

**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)
	:	
	:	Docket Ref. Nos. 19, 138

Hearing Date: November 4, 2021 at 10:00 a.m. (ET)

**NOTICE OF SELECTION OF SUCCESSFUL BIDDERS
AND CANCELLATION OF AUCTION**

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 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

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.



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]. Pursuant to the Bidding Procedures Order, the Debtors scheduled the Auction for October 28, 2021, at 10:00 a.m. (prevailing Eastern Time). On October 27, 2021, the Debtors filed a *Notice of Adjournment of Auction* [Docket No. 260] rescheduling the Auction to October 29, 2021 at 9:00 a.m. (prevailing Eastern Time).

In accordance with the terms of the Bidding Procedures Order, the Debtors have cancelled the Auction and have identified the following Successful Bidders for their Assets:

- Gainline Galaxy Holdings LLC as Successful Bidder for the Debtors' Active Division Assets for a purchase price including, as may be adjusted in accordance with the terms of the Galaxy APA, (a) \$55,500,000 in cash, (b) issuance to the Term B Lenders of Series A units of the Buyer in an amount equal to 11.3% of the aggregate outstanding Series A and Series B Units of the Buyer at Closing, such units to be valued at \$50,000,000, (c) issuance of indebtedness of Buyer or its subsidiaries in an amount equal to \$227,500,000, and (d) the assumption of certain assumed liabilities, all as more further set forth and/or described by (i) the Galaxy APA attached to the Motion and (ii) the notices of assumption and assignment filed in these Chapter 11 Cases [Docket Nos. 148, 175 and 225];
- Centric Brands LLC³ as Successful Bidder for the Debtors' Joe's Jeans Brand for a purchase price including but not limited to (a) an amount in cash that, when combined with the Cash Consideration as defined in, and payable under, that certain Asset Purchase Agreement, by and among JJWHP, LLC and William Rast Licensing, LLC, equals \$48,500,000 and (b) the assumption of certain assumed liabilities, all as more further described by (i) the Centric APA attached to the Motion and the *Notice of Filing Revised Documents Related to 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 Enter Into One or More Stalking Horse Agreements and to Provide Bidding Protections Thereunder, (C) Scheduling an Auction and Approving the Form and Manner Thereof, (D) Approving Assumption and Assignment Procedures, and (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof; (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*

³ Pursuant to Section 11.03 of the Centric APA, Centric Brands LLC has informed the Debtors that it will assign all of its rights and obligations under the Centric APA to JJWHP, LLC, a Delaware limited liability company, which is an Affiliate of WH Buyer, LLC.

Executory Contracts and Unexpired Leases; (III) Granting Related Relief [Docket No. 135] and certain improvements negotiated subsequent thereto and to be filed and (ii) the notices of assumption and assignment filed in these Chapter 11 Cases [Docket Nos. 148, 175 and 225]; and JJWHP, LLC as Successful Bidder for the Debtors' William Rast Brand for a purchase price including but not limited to (a) an amount in cash that, when combined with the Cash Consideration as defined in, and payable under, that certain Second Amended and Restated Asset Purchase Agreement, by and among Centric Brands LLC and Joe's Holdings LLC, equals \$48,500,000 and (b) the assumption of assumed liabilities, all as more further described by (i) the William Rast APA with JJWHP, to be filed and (ii) the notices of assumption and assignment filed in these Chapter 11 Cases [Docket Nos. 148, 175 and 225]; and

- With You Inc. as Successful Bidder for the Debtors' Unit Interests in With You LLC for a purchase price including but not limited to \$65,000,000 in cash, subject to certain adjustments, all as more further described by (i) the With You APA attached to the *Notice of (I) Stalking Horse Designation and (II) Filing of With You Stalking Horse Purchase Agreement with Bid Protections* filed on October 8, 2021 [Docket No. 176] and (ii) the notices of assumption and assignment filed in these Chapter 11 Cases [Docket Nos. 148, 175 and 225].

The Debtors will seek approval of the Sale and the above transactions at the Sale Hearing scheduled to commence 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. The Sale Hearing may be adjourned or rescheduled by the Debtors, in consultation with the Successful Bidders, to a time and date consistent with the Court's calendar, as set forth in notice on the docket of these Chapter 11 Cases, a notice of agenda, or stated orally at the Hearing.

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 **November 1, 2021, at 4:00 p.m. (prevailing Eastern Time)**. The deadline to object to Stalking Horse Bids passed on October 21, 2021.

THE FAILURE OF ANY PERSON OR ENTITY TO TIMELY 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.

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 28, 2021
Wilmington, Delaware

/s/ Timothy P. Cairns

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