UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF LOUISIANA

IN RE

KOLOGIK, LLC, ET AL.[1]	**CASE NO. 24-10311**
DEBTORS	**CHAPTER 11**
	(JOINT ADMINISTRATION)

INTERIM ORDER (I) AUTHORIZING DEBTORS TO UTILIZE CASH COLLATERAL, (II) GRANTING ADEQUATE PROTECTION TO PREPETITION SECURED PARTIES, (III) MODIFYING THE AUTOMATIC STAY, (IV) SCHEDULING A FINAL HEARING, AND (V) GRANTING RELATED RELIEF

Considering the motion (the "Motion")[2] of the above-captioned debtors in possession (the "Debtors") in the above captioned cases (the "Chapter 11 Cases"), pursuant to sections 105, 361, 362, 363(b), 363(c)(2), and 507 of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code"), Rules 2002, 4001, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and the Bankruptcy Local Rules for the Middle District of Louisiana (the "Bankruptcy Local Rules"), moving the Court for an order:(i) authorizing the Debtors to use Cash Collateral, including cash collateral which any Prepetition Secured Party asserts a security interest in, in accordance with the Budget; (ii) approving the proposed adequate protection offered by the Debtors and the Carve-Out (iii) scheduling the Final Hearing, the expedited hearing on shortened notice set for April 25, 2024, the United States Trustee's Omnibus Objection to Certain "First Day" Motions filed by the Debtor (P-35), the exhibits introduced into

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1 The debtors and debtors in possession these chapter 11 cases (the "Chapter 11 Cases"), along with the last four digits of their respective Employer Identification Numbers, are as follows: Kologik, LLC (3729), Case No. 24-10311; Kologik Capital, LLC (3729), Case No. 24-10312; and Kologik Capital II, LLC (3729), Case No. 24-10313. The Debtors' mailing address is: 300 Main St., Ste. #2200, Baton Rouge, LA, 70801.

2 Capitalized terms not otherwise defined herein take their meaning from the Motion.

evidence and the arguments counsel made at the hearing on the Motion (the "Interim Hearing"), and notice of the Interim Hearing having been given in accordance with Bankruptcy Rules 2002, 4001(b), (c), and (d), and 9014; and it appearing to the court that granting the interim relief requested is necessary to avoid immediate and irreparable harm to the Debtors and their estates pending the Final Hearing, and is otherwise fair and reasonable and in the best interests of the Debtors, their estate, and their creditors and equity holders, and is essential for the continued operation of the Debtors' business; and after due deliberation and consideration, and for good and sufficient cause shown:

IT IS ORDERED THAT:

1. The final hearing on the Motion shall be on June 3, 2024, at 9:00 a.m. CST. Any objections or responses to the entry of the Final Order shall be filed on or before 5:00 p.m. CST, May 24, 2024. If no objections to entry of the Final Order on the Motion are timely received, the court may enter such Final Order without need for the final hearing.

2. *Disposition*. The relief requested in the Motion is granted on an interim basis in accordance with the terms of this Interim Order. Any objections to the Motion with respect to the entry of this Interim Order that have not been withdrawn, waived or settled, and all reservations of rights included therein, are hereby denied and overruled on the merits. This Interim Order shall become effective immediately upon its entry.

3. *Jurisdiction*. This court has core jurisdiction over the Chapter 11 Cases, this Motion, and the parties and property affected hereby pursuant to 28 U.S.C. § 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

4. *Committee Formation*. As of the date of this order, the United States Trustee for Region 5 (the "U.S. Trustee") has not yet appointed an official committee of unsecured creditors in these Cases pursuant to section 1102 of the Bankruptcy Code (a "Creditors' Committee").

5. *Notice*. Proper, timely, adequate, and sufficient notice of the Motion has been provided in accordance with the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Local Rules, and no other or further notice of the Motion or the entry of this Interim Order shall be required. The interim relief granted herein is necessary to avoid immediate and irreparable harm to the Debtors and their estates pending the Final Hearing.

6. *Cash Collateral*. All cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents whenever acquired of the Debtors in which a Prepetition Secured Party [which are identified in the Motion and in Exhibit B thereto] asserts a security interest in and any proceeds of the preceding.

7. *Need for Use of Cash Collateral*. The Debtors have an immediate need to continue to use the Cash Collateral to preserve their estates, including for the orderly continuation of the operation of their businesses, and to preserve and maintain the going concern value of the Debtors. The access of the Debtors to sufficient working capital and liquidity through the use of Cash Collateral is necessary and vital to the preservation and maintenance of the going concern values of the Debtors.

8. *Interim Use of Cash Collateral*. The Debtors seek authorization to use Cash Collateral to pay the Debtors' ordinary and necessary operating expenses as set forth in Budget attached hereto as Exhibit A, plus a maximum of ten percent (10%) variance on an aggregate basis, from the Petition Date through the entry of a Final Order. The authorization contained in this paragraph shall be an interim authorization and shall authorize only those expenditures for the time

periods between the filing of the Motion and the Final Hearing. The Budget may be amended by notice to and consent by the Prepetition Secured Parties, upon court approval.

9. *Monthly Reporting*. The Debtors shall provide monthly reports to the Prepetition Secured Parties reflecting actual expenditures versus budgeted amounts and all variances between actual and budgeted expenditures, with such monthly reporting to be due by the 15th day after the end of the preceding month.

10. *Adequate Protection*. Subject to the terms and conditions of this Interim Order, and the actual diminution of its collateral in value below any allowed secured claim of a Prepetition Secured Party has as of the Petition Date, but only to the extent of such diminution, the affected Prepetition Secured Party shall have:

a. Replacement Liens on proceeds from the Proposed Sale in the same relative amounts and priority as the Pre-Petition Liens;

b. Replacement Liens upon all like-collateral (i.e. accounts, inventory, etc.) generated post-Petition Date in the same relative amounts and priority as the Pre-Petition Liens;

c. An allowed super-priority administrative expense claim pursuant to section 503(b) of the Bankruptcy Code in an amount equal to, but not exceeding, the amount of diminution in collateral value below any allowed secured claim which the Prepetition Secured Party holds as of the Petition date, caused by the Debtors' use of Cash Collateral; and

d. Additional benefits from the closing of the Proposed Sale as detailed in the Motion,

provided that, the liens and claims granted herein shall be subordinate to the Carve-Out.

11. *Anticipated Payments related to Senior Secured Notes*. Subject to entry of the Final Order, the Debtors will use the proceeds of the Proposed Sale to, amongst other things, pay in full their obligations to the Senior Secured Parties in respect of the MRB Notes and Riva Note.

12. *Reservation of Right*. Nothing herein shall prohibit the Debtors from asserting any claim, defense, or challenge to any lien, claim, or encumbrance upon property of the estate.

13. *Carve-Out*. For purposes of this Interim Order, the term "Carve-Out" shall mean any and all unpaid expenditures authorized or made pursuant to the Budget for: (i) the paid and unpaid fees of the Clerk of the Bankruptcy Court and the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6) and 28 U.S.C. § 156(c), and (ii) the reasonable paid and unpaid fees, disbursements, costs, and expenses incurred by Debtors' Professional and any committee appointed by the Court, but only to the extent such fees are allowed by the Bankruptcy Court, whether by interim order, procedural order or otherwise, (and, in the case of committee professionals, up to $25,000). For the avoidance of doubt, and without limiting the foregoing, (A) the Debtors are authorized, subject to applicable court orders, to pay any fee, disbursement, cost, or expense that falls within the Carve-Out; and (B) Cash Collateral may be used for payment of fees, disbursements, costs, and expenses of the Debtor Professionals or committee appointed by the Court, as allowed and payable, whether by interim order, procedural order or otherwise, or under sections 330 and 331 Bankruptcy Code. Notwithstanding anything herein to the contrary, the prepetition collateral and adequate protection collateral shall be subject to the Carve-Out, and the amounts authorized under the Carve-Out shall have preference and priority over payment of all such liens and claims.

14. *Good Cause*. Good and sufficient cause has been shown for the entry of this Interim Order. Among other things, entry of this Interim Order will minimize disruption of the business and operations of the Debtor and permit the Debtor to maintain the going concern value of its

business. The use of Cash Collateral authorized hereunder is necessary, essential, and appropriate and is in the best interest of, and will benefit, the Debtors, their creditors, and the Chapter 11 Cases as it will, among other things, provide the Debtors with the necessary liquidity to (i) avoid immediate and irreparable harm to the Debtors and their estates; and (ii) preserve and maximize the value of the Debtors' business and assets. The terms and conditions of the use of Cash Collateral and the security interests, liens, rights, and priorities hereunder are fair and appropriate under the circumstances.

15. *No Payments to Insiders*. Other than as provided for in the Budget, the Debtors shall not make any payment to or for the benefit of any insider of the Debtors, as that term is defined in section 101(31) of the Bankruptcy Code.

16. *Further Authorization*. The Debtors are authorized to enter into all agreements pursuant to the terms of this Interim Order necessary to allow the Debtor to use Cash Collateral subject to the terms of this Interim Order in the amounts and for the expenses set forth on the Budget. The Debtors are authorized to collect and receive all accounts receivable and other operating revenues and immediately deposit in the same manner as prior to the Petition Date as set forth in the *Emergency Motion For Entry of Interim and Final Orders (a) Authorizing the Debtors to Main Existing Cash Management System; (b) Granting Administrative Expense Priority to Postpetition Intercompany Transfers; (c) Authorizing Payment of Bank Fees, and (d) Other Related Relief*.

17. *Taxes*. Nothing in this Interim Order shall be construed to grant any Prepetition Secured Parties liens which are senior to pre- and post-petition statutory ad valorem real property tax liens. The Debtors shall remain current in all post-petition tax payments and reporting

obligations, including, but not limited to, all ad valorem real property taxes and federal trust fund taxes.

18. *Subsequent Modification of Order*. If any or all of the provisions of this Interim Order are later modified, vacated or stayed, such modification, vacation or stay shall not affect the validity of any obligation, indebtedness or liability incurred by the Debtors from the Petition Date through the effective date of such modification, vacation or stay, or the validity or enforceability of any security interest, lien or priority authorized or created by this Interim Order.

19. *Immediate Entry*. Sufficient cause exists for immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(c)(2). Any objections that were made (to the extent such objections have not been withdrawn, waived, resolved, or settled) are hereby overruled on the merits.

20. *Effectiveness*. This Interim Order shall constitute findings of fact and conclusions of law and shall take effect and be fully enforceable as of the Petition Date immediately upon entry hereof. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062, or 9014 of the Bankruptcy Rules or any Local Bankruptcy Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Interim Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Interim Order.

21. *Headings*. Section headings used herein are for convenience only and are not to affect the construction of or to be taken into consideration in interpreting this Interim Order.

22. *Bankruptcy Rules*. The requirements of Bankruptcy Rules 4001, 6003 and 6004, in each case to the extent applicable, are satisfied by the contents of the Motion.

23. *Calculation of Dates*. All time periods set forth in this Interim Order, including the Milestones, shall be calculated in accordance with Bankruptcy Rule 9006(a).

24. *No Third Party Rights*. Except as explicitly provided for herein, the Interim Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect or incidental beneficiary.

25. *Necessary Action*. The Debtors are authorized to take all such reasonable actions as are necessary or appropriate to implement the terms of this Interim Order. In addition, the automatic stay is modified to permit affiliates of the Debtors who are not debtors in these Cases to take all actions as are necessary or appropriate to implement the terms of this Interim Order.

26. *Retention of Jurisdiction*. The court shall retain jurisdiction to enforce the provisions of this Interim Order, and this retention of jurisdiction shall survive the confirmation and consummation of any chapter 11 plan for any one or more of the Debtors notwithstanding the terms or provisions of any such chapter 11 plan or any order confirming any such chapter 11 plan.

27. *Service*. The Debtors shall promptly serve copies of this Interim Order (which shall constitute adequate notice of the Final Hearing) to the parties having been given notice of the Interim Hearing, to any party that has filed a request for notices with this Court.

Baton Rouge, Louisiana, April 25, 2024.

s/ Michael A. Crawford
MICHAEL A. CRAWFORD
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Kologik 13 Week Cash Outlook at 4-23-24
Using Invoicing Data from Quickbooks
Prepared 4-23-24

	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Week Beginning	4/23/2024	4/27/2024	5/4/2024	5/11/2024	5/18/2024	5/25/2024	6/1/2024	6/8/2024	6/15/2024	6/22/2024	6/29/2024	7/6/2024	7/13/2024
Week Ending	4/26/2024	5/3/2024	5/10/2024	5/17/2024	5/24/2024	5/31/2024	6/7/2024	6/14/2024	6/21/2024	6/28/2024	7/5/2024	7/12/2024	7/19/2024
Cash Beginning Balance: all banks at 4-23-24	844,141	560,578	407,966	408,369	249,504	299,792	346,332	140,257	191,604	56,923	159,652	652,578	680,006
Cash Inflows													
Hancock Whitney/Novo customer deposits	27,594	63,512	54,925	54,259	98,209	84,931	73,449	84,469	70,743	141,120	757,050	85,549	80,743
Deposts at MRB Not Available	(118,285)												
Deposit from GSV Not Available	(150,000)												
Trade show refund													
Total Cash Inflows	(240,691)	63,512	54,925	54,259	98,209	84,931	73,449	84,469	70,743	141,120	757,050	85,549	80,743
Cash Outflows													
Payroll + commissions		171,502		171,502			171,502		171,502		171,502		180,077
1099/Contractors													
Benefits			21,400				21,400					25,000	
Bonus													
Rent					2,300	3,769			2,300	3,769			2,300
Insurance Monthly Financed Premiums		3,000	1,500			3,000		1,500		3,000		1,500	
Escrow Account Fee	1,250												
US Trustee Qtrly Inv 1rst Due 1/15/24 - $6k est.											6,000		
Bankruptcy Legal Bills - Kelly Hart							30,000				30,000		
Bankruptcy Creditors Committee Fees							25,000				25,000		
Old Critical Vendor - 3 Cloud	10,000	10,000		10,000	14,000								
COGS Expenses excl payroll	14,769	14,769	14,769	14,769	14,769	14,769	14,769	14,769	14,769	14,769	14,769	14,769	19,769
Overhead excluding Payroll, Benefits, Rent	16,853	16,853	16,853	16,853	16,853	16,853	16,853	16,853	16,853	16,853	16,853	16,853	16,853
Total Cash Outflows	42,872	216,124	54,522	213,124	47,922	38,391	279,524	33,122	205,424	38,391	264,124	58,122	218,999
Available Cash Ending Balance	560,578	407,966	408,369	249,504	299,792	346,332	140,257	191,604	56,923	159,652	652,578	680,006	541,749
Net Cash In (Out)	(283,563)	(152,612)	403	(158,865)	50,287	46,540	(206,075)	51,347	(134,681)	102,729	492,926	27,427	(138,256)
Accounts Receivable													
Accounts Receivable BB (1-90 Days)	497,357	469,763	406,251	401,326	726,400	628,191	1,205,759	1,182,311	1,097,841	1,530,931	1,389,811	632,761	597,212
Invoices				379,333		662,500			503,833				321,333
GCOM-contract ends 6-30-24			50,000				50,000					50,000	
Jackson PD-contract ends 2/20/24													
Collections	(27,594)	(63,512)	(54,925)	(54,259)	(98,209)	(84,931)	(73,449)	(84,469)	(70,743)	(141,120)	(757,050)	(85,549)	(80,743)
Accounts Receivable EB (1-90 Days)	469,763	406,251	401,326	726,400	628,191	1,205,759	1,182,311	1,097,841	1,530,931	1,389,811	632,761	597,212	837,802
Collections as % of AR	*5.55%*	*13.52%*	*13.52%*	*13.52%*	*13.52%*	*13.52%*	*6.09%*	*7.14%*	*6.44%*	*9.22%*	*54.47%*	*13.52%*	*13.52%*
% AR collected over $1mm													
Accounts Receivable BB (91+ Days)	89,843	89,843	89,843	89,843	89,843	89,843	89,843	89,843	89,843	89,843	89,843	89,843	89,843
Invoices Moved Over													
Collections	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts Receivable EB (1-90 Days)	89,843	89,843	89,843	89,843	89,843	89,843	89,843	89,843	89,843	89,843	89,843	89,843	89,843
Total A/R BB	587,200	559,606	496,094	491,169	816,243	718,034	1,295,602	1,272,154	1,187,685	1,620,775	1,479,655	722,604	687,055
Total A/R EB	559,606	496,094	491,169	816,243	718,034	1,295,602	1,272,154	1,187,685	1,620,775	1,479,655	722,604	687,055	927,645

average collection last 16 weeks	19.10%
Actual Collection Rate for Week 4/13/24-4/19/24	18.10%
Actual Collection Rate for Week 4/6/24-4/12/24	38.92%
Actual Collection Rate for Week 3/30/24-4/5/24	13.80%
Actual Collection Rate for Week 3/23/24-3/29/24	65.12%
Actual Collection Rate for Week 3/16/24-3/22/24	7.77%
Actual Collection Rate for Week 3/9/24-3/15/24	17.24%
Actual Collection Rate for Week 3/2/24-3/8/24	22.06%
Actual Collection Rate for Week 2/24/24-3/1/24	11.27%
Actual Collection Rate for Week 2/17/24-2/23/24	16.61%
Actual Collection Rate for Week 2/10/24-2/16/24	21.91%
Actual Collection Rate for Week 2/3/24-2/9/24	6.79%
Actual Collection Rate for Week 1/28/24-2/2/24	12.40%
Actual Collection Rate for Week 1/20/24-1/27/24	17.96%
Actual Collection Rate for Week 1/13/24-1/19/24	5.46%
Actual Collection Rate for Week 1/6/24-1/12/24	20.22%
Actual Collection Rate for Week 12/30/23-1/5/24	9.88%