

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	Chapter 11
Sequential Brands Group, Inc., <u>et al.</u> , ¹	:	Case No. 21-11194 (JTD)
Debtors.	:	(Jointly Administered)

**NOTICE OF SALE, BIDDING PROCEDURES, AUCTION,
SALE HEARING AND OTHER DEADLINES RELATED THERETO**

PLEASE TAKE NOTICE OF THE FOLLOWING:

On August 31, 2021, Sequential Brands Group, Inc. and its debtor affiliates as debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) a motion [Docket No. 19] (the “Motion”) seeking entry of (a) an order (the “Bidding Procedures Order”) (i) approving bidding procedures (the “Bidding Procedures”)² to be used in connection with one or more sales (each, a “Sale Transaction”) of substantially all of the Debtors’ assets (the “Assets”); (ii) authorizing the Debtors to enter into one or more asset purchase agreements with one or more “stalking horse” bidders (each such agreement, a “Stalking Horse Agreement” and, each such bidder, a “Stalking Horse Bidder,” and the bid of any such Stalking Horse Bidder, a “Stalking Horse Bid”) and to provide certain bidding protections, including the Galaxy Termination Payment to the Galaxy Stalking Horse Bidder in connection with the Galaxy APA and the Centric Termination Payment to the Centric Stalking Horse Bidder in connection with the Centric APA; (iii) scheduling an auction of the Assets (the “Auction”) and a final hearing to consider approval of any proposed Sale Transactions (the “Sale Hearing”); (iv) approving the form and manner of notice of the Bidding Procedures, the Auction and the Sale Hearing; (v) approving procedures for the assumption and assignment of executory contracts and unexpired leases (collectively, the “Contracts”) in connection with any Sale

¹ The Debtors, along with the last four digits of each Debtor’s tax identification number, are: Sequential Brands Group, Inc. (2789), SQBG, Inc. (9546), Sequential Licensing, Inc. (7108), William Rast Licensing, LLC (4304), Heeling Sports Limited (0479), Brand Matter, LLC (1258), SBG FM, LLC (8013), Galaxy Brands LLC (9583), The Basketball Marketing Company, Inc. (7003), American Sporting Goods Corporation (1696), LNT Brands LLC (3923), Joe’s Holdings LLC (3085), Gaiam Brand Holdco, LLC (1581), Gaiam Americas, Inc. (8894), SBG-Gaiam Holdings, LLC (8923), SBG Universe Brands, LLC (4322), and GBT Promotions LLC (7003). The Debtors’ corporate headquarters and the mailing address for each Debtor is 1407 Broadway, 38th Floor, New York, NY 10018.

² Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Motion or the Bidding Procedures, as applicable. Any summary of the Bidding Procedures or the Bidding Procedures Order (or any provision thereof) contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any inconsistency between any summary in this Sale Notice and the terms and conditions of either of the Bidding Procedures or the Bidding Procedures Order, the actual terms and conditions in those documents shall control.



Transaction; (vi) approving the form and manner of notice to each relevant non-debtor counterparty to a Contract of the Debtors' calculation of the amount necessary to cure any defaults under an applicable Contract and certain other information regarding the potential assumption and assignment of Contracts in connection with a Sale Transaction; (vii) authorizing one or more Sale Transactions for a sale of the Assets free and clear of all liens, claims, interests and encumbrances, except certain permitted encumbrances as determined by the Debtors and any Successful Bidder (as defined below) for the applicable Assets, with liens to attach to the proceeds of the applicable Sale Transaction; and (viii) authorizing the assumption and assignment of certain Contracts in connection with approved Sale Transactions; and (ix) granting related relief.

On September 24, 2021, the Court entered the Bidding Procedures Order [Docket No. 138].

ASSETS FOR SALE

The Debtors are seeking to sell substantially all of their Assets, including the following Assets, together with all other Assets related to each:

A. The Lifestyle Division Assets

- William Rast
- Joe's Jeans
- Jessica Simpson³

B. The Active Division Assets

- SPRI
- GAIAM
- Avia
- AND1
- Swisstech

Interested parties may bid on the Assets (i) in individual lots (by brand and/or by division or any other combination), (ii) as a collective whole, or (iii) in any combination.

Any party interested in submitting a bid for any of the Debtors' Assets should contact the Debtors' investment banker, Stifel, Nicolaus & Company, Inc., 787 7th Avenue, 11th Floor, New York, NY 10019 (Attn: Michael Kollender (michael.kollender@stifel.com); Derek Herbert (dherbert@stifel.com)).

³ The Debtors' interest in the Jessica Simpson brand is held via its 62.5% Unit interest in the non-Debtor entity With You, LLC. Bids for the Jessica Simpson brand should be structured as bids for the Debtors' 62.5% Unit interest in With You, LLC.

STALKING HORSE PROCEDURES

A. The Stalking Horse Bidders

On August 31, 2021, the Debtors entered into:

- A purchase agreement with Galaxy (the “Galaxy APA”), whereby Galaxy will serve as the stalking horse bidder (the “Galaxy Stalking Horse Bidder”) for the Active Division Assets; and
- A purchase agreement with Centric (the “Centric APA”), whereby Centric will serve as stalking horse bidder (the “Centric Stalking Horse Bidder”) for the Joe’s Jeans brand. The Centric APA was amended and restated on September 23, 2021.

Pursuant to the Bidding Procedures Order, the Debtors obtained approval of:

- The Galaxy APA as a Stalking Horse Bid for the Galaxy Assets (the “Galaxy Stalking Horse Bid”) and certain bid protections, including the Galaxy Termination Payment, in accordance with the terms of the Galaxy APA; and
- The Centric APA as a Stalking Horse Bid for the Joe’s Jeans brand (the “Centric Stalking Horse Bid”) and certain bid protections, including the Centric Expense Reimbursement in accordance with the terms of the Centric APA.

KEY DATES AND DEADLINES

A. Bid Deadline

Any Prospective Bidder that intends to participate in the Auction must submit in writing to the Bid Notice Parties a bid (a “Bid”) on or before **October 25, 2021, at 4:00 p.m. (prevailing Eastern Time)** (the “Bid Deadline”).

The Qualified Bid requirements are set forth in Section VI of the Bidding Procedures.

B. Auction

If the Debtors receive more than one Qualified Bid (including any Stalking Horse Bid) for an Asset or combination of Assets, the Debtors will conduct an Auction for such Asset(s). With respect to any particular Asset for which the Debtors receive only one Qualified Bid by the Bid Deadline, the Debtors may, in their business judgment, determine to consummate a Sale Transaction with the applicable Qualified Bidder without conducting an Auction.

Prior to the commencement of the Auction, the Debtors will make a determination regarding the Assets and/or combinations of Assets for which the Debtors will conduct an Auction (each such Asset or group of Assets, an “Auction Package”). For the avoidance of doubt, the Debtors may, in their business judgment determine to (i) include an individual Asset in more than one Auction Package and (ii) have an Auction Package for all or substantially all of the Debtors’ Assets.

The Auction, if required, will be conducted on **October 28, 2021, at 10:00 a.m. (prevailing Eastern Time)**, virtually through Zoom, or, if permitted, at the offices of Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, NY 10166, or at such other time and location as designated by the Debtors, after providing notice to the Sale Notice Parties; provided, however, the Debtors shall have the right to hold the Auction remotely, including telephonically or by other electronic means (including, without limitation, video conferencing) as the Debtors may choose in their sole discretion so as to comply with all applicable federal, state and local laws, orders, ordinances, guidelines and guidance, including any shelter-in-place, social distancing and non-essential business orders and guidelines. If held, the Auction proceedings will be transcribed and/or video recorded.

By the later of (a) **October 29, 2021** and (b) one day after the conclusion of the Auction, the Debtors will file with the Court, serve on the Sale Notice Parties and cause to be published on the KCC Website, a notice setting forth the results of the Auction (the “Notice of Auction Results”), which will (a) identify each Successful Bidder and each Backup Bidder, (b) include a copy of each Successful Bid and each Backup Bid or a summary of the material terms of such bids, including any proposed assumption and assignment of Contracts contemplated thereby, and (c) set forth the Post-Auction Objection Deadline, the date, time and location of the Sale Hearing and any other relevant dates or other information necessary to reasonably apprise the Sale Notice Parties of the outcome of the Auction.

C. Objection Deadlines

1. Sale Objection Deadline. Objections to a sale of the Assets, including (i) any objection to a sale of the Assets free and clear of all liens, claims, interests and encumbrances pursuant to section 363(f) of the Bankruptcy Code and (ii) entry of any Sale Order (each such objection, a “Sale Objection”) shall, by no later than **October 21, 2021, at 4:00 p.m. (prevailing Eastern Time)**.
2. Post-Auction Objection Deadline. Following service of the Notice of Auction Results, Sale Notice Parties may object to the conduct of the Auction and/or the particular terms of any proposed Sale Transaction in a Successful Bid, other than with respect to a Stalking Horse Bid (each such objection, a “Post-Auction Objection”) by no later than the later of (i) **November 1, 2021, at 4:00 p.m. (prevailing Eastern Time)** and (ii) **three (3) days prior to the Sale Hearing**.

D. Sale Hearing

The Sale Hearing shall take place on **November 4, 2021, at 10:00 a.m. (prevailing Eastern Time)** before the Honorable John T. Dorsey, United States Bankruptcy Judge, in the United States Bankruptcy Court for the District of Delaware, located at 824 N. Market Street, Wilmington, Delaware 19801.

RESERVATION OF RIGHTS TO MODIFY BIDDING PROCEDURES

Without prejudice to the rights of a Stalking Horse Bidder under the applicable Stalking Horse Agreement, the Debtors reserve the right to, in their business judgment, in a manner consistent with their fiduciary duties and applicable law, modify these Bidding Procedures,

including to, among other things, (a) extend or waive deadlines or other terms and conditions set forth herein, (b) adopt new rules and procedures for conducting the bidding and Auction process, (c) if applicable, provide reasonable accommodations to a Stalking Horse Bidder, or (d) otherwise modify these Bidding Procedures to further promote competitive bidding for and maximizing the value of the Assets; provided, that such extensions, waivers, new rules and procedures, accommodations and modifications (i) do not conflict with and are not inconsistent with the Bidding Procedures Order, the Bidding Procedures, the Bankruptcy Code or any order of the Bankruptcy Court, (ii) are promptly communicated to each Qualified Bidder, (iii) do not extend the Bid Deadline, the date of the Auction or the closing of the Auction, and (iv) do not allow the submission (or the Debtors' acceptance) of additional bids after, as applicable, the Bid Deadline or the close of Auction.

ADDITIONAL INFORMATION

Copies of the Motion, the Bidding Procedures Order and the Bidding Procedures may be obtained free of charge by visiting the KCC Website at <http://www.kccllc.net/sqbg>.

FAILURE TO ABIDE BY THE BIDDING PROCEDURES, THE BIDDING PROCEDURES ORDER OR ANY OTHER APPLICABLE ORDER OF THE COURT ENTERED IN THESE CHAPTER 11 CASES MAY RESULT IN THE REJECTION OF YOUR BID AND YOUR DISQUALIFICATION FROM PARTICIPATING IN THE BIDDING FOR AND AUCTION OF ANY OF THE DEBTORS' ASSETS.

THE FAILURE OF ANY PERSON OR ENTITY TO FILE AND SERVE AN OBJECTION IN ACCORDANCE WITH THE BIDDING PROCEDURES ORDER, INCLUDING THE FAILURE TO FILE ANY SUCH OBJECTION BY THE APPLICABLE OBJECTION DEADLINE, SHALL FOREVER BAR SUCH PERSON OR ENTITY FROM ASSERTING, AT THE SALE HEARING OR THEREAFTER, ANY SUCH OBJECTION TO THE RELIEF REQUESTED IN THE MOTION, THE CONSUMMATION OF ANY APPLICABLE SALE TRANSACTION, INCLUDING THE SALE OF ANY ASSETS TO A SUCCESSFUL BIDDER FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES PURSUANT TO SECTION 363(f) OF THE BANKRUPTCY CODE OR THE TERMS OF ANY STALKING HORSE AGREEMENT OR OTHER ASSET PURCHASE AGREEMENT EXECUTED BY THE DEBTORS.

Dated: September 24, 2021
Wilmington, Delaware

/s/ Laura Davis Jones

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