

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

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In re:	:	Chapter 11
	:	
Sequential Brands Group, Inc., <u>et al.</u> , <sup>1</sup>	:	Case No. 21-11194 (JTD)
	:	
Debtors.	:	(Jointly Administered)
	:	
	:	<b>Related Docket Nos. 19, 138, 148</b>

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**SUPPLEMENTAL NOTICE OF CURE COSTS AND POTENTIAL ASSUMPTION  
AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED  
LEASES IN CONNECTION WITH SALE OF SUBSTANTIALLY ALL ASSETS**

**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”) <sup>2</sup> 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 Expense Reimbursement 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

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<sup>1</sup> 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.

<sup>2</sup> 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 Assumption and Assignment 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.



contracts and unexpired leases (collectively, the “Contracts”) in connection with any Sale 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; (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].

On September 29, 2021, in accordance with the Assumption and Assignment Procedures (as defined in the Bidding Procedures) and the Bidding Procedures Order, the Debtors filed their *Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with Sale of Substantially All Assets* [Docket No. 148] (the “First Potential Assumption and Assignment Notice”), pursuant to which the Debtors notified certain parties that they may potentially assume and assign to a Stalking Horse Bidder, or a Successful Bidder other than a Stalking Horse Bidder, certain executory contract(s) or unexpired lease(s) identified therein.

In accordance with the Assumption and Assignment Procedures and the Bidding Procedures Order, the Debtors now file this supplement to the First Potential Assumption and Assignment Notice (the “Supplemental Notice”) and provide (1) notice that the Debtors may potentially assume and assign to a Stalking Horse Bidder, or a Successful Bidder other than a Stalking Horse Bidder, certain additional executory contract(s) or unexpired lease(s) listed on Schedule 1 attached hereto (each, an “Additional Contract”) to which you are or may be a counterparty and (2) clarification of the Debtor Party and/or Counterparty to certain of the Contracts included in the First Potential Assumption and Assignment Notice, each as listed on Schedule 2 attached hereto (each, a “Revised Contract” and, together with the Additional Contracts, the “Available Contracts”) to which you are or may be a counterparty.<sup>3</sup> The Debtors have conducted a review of their books and records and have determined that the Cure Costs are as set forth on Schedule 1 and Schedule 2 attached hereto.

**You are receiving this Supplemental Notice because you may be a Counterparty to an Available Contract of the Debtors that may be assumed and assigned to a Successful Bidder for the Debtors’ Assets.**

### **CURE COSTS**

In accordance with the Assumption and Assignment Procedures and the Bidding Procedures Order, the Debtors may, in connection with one or more Sale Transactions with a

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<sup>3</sup> Schedule 2 contains a list of Contracts and their respective Counterparties that were listed on (and served in) the First Potential Assumption and Assignment Notice. Schedule 2 makes only clarifying changes to the Contracts listed on the First Potential Assumption and Assignment Notice.

Successful Bidder at the Auction, seek to assume and assign to the Successful Bidder certain of their Available Contracts. Each of the Available Contracts that potentially could be assumed and assigned in connection with a Sale Transaction, together with the Debtors' calculation of Cure Costs with respect to such Available Contracts, is set forth on Schedule 1 and Schedule 2 hereto. The inclusion of any Available Contract on Schedule 1 or Schedule 2 does not constitute an admission by the Debtors or any other party that such Available Contract is an executory contract or an unexpired lease within the meaning of the Bankruptcy Code or require or guarantee that such Available Contract ultimately will be assumed or assigned. All rights of the Debtors with respect thereto are reserved.

## **CURE OBJECTIONS**

### **A. Cure Objection Deadline**

Any Counterparty to an Available Contract that wishes to object to the Debtors' proposed Cure Costs or assumption and assignment on any basis (each such objection, a "Available Contract Objection") (except objections solely related to: (a) adequate assurance of future performance by a Successful Bidder other than a Stalking Horse Bidder or (b) the assumption and assignment of the With You LLC Operating Agreement or the Creative Services Agreement with Tina Simpson to a Successful Bidder or designee) shall file with the Court and serve on the Objection Notice Parties its Available Contract Objection, which must state, with specificity, the legal and factual bases thereof and include any appropriate documentation in support thereof, by no later than **fourteen (14) calendar days after service of this Supplemental Notice** (the "Available Contract Objection Deadline").

### **B. Resolution of Cure Objections**

The Debtors and the objecting Counterparty shall first confer in good faith to attempt to resolve the Available Contract Objection without Court intervention. If the parties are unable to consensually resolve the Available Contract Objection prior to the commencement of the Sale Hearing, the Court shall make all necessary determinations relating to the applicable Cure Costs or assumption and assignment and the Available Contract Objection at a hearing scheduled pursuant to the following paragraph. If an Available Contract Objection is resolved in a manner that is not in the best interests of the Debtors and their estates, whether or not such resolution occurs prior to or after the closing of the applicable Sale Transaction (subject to the terms of the applicable Sale Transaction), the Debtors may determine that any Available Contract subject to such resolved Available Contract Objection will no longer be assumed and assigned pursuant to the applicable Sale Transaction (subject to the terms of the applicable Sale Transaction). All other objections to the proposed assumption and assignment of the Debtors' right, title and interest in, to and under an Available Contract will be heard at the Sale Hearing.

### **C. Adjourned Cure Objections**

If a timely filed Available Contract Objection cannot otherwise be resolved by the parties, the Available Contract Objection may be heard at the Sale Hearing, or, at the Debtors' option, be adjourned to a subsequent hearing (each such Available Contract Objection, an "Adjourned Available Contract Objection"); provided, that, the determination of whether an Available

Contract Objection may be heard at the Sale Hearing is in the Debtors' and the Court's discretion. An Adjourned Available Contract Objection may be resolved after the closing date of the applicable Sale Transaction. Upon resolution of an Adjourned Contract Objection and the payment of the applicable cure amount or resolution of the assumption and assignment issue, if any, the applicable Available Contract that was the subject of such Adjourned Available Contract Objection shall, as applicable, be deemed assumed and assigned to the applicable Successful Bidder as of the closing date of the applicable Sale Transaction.

**IF A COUNTERPARTY FAILS TO FILE WITH THE COURT AND SERVE ON THE OBJECTION NOTICE PARTIES A TIMELY AVAILABLE CONTRACT OBJECTION, THE COUNTERPARTY FOREVER SHALL BE BARRED FROM ASSERTING ANY OBJECTION WITH REGARD TO THE COST TO CURE ANY DEFAULTS UNDER THE APPLICABLE AVAILABLE CONTRACT AND SHALL BE DEEMED TO HAVE CONSENTED TO THE ASSUMPTION AND ASSIGNMENT OF THE AVAILABLE CONTRACT. THE CURE COSTS SET FORTH IN THE APPLICABLE ASSUMPTION AND ASSIGNMENT NOTICE SHALL BE CONTROLLING AND WILL BE THE ONLY AMOUNT NECESSARY TO CURE OUTSTANDING DEFAULTS UNDER THE AVAILABLE CONTRACT AND SATISFY THE REQUIREMENTS OF SECTION 365(B) OF THE BANKRUPTCY CODE, AND THE COUNTERPARTY TO THE AVAILABLE CONTRACT SHALL BE BOUND BY AND DEEMED TO HAVE CONSENTED TO THE CURE COSTS.**

#### **NOTICE OF AUCTION RESULTS**

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 business 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 the Available 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.

## ADEQUATE ASSURANCE OBJECTIONS

### **A. Adequate Assurance Objection Deadline**

Any Counterparty to an Available Contract that wishes to object to the proposed assumption and assignment of the Available Contract, other than with respect to a Stalking Horse Bidder, the subject of which objection is a Successful Bidder's (or any other relevant assignee's) proposed form of adequate assurance of future performance (each such objection, an "Adequate Assurance Objection"), shall file with the Court and serve on the Objection Notice Parties an Adequate Assurance Objection, which must state, with specificity, the legal and factual bases thereof and include any appropriate documentation in support thereof, by no later than the Post-Auction Objection Deadline of 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** (the "Adequate Assurance Objection Deadline").

### **B. Resolution of Adequate Assurance Objections**

The Debtors and the objecting Counterparty shall first confer in good faith to attempt to resolve the Adequate Assurance Objection without Court intervention. If the parties are unable to consensually resolve the Adequate Assurance Objection prior to the commencement of the Sale Hearing, the Adequate Assurance Objection and all issues of adequate assurance of future performance of the applicable Successful Bidder, the assumption and assignment of the With You LLC Operating Agreement or the Creative Services Agreement with Tina Simpson to a Successful Bidder or designee (or any other relevant assignee) shall be determined by the Court at the Sale Hearing.

**IF A COUNTERPARTY FAILS TO FILE WITH THE COURT AND SERVE ON THE OBJECTION NOTICE PARTIES A TIMELY ADEQUATE ASSURANCE OBJECTION, THE COUNTERPARTY FOREVER SHALL BE BARRED FROM ASSERTING ANY OBJECTION TO THE ASSUMPTION AND/OR ASSIGNMENT OF THE APPLICABLE AVAILABLE CONTRACT WITH REGARD TO ADEQUATE ASSURANCE OF FUTURE PERFORMANCE. THE APPLICABLE SUCCESSFUL BIDDER (OR ANY OTHER RELEVANT ASSIGNEE) SHALL BE DEEMED TO HAVE PROVIDED ADEQUATE ASSURANCE OF FUTURE PERFORMANCE WITH RESPECT TO THE AVAILABLE CONTRACT IN ACCORDANCE WITH BANKRUPTCY CODE SECTIONS 365(b)(1)(C), 365(f)(2)(B) AND, IF APPLICABLE, 365(b)(3), NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE AVAILABLE CONTRACT OR ANY OTHER DOCUMENT.**

## 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.

**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>.

Dated: October 8, 2021  
Wilmington, Delaware

/s/ Timothy P. Cairns

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*Counsel to the Debtors and Debtors in Possession*

**Schedule 1**

Counterparty	Debtor Party	Description of Contract	Address of Counterparty	Cure Amount	Party Potentially Assuming
Gaiam Shared Services Inc. and EUJV Pty Ltd (representing Innovations Direct Pty Ltd)	Gaiam Americas, Inc. (party is non-debtor Gaiam Pty)	Services Agreement	833 S So Boulder Rd, Boulder, Colorado 80307 (Gaiam Shared Services Inc.) 431 Warringah Road, Frenchs Forest, Sydney, NSW 2086 Australia (EUJV Pty Ltd. and Innovations Direct Pty Limited)	\$0.00	Galaxy
Gaiam International B.V., EUJV Pty Ltd., and Innovations Direct Pty Limited	Gaiam Americas, Inc. (party is Gaiam International BV and Gaiam Inc.)	Shareholders Agreement	360 Interlocken Boulevard, Broomfield, CO 80021 (Gaiam and Gaiam International B.V.) 431 Warringah Road, Frenchs Forest, Sydney, NSW 2086 Australia (EUJV Pty Ltd. and Innovations Direct Pty Limited)	\$0.00	Galaxy
Priority Fulfillment Services, Inc., PFSweb, Inc., Fit for Life, LLC, and FFL.com LLC	Gaiam Americas, Inc.	Confidential Settlement Agreement and General Release	505 Millennium Drive, Allen, Texas 75013 (PFSweb, Inc. and Priority Fulfillment Services, Inc.) 10 West 33rd Street, Suite 802, New York, NY 10001 (FFL.com LLC and Fit for Life, LLC)	\$0.00	Galaxy
E.S. Originals, Inc.	Galaxy Brands, LLC	License Back Agreement	440 Ninth Ave, 6th Floor, New York, NY 10018	\$0.00	Galaxy
E.S. Originals, Inc.	Galaxy Brands, LLC	Revenue Share Agreement and Release	440 Ninth Ave, 6th Floor, New York, NY 10018	\$0.00	Galaxy
High Life LLC	Galaxy Brands LLC	License Agreement	31 West 34th Street, 6th Floor, New York, NY 10001	\$0.00	Galaxy
High Life LLC	Galaxy Brands LLC	Revenue Share Agreement	31 West 34th Street, 6th Floor, New York, NY 10001	\$0.00	Galaxy
SPR Industria de Confecção S.A.	Galaxy Brands LLC and American Sporting Goods	Settlement Agreement and Release	R. dos Italianos, 1169, Bom Retiro, São Paulo -SP, 01131-000, Brazil	\$0.00	Galaxy
Four Quarters Documentary LLC	The Basketball Marketing Company	Investment Agreement	1026 Bergen Avenue, Linden, NJ 07036	\$0.00	Galaxy
FFL.com and Fitness E-Commerce Platform	Sequential Brands Group, Inc.	Consent to Assignment of Licensee	10 West 33rd Street, Suite 802, New York, NY 10001	\$0.00	Galaxy
Lifeworks Technology Group, LLC	Sequential Brands Group, Inc.	License Agreement	530 7th Ave, 21st Floor   New York, NY 10018	\$0.00	Galaxy
Implus Footcare, LLC and Fit for Life, LLC	Sequential Brands Group, Inc.	Settlement Agreement	2001 TW Alexander Drive, Durham, NC 27709 (Implus) 10 West 33rd Street, Suite 802, New York, NY 10001 (Fit for Life, LLC)	\$0.00	Galaxy
Lippe Taylor	Sequential Brands Group, Inc.	Consulting Agreement	140 Broadway 28th FL, New York, NY 10005	\$0.00	Galaxy
Marr Holdings, Inc.	William Rast Licensing	License Agreement	1407 Broadway, Suite 1702, New York, NY 10018	\$0.00	-
One Jeanswear Group Inc.	William Rast Licensing	License Agreement	1441 Broadway, New York, NY 10018	\$0.00	-



**Schedule 2**

<u>Counterparty</u>	<u>Debtor Party</u>	<u>Description of Contract</u>	<u>Address of Counterparty</u>	<u>Cure Amount</u>	<u>Party Potentially Assuming</u>
Aiweiya (China) Limited	American Sporting Goods Corporation and SBG Universe Brands LLC	Avia License Agreement	Room 01, 21/F Prosper Commercial Building, 9 Yin Chong Street, Kowloon, Hong Kong.	\$0.00	Galaxy
Fitness E-Commerce Platform LLC	Sequential Brands Group, Inc.	GAIAM E-Commerce License Agreement	10 West 33rd Street, Suite 802, New York, NY 10001	\$0.00	Galaxy
Fit for Life LLC and Fitness E-Commerce Platform LLC	Sequential Brands Group, Inc.	Indemnification Agreement	10 West 33rd Street, Suite 802, New York, NY 10001	\$0.00	Galaxy
E.S. Originals, Inc.	Galaxy Brands, LLC	License Agreement	440 Ninth Ave, 6th Floor, New York, NY 10018	\$0.00	Galaxy