence. However, all four of these parties ultimately elected not to move forward in the process, citing, among other reasons, concerns regarding the Company's capital structure and tightening liquidity.

35. While this initial bidder and investor group all passed, Jefferies and the Debtors continued to market a broad range of transaction opportunities, both with new and previously contacted parties. Over the course of spring and early summer 2023, dialogue continued with a range of strategic and financial parties, and two further indications of interest were received for varying potential transaction structures, one of which resulted in the Company entering briefly into a non-binding, non-exclusive letter of intent in April 2023. However, both these parties declined

to move forward after conducting further due diligence, also citing concerns with the Company's outstanding debt structure and liquidity profile. In early July 2023, a strategic buyer affiliated with Hildred Capital Management, LLC approached Jefferies with renewed interest in pursuing an acquisition of the Debtors' assets, which would likely require significant compromise from the Company's creditors, but could potentially be executed under an out-of-court recapitalization scenario, subject to the results of preliminary due diligence and structuring work. Through July 2023, the Company and its advisors facilitated the Stalking Horse Bidder's due diligence while continuing dialing with other potential parties. On July 28, 2023, the Debtors and the Stalking Horse Bidder entered into that certain letter of intent (the "Letter of Intent"), which set forth the preliminary terms under which the Stalking Horse Bidder was willing to pursue a transaction, including requiring an in-court sale pursuant to section 363 of the Bankruptcy Code.

36. The Letter of Intent also contained an exclusivity provision, which prohibited the Debtors from marketing, soliciting, or negotiating a competing transaction for a period of 30 days following its execution (the "Exclusivity Period"). Although diligence and negotiations with the Stalking Horse Bidder remained ongoing, the Exclusivity Period expired by its terms in late-September 2023 and the Debtors, consistent with their fiduciary obligations, continued to seek a value maximizing transaction. The Debtors immediately reopened the marketing process by engaging potential bidders who had expressed interest in the assets during the Exclusivity Period. At the same time, the Debtors and their advisors continued to negotiate the terms of an asset purchase agreement with the Stalking Horse Bidder.

37. The negotiations with the Stalking Horse Bidder have continued through mid-October, and resulted in significant improvements to the terms of the Stalking Horse Bidder's proposed transaction and garnering the support of the Debtors' prepetition secured lender.

Therefore, the Debtors now seek to enter into that certain Asset Purchase Agreement, dated October 23, 2023, annexed to the Bidding Procedures Order as Exhibit 4 (together with the scheduled and related documents thereto, and as may be amended, supplemented, or otherwise modified from time to time, the "Stalking Horse APA") to sell the Assets (as defined in the Stalking Horse APA) to Bucky Acquisition HoldCo, LLC (the "Stalking Horse Bidder") in a transaction valued at approximately $64.9 million (the "Stalking Horse Bid"), free and clear of all claims or encumbrances (other than Assumed Liabilities and Permitted Liens, as defined in the Stalking Horse APA). In addition, the Debtors and the Stalking Horse Bidder engaged in negotiations with the lessors under the Prepetition Equipment Leases to make material modifications such lessor's Prepetition Equipment Leases. As a material component to reaching agreement on the terms of the Stalking Horse APA, the Debtors, Stalking Horse Bidder, NFS and 36th Street Capital entered into that certain Transaction Support Agreement, dated October 23, 2023 (the "Transaction Support Agreement"). The Transaction Support Agreement sets forth the material terms by which NFS and 36th Street Capital agree to support the sale transaction to the Stalking Horse Bidder and to the assumption and assignment of their respective leases upon closing of the sale transaction to the Stalking Horse Bidder, in accordance with amendments to their respective lease agreements. The Stalking Horse Bid represents the highest and best executable bid the Debtors received through the prepetition marketing process. The Stalking Horse Bid establishes a floor for the purchase of substantially all of the Debtors' Assets.

38. Contemporaneously with the commencement of these Chapter 11 Cases, the Debtors filed a motion seeking approval of bidding procedures related to the sale of their assets, which I believe will ensure that the Debtors maximize the value of their assets by conducting a postpetition market process on an expedited timeline. As set forth herein, the Debtors' proposed

timeline would result in a sale hearing approximately 45 days after the Petition Date. Given the Debtors' extensive prepetition marketing efforts—stemming back nearly one year—the Debtors believe this timeline is the most efficient in light of the Debtors' liquidity situation, while ensuring that the sale of the Debtors' assets is for the highest or otherwise best price to ensure the best possible outcome for the Debtors' stakeholders.

VI. DIP Facility/Use of Cash Collateral

39. Concurrently with the Debtors' sale process, in August 2023 the Debtors and their advisors began discussions with the Prepetition CIT Secured Parties regarding the need for postpetition financing. The Debtors also began evaluating whether they would be able to source DIP financing from third parties. Jefferies reached out to a number of potential sources of financing, including institutions familiar with the Debtors and institutions that regularly provide financing in distressed situations. Ultimately, the Debtors determined that the Prepetition CIT Secured Parties offered the most viable and beneficial debtor-in-possession financing terms, comprised of a senior secured debtor-in-possession credit facility (the "DIP Facility") along with consensual use of cash collateral.

40. The DIP Facility is a consolidated, revolving credit facility in the aggregate maximum principal amount of approximately $47 million, which will provide approximately $12 million in new money commitments to the Debtors. In light of the Debtors' circumstances, the amount of secured debt already encumbering the Debtors' assets as well as the Debtors efforts to solicit alternative financing proposals, the Debtors determined that the terms of the DIP Facility were the best terms available to the Debtors. I understand that the terms of the DIP Facility are also reasonable, as they include favorable pricing terms and reasonable fees.

41. The DIP Facility, in combination with the consensual use of cash collateral, will provide necessary liquidity to fund the Debtors' operating and working capital needs during these Chapter 11 Cases. I believe that access to the funds available under the DIP Facility and to cash collateral is crucial to avoid immediate and irreparable harm to the Debtors' estates, creditors, and stakeholders to bridge the Debtors while they conduct the postpetition sales process.

FACTS IN SUPPORT OF FIRST DAY MOTIONS

42. To facilitate these Chapter 11 Cases, the Debtors have contemporaneously filed the First Day Motions. Generally, the First Day Motions are designed to meet the Debtors' goals of: (a) continuing their business operations in chapter 11 with as little disruption and loss of productivity as possible, while seeking to maximize the value of their estates through these Chapter 11 Cases; (b) maintaining the confidence and support of their employees and other key constituents during the chapter 11 process; and (c) establishing procedures for the smooth and efficient administration of these Chapter 11 Cases.

43. I have reviewed each of the First Day Motions. The facts set forth therein are true and correct to the best of my knowledge, information, and belief, and are incorporated herein by reference. It is my belief that the relief sought in each of the First Day Motions is tailored to meet the goals described above and, ultimately, will enhance the Debtors' ability to maximize the value of their estates for the benefit of all of the Debtors' stakeholders.

44. It is my further belief that the relief requested in the First Day Motions is necessary and essential to ensuring that the Debtors' immediate financial and operational needs are met, and that the Debtors (and other constituencies) will not suffer any immediate and irreparable harm as a result of the commencement of these Chapter 11 Cases. In considering the necessary first day relief, the Debtors' senior management, the Debtors' advisors, and I were cognizant of the level of

cash on hand and the limitations imposed by the Debtors' cash flow budget. In light of these limitations, the Debtors have narrowed the relief requested at the outset of these Chapter 11 Cases to only those matters that require urgent relief to preserve value during the pendency of these Chapter 11 Cases and the Debtors' sale process. Further, the Debtors believe that such relief will enable them to stabilize their operations and avoid a chaotic post-filing period that results in a diminution of the estates' value to the detriment of their creditors and other stakeholders.

A. Motions Related to Case Management

i. Joint Administration Motion

45. The Debtors seek the joint administration of these Chapter 11 Cases for procedural purposes only. I believe that it would be far more efficient for the administration of these Chapter 11 Cases if the Court were to authorize their joint administration. I understand that many of the motions, hearings, and other matters involved in these Chapter 11 Cases will affect all of the Debtors and, given the nature of the Debtors' operations, the treatment of certain contracts and business relationships of a single Debtor may impact the assets and operations of other Debtors. I understand that joint administration will reduce costs and facilitate the administrative process by avoiding the need for duplicative hearings, notices, applications, and orders. I understand that no prejudice will befall any party by the joint administration of the Debtors' cases as the relief sought is solely procedural and is not intended to affect substantive rights.

ii. Motion to File Certain Portion of the Creditor Matrix and Other Filings Under Seal, and Modify Requirements Related to Equity Holders List and DTC Customers

46. The Debtors seek authorization to redact certain personally identifiable information from the Debtors' list of creditors (the "Creditor Matrix"), list of equity holders attached to the Debtors' chapter 11 petitions (the "Equity Holders List"), schedules of assets and liabilities and

statements of financial affairs (the "Schedules and Statements"), and other documents. Further, the Debtors seek authorization to modify certain requirements related to the Equity Holders List and individual DTC Customers.

47. I believe that authorizing the Debtors to redact personally identifiable information of individuals from filings in these Chapter 11 Cases, including the Debtors' customers, equity holders, and employees, is warranted. Among other reasons, such information could be used to perpetrate identity theft or locate survivors of domestic violence, harassment, or stalking. With hundreds of individual creditors and interest holders, the Debtors cannot reasonably know with sufficient certainty whether a release of such individual creditors' and interest holders' personal information could potentially jeopardize their safety.

48. Further, I believe that the Debtors' request to modify the requirement to include the equity security holders' last known address on the Equity Holders List as well as to modify the requirement to provide hard copy notice of the order for relief, the commencement of the Chapter 11 Cases, and other relevant pleadings to all equity security holders should be granted. The Debtors use Carta, an online share management website, to manage their equity shares. Since the equity holders purchase and receive their equity shares through Carta, they are not required to provide a mailing address to the Debtors or Carta. Further, the default setting to receive notices related to the ownership of shares is through email. As a result, the Debtors only possess mailing addresses for those equity security holders who opt into receiving notice through the mail. Email communication is the customary practice the Debtors employ in contacting the equity security holders. According to the Debtors' records, approximately fifty-five (55) equity security holders have only provided an email address when purchasing and receiving their shares. Therefore, I believe that providing notice via email and publication on the Debtors' claims agent website,

https://cases.stretto.com/hellobello, is appropriate and provides adequate notice to the equity security holders under the circumstances of these Chapter 11 Cases.

49. Finally, I believe that the Debtors' request for special electronic noticing procedures for their current and former direct to consumer subscribers and customers (the "DTC Customers") should be granted. The Debtors are currently the largest direct-to-consumer subscription diaper brand in the United States, with approximately 130,000 subscribers. If the Debtors were to provide actual notice by mail of pleadings and hearings to all such customers, the costs could be astronomical. Likewise, in the ordinary course of their business, the Debtors communicate with their DTC Customers primarily through email. Given the excessive costs of mailing notices to all current and former DTC Customers, and because the Debtors communicate with their DTC Customers by email in the ordinary course of business, I believe that the DTC Customers will expect to receive notice from the Debtors electronically and that such measures will provide an efficient and effective means of service.

iii. Application to Retain Stretto as Claims and Noticing Agent

50. The Debtors seek to retain and appoint Stretto, Inc. ("Stretto") as the Court's claims and noticing agent for these Chapter 11 Cases. I believe that the retention of Stretto is critical because of the large number of creditors identified in these Chapter 11 Cases. In addition, it has been explained to me that the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware require retention of a claims and noticing agent in cases where there are expected to be more than 200 creditors.

51. I understand that Stretto is a leading chapter 11 administrator and comprises industry professionals with significant experience in both the legal and administrative aspects of large, complex chapter 11 cases. In compliance with the Court's Protocol for Employment of

Claims and Noticing Agents under 28 U.S.C. §156(c) (the "Claims Agent Protocol"), the Debtors obtained and reviewed engagement proposals from three (3) other Court-approved claims and noticing agents to ensure selection through a competitive process. I believe that Stretto's rates are competitive and reasonable given Stretto's quality of services and expertise. Given the need for the services described above and Stretto's expertise in providing such services, I believe that retaining Stretto will expedite service of notices, streamline the claims administration process, and permit the Debtors to focus on their sale efforts.

B. Motions Related to Cash Management

i. Motion to Authorize Continued Use of Debtors' Cash Management Systems and Bank Accounts

52. In ordinary course of business, as is typical in businesses of similar size and scope, the Debtors maintain an integrated and streamlined cash management system (the "Cash Management System") to efficiently collect, transfer, and disburse funds generated through the Debtors' operations and to accurately record such collections, transfers, and disbursements as they are made. The Cash Management System comprises six (6) bank accounts (the "Bank Accounts") maintained at Bank of America, N.A. (U.S. and Canadian Branches) (the "Bank" or "BofA")), an authorized depository under the U.S. Trustee Guidelines (as defined below). These include three (3) main depository accounts (the "Depository Accounts") and three (3) operating accounts (the "Operating Accounts"). Each Debtor has a Depository Account and Operating Account in its own name.

53. Payments from direct-to-consumer customers and wholesale retailers go into the Depository Accounts. On a daily basis, the funds in the U.S. Depository Accounts (accounts ending in -9491 and -9740) are automatically swept via wire transfer into accounts controlled by CIT Northbridge LLC ("CIT"), the lender under the Debtors' Prepetition CIT Loan Documents.

The Debtors request funds from CIT on a weekly basis to be deposited into the U.S. Operating Account ending in -9501. These amounts are then used to fund payroll, payments to vendors, and any other necessary required disbursements the Debtors must pay in U.S. dollars. The Company also maintains two credit card platforms, Rho Technologies ("Rho") and DivvyPay, Inc. ("Divvy"), to make certain payments required by vendors to be paid via credit card and for smaller purchases made by the Company's personnel. All funds earned in connection with Debtor Unconditional Love Canada, Inc. are deposited into the Canadian Operating Account ending in -1203. To make all vendor, payroll, and other disbursements that the Debtors must pay in Canadian dollars, Debtor Unconditional Love Canada, Inc. first transfers the relevant funds from the Canadian Operating Account to the Canadian Depository Account ending in -1211, and then from the Canadian Depository Account to the relevant third party. Any remaining funds in the Canadian Depository Account are transferred to the U.S. Operating Account ending in -9501 on a monthly basis (as described in further detail in the motion).

54. In the ordinary course of business, the Debtors engage in routine business relationships among and between the Debtors (the "Intercompany Transactions"), primarily through the transfer of funds from the Canadian Operating Account ending in -1203 and the Canadian Depository Account ending in -1211 (collectively, the "Canadian Accounts") to the U.S Operating Account ending in -9501. After these payments are made, the Debtors transfer any excess funds in the Canadian Accounts to the U.S. Operating Account on a monthly basis. In addition, certain vendors may bill Debtor Unconditional Love Inc. in Canadian dollars. To avoid incurring any losses due to the exchange rate, Debtor Unconditional Love Canada, Inc. will pay these amounts and bill an intercompany claim to Unconditional Love Inc. (such intercompany receivables and payables, the "Intercompany Claims"). These Intercompany Transactions occur

as part of ordinary course business operations, and at any given time there may be Intercompany Claims owing among and between the Debtors. The Debtors maintain records of such transfers through Bank Account statements and can readily ascertain, trace, and account for all such Intercompany Transactions.

55. Continuing such Intercompany Transactions during these Chapter 11 Cases is essential to maintaining the Debtors' business operations and is consistent with past practices by and among the Debtors. The Debtors seek authority to continue performing the Intercompany Transactions, in their discretion, and that postpetition Intercompany Claims resulting from ordinary course Intercompany Transactions be accorded administrative priority. These Intercompany Transactions, which are common among businesses of the Debtors' size, promote efficiency and ensure that the Debtors operate in an orderly fashion, thereby benefitting all of the Debtors' stakeholders. Further, given their routine nature, the continuation of such transactions is integral to the Debtors' ability to operate their business.

56. It is my understanding that the U.S. Trustee's Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees (the "U.S. Trustee Guidelines") require chapter 11 debtors to, among other things, close all existing bank accounts and open new accounts (which must be designated "Debtor in Possession" bank accounts) and obtain, establish, and maintain separate "Debtor in Possession" accounts. I also understand that section 345(b) of the Bankruptcy Code contains certain deposit, investment, and reporting requirements. The Debtors are requesting authorization to maintain their existing Cash Management System. I believe that the Debtors' existing cash management and intercompany accounting procedures are essential to the orderly operation of the Debtors' business. Any material interruption in the Debtors' existing Cash Management System would cause an immediate adverse impact on the Debtors' business by

disrupting payroll, introducing inefficiency into the Debtors' business operations when efficiency is most essential, and potentially straining the Debtors' relationships with critical third parties. Such disruptions would, in turn, diminish the Debtors' value and impair the Debtors' ability to successfully sell their assets and otherwise operate in the ordinary course during these Chapter 11 Cases. Moreover, it is my understanding that the Bank at which all of the Debtors' bank accounts are maintained has been approved by the U.S. Trustee as an authorized bank depository in accordance with the U.S. Trustee Guidelines.

57. I believe that allowing the Debtors to maintain their Cash Management System, continue Intercompany Transactions, and maintain their current Bank Accounts would be in the best interests of the Debtors' estates, creditors, and other parties in interest. The Cash Management System enables the Debtors to pay their financial obligations, centrally control and monitor corporate funds and available cash, reduce administrative overhead expenses, and record accurate financial data.

ii. Motion to Authorize Debtors to Honor Prepetition Customer Programs

58. In the ordinary course of their business, the Debtors engage in a number of practices to maximize Customer loyalty and sustain a positive reputation in the marketplace generally (collectively, the "Customer Programs"). The Customer Programs include, but are not limited to, the following: (a) a Returns Program, (b) a Rewards Program called "Bello Bucks," (c) an eGift Card Program, (d) a Diaper Registry Fund, (e) a Bundle and Subscription Box Program, (f) Wholesale Returns Policy, (g) Chargebacks, and (h) Markdown and Sales Promotions.

59. The Customer Programs promote Customer satisfaction, create goodwill for the Debtors' business, and enhance the value of their brand. The Debtors operate in a highly competitive global marketplace, and the Debtors' Customers can turn to any number of

competitors for their baby product and personal care needs. The Debtors' failure to either honor their prepetition Customer Obligations or to continue the Customer Programs in the ordinary course during these Chapter 11 Cases will put the Debtors at a significant competitive disadvantage. The Debtors seek authority to continue the Customer Programs in the ordinary course of business and to pay claims arising out of the Customer Programs to avoid any harm or disruption to their business. I believe that the continuation of the Customer Programs is critical to the Debtors' ongoing operations in these Chapter 11 Cases and is necessary to maximize the value of the Debtors' business for the benefit of all stakeholders.

iii. Motion to Authorize to Pay Certain Prepetition Claims of Employees

60. The Debtors have filed a motion seeking authority to, among other things, (i) pay all prepetition wages, salaries, and compensation to Employees and Independent Contractors (each as defined below), and payments owed to non-insiders under historical severance practices, and all related administrative and incidental costs (each as described below and, collectively, the "Compensation Obligations") and prepetition employee benefits (each as described below and, collectively, the "Employee Benefit Obligations"); (ii) pay all employment, unemployment, Social Security, Medicare, and federal, state, and local taxes relating to the Compensation Obligations and Employee Benefit Obligations, whether withheld from wages or paid directly by the Debtors to governmental authorities (collectively, "Payroll Taxes"), and make other payroll deductions, including, but not limited to, retirement, and other employee benefit plan contributions and voluntary deductions (all as described below and, collectively with the Payroll Taxes, the "Payroll Deduction Obligations" and, collectively with the Compensation Obligations and Employee Benefit Obligations, the "Prepetition Workforce Obligations"); and (iii) honor and continue the

Debtors' prepetition programs, policies, and practices as described in this Motion in the ordinary course of business.

61. The Debtors do not seek authority to provide severance payments to "insiders" under the Bankruptcy Code. The Debtors only seek authority to provide severance payments, at the Debtors' sole discretion, to eligible Employees who do not exercise strategic control or authority over the Debtors' business or company decisions made in these Chapter 11 Cases, do not make decisions with respect to the Debtors' revenue spend, do not participate in the overall management of the Debtors, are not members of the Board, were not appointed by, nor report to, the Board, and do not attend Board meetings.

62. Moreover, as is customary with businesses of similar size, the Debtors have established a large portfolio of employee benefit plans, programs, and policies, including: medical coverage, dental coverage, vision coverage, life and disability insurance, a flexible spending account, a health savings account, unemployment insurance, a 401(k) plan, and other ancillary welfare programs for its United States and Canadian employees. The Debtors seek authority to pay prepetition obligations relating to these policies, and to continue these policies postpetition.

63. The Employees perform a variety of critical functions throughout the Debtors' business, including, among other things, operating and managing the Debtors' facilities; rectifying supply chain issues, if any; ensuring fulfillment goals are met; manufacturing new products and processes; establishing sales relationships with customers; and developing and maintaining quality control and compliance goals. Several Employees also provide administrative, marketing, managerial, and customer service, as well as financial support services, from the Debtors' Headquarters and elsewhere.

64. The proposed interim and final orders, if entered, will grant the Debtors the authority to pay the employee obligations in accordance with the Debtors' prepetition practices; *provided*, *however*, that no single employee shall be entitled to receive more than $15,150 on account of prepetition employee obligations, except to the extent required under applicable state law. The Debtors' ability to continue operations and maximize value depends, in large part, on the retention, motivation, and productivity of their workforce, whose efforts will be critical to the success of these Chapter 11 Cases. To provide certainty to the Debtors' Employees, maintain morale and productivity, limit turnover, and minimize any adverse effect of the commencement of these Chapter 11 Cases, I believe it is necessary to continue providing ordinary course compensation and benefits to such Employees. The total amount to be paid if the relief sought in the motion is granted is modest compared with the size of the Debtors' estates and the importance of the employees to the Debtors' sale process.

65. I believe that authorizing the Debtors to pay these Prepetition Workforce Obligations in accordance with the Debtors' prepetition business practices is in the best interests of the Debtors, their creditors, and all parties in interest, and will enable the Debtors to continue to operate their business without disruption in an economic and efficient manner.

iv. Motion to Authorize Payments to Critical Vendors, Shippers & Logistics Providers, and Certain 503(b)(9) Claimants

66. The Debtors are in the business of manufacturing, selling, and distributing plant-based, premium family and baby products at affordable prices. The Debtors' success is partially fueled by their partnerships with certain critical goods and services providers (the "Critical Vendors") that ensure Hello Bello is a premier destination for such products.

67. The Debtors' production and sale of their products depend on the uninterrupted flow of raw materials, products, and other goods through their supply chain and distribution

network. The Debtors' critical goods and services providers support nearly every aspect of the Debtors' business, including by: shipping the Debtors' products to their wholesale and retail customers, supplying the raw materials needed to manufacture their products, and co-manufacturing such products. If these critical goods and services providers refuse to continue doing business with the Debtors on account of outstanding prepetition amounts, replacing them would be impossible, not only jeopardize the quality of the Debtors' products, but also cause irreparable, and potentially irreversible, damage to the Debtors' business and their estates. Further, even if the Debtors were able to switch shippers and logistics providers, raw material suppliers, co-manufacturers, and other critical vendors to alternative suppliers on such short notice (which, with respect to the Critical Vendors and Shippers & Logistics Providers discussed herein, they cannot), there would be significant disruptions in the Debtors' manufacturing to the detriment of the Debtors' business and, ultimately, their stakeholders.

68. I believe that the authority to pay the Critical Vendors and Shippers & Logistics Providers in accordance with the Debtors' prepetition business practices is in the best interests of the Debtors and their estates and will enable the Debtors to continue to operate their business in chapter 11 without disruption. The relief requested in the motion is necessary to preserve and maximize value by paying the prepetition claims of certain counterparties that are critical to the Debtors' business enterprise.

v. <u>Motion to Provide Adequate Assurance to Utility Companies</u>

69. In connection with the operation of their business and the management of their properties, the Debtors historically obtain water, electricity, natural gas, propane, data, telephone

and other similar services (collectively, the "Utility Services") from a number of utility companies (each a "Utility Company" and collectively, the "Utility Companies").

70. The Debtors are seeking an order of this Court prohibiting the Utility Companies from altering or discontinuing services and deeming the Utility Companies adequately assured of future performance by virtue of the Debtors' proposed adequate assurance. Uninterrupted Utility Services are essential to the Debtors' business operations and the overall success of these Chapter 11 Cases. Should any Utility Provider refuse or discontinue service, even for a brief period, the Debtors' business operations could be severely disrupted. Accordingly, it is essential that the Utility Services continue uninterrupted during these Chapter 11 Cases.

71. To provide adequate assurance of payment for future services to the Utility Companies, the Debtors propose to maintain a deposit of $61,000 (the "Adequate Assurance Deposit"), which represents approximately 50% of the Debtors' estimated monthly cost of the Utility Services subsequent to the Petition Date, to be held in a newly-created and segregated account maintained by the Debtors. I believe that the Adequate Assurance Deposit constitutes sufficient adequate assurance to the Utility Companies. However, in light of the adverse consequences to the Debtors of any disruption in services by the Utility Companies as well as the recognition that Utility Companies have the right to evaluate the proposed adequate assurance on a case-by-case basis, if any Utility Company believes additional assurance is needed, the Debtors have proposed procedures for the Utility Companies to request such additional adequate assurance. I believe these procedures, as outlined in the motion, are not only fair and reasonable, but also necessary for the Debtors to be able to continue to operate properly. Furthermore, the Debtors fully intend to timely comply with their postpetition obligations to Utility Companies.

72. I believe that without the relief requested in the motion, the Debtors could be forced to address numerous requests by the Utility Companies in an unorganized manner at a critical period in these Chapter 11 Cases when their efforts should be focused elsewhere, such as on maximizing value for all of their stakeholders. I believe that the relief requested in the motion is in the best interest of the Debtors, their creditors, and their estates and may reduce harm and administrative expense to the Debtors' estates.

vi. Motion to Authority to Pay Certain Prepetition Sales, Use, and Other Taxes and Regulatory Fees

73. In the ordinary course of business, the Debtors collect, incur, and pay a variety of taxes, including, without limitation, (i) sales and use taxes, (ii) property taxes, (iii) income and franchise taxes, (iv) regulatory taxes, and (v) miscellaneous import taxes (collectively, the "Taxes"). The Debtors also incur various fees owed to the Taxing Authorities (defined below) in connection with the operation of their business (collectively, the "Fees," and together with the Taxes, the "Taxes and Fees"). The Debtors remit the Taxes and Fees to federal, state, and local authorities on a periodic basis in accordance with applicable law (collectively, the "Taxing Authorities"). The Debtors pay Taxes and Fees through electronic transfers that are processed through the Bank.

74. Payment of the Taxes and Fees is critical to the Debtors' continued, uninterrupted operations. Further, the Debtors' failure to pay the Taxes and Fees may cause the Authorities to take precipitous action, including, but not limited to, filing liens, preventing the Debtors from conducting business in the applicable jurisdictions, seeking to lift the automatic stay, and imposing personal liability on the Debtors' officers and directors.

75. Any regulatory dispute or delinquency that affects the Debtors' ability to conduct business could have a wide-ranging and adverse impact on the Debtors' operations as a whole, as

described further in the motion. I believe that the authority to pay the taxing and regulatory authorities in accordance with the Debtors' prepetition business practices is in the best interests of the Debtors and their estates and will enable the Debtors to continue to operate their business in chapter 11 without disruption.

v. Motion to Authorize the Rejection of Equipment Leases as of the Rejection Effective Date

76. The Debtors currently maintain four (4) diaper manufacturing lines. Under the Stalking Horse APA, the Debtors will assume and assign two of their four diaper manufacturing lines to the Stalking Horse Bidder, while rejecting the equipment leases with CSC and SCG (the "Rejected Equipment Leases"). If the Debtors do not receive any Qualified Bids prior to the Bid Deadline (each as defined in the Bidding Procedures Motion), the Debtors plan to immediately seek approval of the Stalking Horse Bid. As a result, if the Stalking Horse Bid, or any higher or otherwise better bid similarly interested in rejecting the Rejected Equipment Leases, is approved, the Rejected Equipment Leases will no longer be necessary to the Debtors' business operations.

77. I believe that allowing the Debtors to reject the Rejected Equipment Leases would be in the best interest of the Debtors' estates, creditors, and other parties in interest. The Debtors may avoid the incurrence of additional expenses associated with the Equipment and Rejected Equipment Leases by rejecting these leases immediately (as opposed to a later date certain). Further, continuing to operate all four diaper manufacturing lines until the Rejection Effective Date (as defined in the Rejection Motion) will encourage open and competitive bidding by allowing potentially interested bidders to submit topping bids to assume one or both of the Equipment Leases (i.e., submit a deal involving three diaper lines or all four) to the benefit of the Debtors' estates. As a result, I believe that authorizing the Debtors to reject the Rejected Equipment Leases as of the Rejection Effective Date will enable the Debtors to continue to operate

their business without disruption in an economic and efficient manner until the sale between the Debtors and the Stalking Horse Bidder or other bidder is consummated.

C. Motions Related to Financing and Sale Process

i. Bidding Procedures Motion

78. For the reasons described above and in *the Declaration of Robert J. White in Support of Motion of the Debtors for Entry of Orders (I) (A) Approving Bidding Procedures for the Sale of Substantially All of the Debtors' Assets, (B) Authorizing the Debtors to Designate a Stalking Horse Bidder and to Provide Bid Protections Thereunder, (C) Scheduling an Auction and a Sale Hearing, (D) Approving Assumption and Assignment Procedures, and (E) Granting Related Relief; and (II) (A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases and (C) Granting Related Relief*, filed concurrently herewith, the Debtors filed a motion seeking, among other things, to (a) establish uniform bidding procedures with respect to the Debtors' assets (the "Bidding Procedures"), (b) authorizing the Debtors to enter into the Stalking Horse APA for the sale of substantially all their assets to the Stalking Horse Bidder. I believe the relief requested in the motion will best position the Debtors and their professionals to maximize the value of the Debtors' assets. The Stalking Horse Bid establishes a floor for further bidding on the Debtors' assets that may increase the consideration received in exchange for such assets, and provides significant value to the Debtors' estates that would be used to repay obligations of the Debtors.

79. Additionally, I believe the Bidding Procedures (a) provide adequate time for interested parties to conduct due diligence, arrange financing, and construct and submit informed competing bids for the Debtors assets, (b) help ensure that the Debtors maximize creditor

recoveries while working towards the efficient completion of these Chapter 11 Cases in a timely manner, and (c) provide the Debtors' sale process with finality. I also believe that the Bidding Procedures allow the Debtors to exercise their fiduciary duties to pursue an alternative restructuring strategy, if necessary.

80. Accordingly, and as set forth in more detail in the declaration filed in support of the motion, I respectfully submit that the requested relief should be approved.

ii. DIP and Cash Collateral Motion

81. For the reasons described above and in the *Declaration of Robert J. White in Support of Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, Granting Senior Postpetition Security Interests and According Superpriority Administrative Expense Status Pursuant to Section 364(c) and 364(d) of the Bankruptcy Code, (II) Authorizing the Use of Cash Collateral, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, and (V) Granting Related*, and the *Declaration of John P. Madden in Support of Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, Granting Senior Postpetition Security Interests and According Superpriority Administrative Expense Status Pursuant to Section 364(c) and 364(d) of the Bankruptcy Code, (II) Authorizing the Use of Cash Collateral, (III) Granting Adequate Protection, (IV) Modifying the Automatic Stay, and (V) Granting Related* Relief, each filed concurrently herewith, the Debtors are also seeking an order authorizing entry into the DIP Facility and the use of consensual cash collateral through the above-referenced motion (the "DIP Motion"). The DIP Facility will provide the Debtors with approximately $12 million in new money commitments.

82. As explained in greater detail in the Motion and supporting declarations, the Debtors are facing a liquidity crisis and are in immediate need of cash to continue their operations. Access to the DIP Facility, coupled with the Debtors' continued use of cash collateral, will provide the necessary liquidity to fund the Debtors' operating, working capital and other needs during these Chapter 11 Cases.

83. I believe that access to the funds available under the DIP Facility and cash collateral is crucial to avoid immediate and irreparable harm to the Debtors' estates, employees, customers, and creditors. I understand that the terms of the DIP Facility are reasonable as they include favorable pricing and reasonable fees. In addition, I believe that the request to use cash collateral on a consensual basis is reasonable given that the requested relief will preserve the value of the Prepetition CIT Secured Parties and provides adequate protection as I understand that term to mean under the Bankruptcy Code.

84. For the foregoing reasons, I believe that the DIP Facility embodies the best available financing under these circumstances and that entry into the DIP Facility, combined with the consensual use of cash collateral, is in the best interests of the Debtors and their estate.

* * *

85. I have reviewed each of the First Day Motions (including the exhibits and schedules thereto). The facts stated therein are true and correct to the best of my knowledge, information, and belief, and I believe that the type of relief sought in each of the First Day Motions: (i) is necessary to enable the Debtors to operate in chapter 11 with minimal disruption to their business operations; and (ii) is in the best interests of the Debtors and their stakeholders.

86. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Executed this 23rd day of October, 2023.

Unconditional Love Inc. d/b/a Hello Bello,
Unconditional Love Canada, Inc.,
The Best Training Pants in the World Inc.,

Debtors and Debtors in Possession

By: */s/ Erica Buxton*
Name: Erica Buxton
Title: Chief Executive Officer

Schedule 1

Organizational Chart

Unconditional Love Inc. Corporate Structure