



Laura T Beyer

Laura T. Beyer
United States Bankruptcy Judge

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NORTH CAROLINA
STATESVILLE DIVISION**

In re:

Systematic Audio, LLC,¹

Debtor.

Chapter 11

Case No. 26-50236 (LTB)

**INTERIM ORDER (I) AUTHORIZING POSTPETITION USE OF CASH
COLLATERAL; (II) GRANTING ADEQUATE PROTECTION;
(III) SCHEDULING A FINAL HEARING; AND (IV) GRANTING RELATED RELIEF**

This matter coming before the Court on the motion (the “Motion”) of Systematic Audio, LLC, d/b/a Sundown Audio (the “Debtor”), as debtor and debtor-in-possession in the above-captioned chapter 11 case (the “Chapter 11 Case”), for entry of an interim order (the “Interim Order”) pursuant to sections 105, 361, 362, 363, and 507 of title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the Local Bankruptcy Rules for the Western District of North Carolina (the “Local Rules”): (i) authorizing the Debtor to use Cash Collateral (as defined herein) of KeyBank National Association (“KeyBank”) and Medallion Capital, Inc. (“Medallion,” and together with KeyBank, the “Prepetition Secured Parties”) on an interim basis, (ii) granting

¹ The Debtor in this chapter 11 case, along with the last four digits of its federal tax identification number is: Systematic Audio, LLC (6927). The Debtor’s headquarters and the mailing address is 2847 John Deere Drive, Suite 102, Knoxville, TN 37917.

adequate protection to the Prepetition Secured Parties, and (iii) granting related relief; and the Court having considered the Motion, the evidence presented, and the arguments of counsel at the interim hearing held on June 17, 2026 (the “Interim Hearing”); and notice of the Motion and the Interim Hearing having been given in accordance with the Bankruptcy Rules, the Local Rules, and the guidelines set forth in Appendix A to the Local Rules; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtor, its estate, and its creditors; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY FOUND:

A. **Petition Date.** On June 9, 2026 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code, thereby commencing the above-captioned case. The Debtor is a Tennessee limited liability company with its principal place of business at 514 West 21st Street, Newton, North Carolina 28658 (Catawba County).

B. **Debtor in Possession.** The Debtor continues to operate its business and manage its properties as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

C. **No Trustee or Examiner.** No trustee or examiner has been appointed in this Case.

D. **Jurisdiction and Venue.** This Court has subject matter jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the General Order of Reference from the United States District Court for the Western District of North Carolina. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

E. **Need to Use Cash Collateral.** The Debtor has an immediate and critical need to use Cash Collateral (as defined below) to, among other things, continue to operate its business, pay employees, purchase inventory, pay operating expenses, and preserve the value of its assets and business for the benefit of all parties in interest. Without the ability to use Cash Collateral on

an interim basis pending a final hearing, the Debtor will suffer immediate and irreparable harm, and the value of the estate will be diminished.

F. **Interim Relief.** This Interim Order is being entered on a shortened notice basis following the interim hearing. A final hearing on the Motion (the “Final Hearing”) will be held on July 10, 2026 at 11:30 a.m. at 200 West Broad Street, Room 301, Statesville, NC 28677. The Debtor shall serve notice of this Interim Order and the Final Hearing on all creditors and parties in interest in accordance with the Bankruptcy Rules, the Local Rules, and Appendix A to the Local Rules. Objections to the entry of a final order authorizing the continued use of Cash Collateral shall be filed and served no later than July 2, 2026.

G. **Equity Interests.** The Debtor’s equity interests are 100% owned by XS Investment Intermediate, LLC. Sandeep Gupta serves as the Debtor’s Independent Manager. Scottie Johnson serves as the Debtor’s Chief Executive Officer.

KeyBank Prepetition Credit Documents and Claims

H. **KeyBank Prepetition Loan Documents.** Prior to the Petition Date, the Debtor and KeyBank entered into a certain *Loan and Security Agreement (All Assets)* dated as of August 6, 2025 (the “L&S Agreement,” and collectively, with all other agreements, documents, and instruments executed and/or delivered in connection therewith, as amended, restated, supplemented or otherwise modified from time to time, the “KeyBank Loan Documents”), pursuant to which, among other things, KeyBank extended to the Debtor a Term Loan in the original principal amount of \$7,500,000 and a revolving Line of Credit with a Credit Limit of \$15,000,000. Also pursuant to the L&S Agreement, the Debtor granted KeyBank a continuing first priority security interest in and lien upon all of the Debtor’s assets (collectively, the “Prepetition Collateral”). KeyBank perfected its security interest in the Prepetition Collateral

comprising personal property by, among other things, the filing of UCC-1 financing statements, including financing statement number U2025114751, filed with the Tennessee Secretary of State. The Debtor's obligations under the L&S Agreement are further collateralized by (i) a certain Pledge Agreement executed by Scottie Johnson in favor of KeyBank (the “Johnson Pledge Agreement”) and (ii) that certain Deed of Trust dated November 12, 2025, executed by the Debtor, as grantor, in favor of KeyBank, as beneficiary, and Stewart Title Insurance Company, as trustee, encumbering the Debtor's real property located at 514 W. 21st Street, City of Newton, Catawba County, North Carolina (Parcel Number 3731209104780000), recorded on December 29, 2025, in the Office of the Register of Deeds of Catawba County, North Carolina, at Book 3990, Page 1042 (the “Deed of Trust”), securing indebtedness in the maximum aggregate principal amount of \$7,500,000.00.²

I. **Prepetition KeyBank Obligations.** As of the Petition Date, the Debtor was indebted to KeyBank under the KeyBank Loan Documents in the aggregate amount of not less than (i) \$12,662,097.03 in outstanding principal on the Line of Credit plus \$15,124.16 in accrued and unpaid interest; (ii) \$6,250,000.00 in outstanding principal on the Term Loan plus \$7,769.10 in accrued and unpaid interest; and (iii) all fees, costs, expenses, and other charges accrued and owing under the KeyBank Loan Documents (collectively, the “KeyBank Secured Obligations”).

J. **Validity of Prepetition Liens.** Subject to the Challenge Period (as defined in paragraph 9 below), the Debtor stipulates, acknowledges, and agrees that: (i) the KeyBank Loan Documents are valid, binding, and enforceable against the Debtor in accordance with their terms; (ii) the KeyBank Secured Obligations constitute legal, valid, and binding obligations of the Debtor; (iii) the liens and security interests of KeyBank in and to the Prepetition Collateral are valid,

² The “KeyBank Loan Documents” include the Johnson Pledge Agreement and the Deed of Trust.

binding, enforceable, and properly perfected first-priority liens and security interests (collectively, the “KeyBank Prepetition Liens”); and (iv) no offsets, challenges, objections, defenses, claims, or counterclaims of any kind or nature to any of the foregoing exist.

K. **No Claims Against KeyBank.** Subject to the Challenge Period (as defined in paragraph 9 below), the Debtor hereby forever waives, discharges, and releases any right it may have to challenge any of the KeyBank Secured Obligations, and to assert any setoff rights, defenses, claims, objections, challenges, counterclaims, causes of action and/or choses in action that could affect the validity, enforceability, or non-avoidability of any of KeyBank’s liens, claims, or security interests in the Prepetition Collateral, whether arising under the Bankruptcy Code or applicable non-bankruptcy law, against KeyBank and its affiliates, subsidiaries, agents, officers, directors, employees, attorneys, and advisors, in each case in connection with any matter related to the KeyBank Secured Obligations and the KeyBank Loan Documents, or the financing and transactions contemplated thereby, or the Prepetition Collateral.

Medallion Prepetition Loan Documents and Claims and Subordination Agreement

L. **Medallion Prepetition Loan Documents.** Prior to the Petition Date, the Debtor and Medallion entered into that certain *Note Purchase and Security Agreement (All Assets)* dated as of August 6, 2025 (the “Note Purchase Agreement”), pursuant to which the Debtor issued a Senior Subordinated Note dated as of August 6, 2025, in the original aggregate principal amount of \$6,000,000 and due February 6, 2031 (the “Subordinated Note”), and granted Medallion a security interest in substantially all of the Debtor’s assets to secure its obligations thereunder (collectively, with all other agreements, documents, and instruments executed and/or delivered in connection therewith, as amended, restated, supplemented or otherwise modified from time to

time, the “Medallion Loan Documents,” and together with the KeyBank Loan Documents, the “Prepetition Loan Documents”).

M. **Subordination and Intercreditor Agreement.** The Debtor, Systematic Power Solutions, LLC, SVJ Holdings, LLC, XS Investment Intermediate, LLC, XS Investment – QC, LLC, and XS Investment – QC Parent, LLC (collectively, the “Borrowers”), KeyBank, and Medallion are party to that certain Subordination and Intercreditor Agreement dated as of August 6, 2025 (the “Intercreditor Agreement”), pursuant to which, among other things, all of Medallion's liens and security interests in the Prepetition Collateral are expressly subordinated and junior in priority to the liens and security interests of KeyBank securing the KeyBank Secured Obligations.

N. **Cash Collateral.** KeyBank asserts a first priority lien on and security interest in all of the Debtor's cash, deposit accounts, accounts receivable, inventory, and the proceeds thereof, including but not limited to all cash on hand, cash in bank accounts, proceeds of inventory sales, proceeds of accounts receivable, and all other cash equivalents in which KeyBank holds a security interest (collectively, the “Cash Collateral”) within the meaning of section 363(a) of the Bankruptcy Code.

O. **Good Faith of the Parties.** The Debtor and KeyBank have acted in good faith in connection with the negotiation and entry of this Interim Order. The terms and conditions of this Interim Order are fair and reasonable, reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

P. **Notice.** Notice of the Motion and the Interim Hearing has been provided by the Debtor in compliance with the Bankruptcy Rules, the Local Rules, and Appendix A to the Local Rules, including notice to: (i) the Bankruptcy Administrator for the Western District of North

Carolina; (ii) Roger A. Clement, Jr., Esq. (rclement@verrill-law.com) and Lindsay Milne, Esq. (lmilne@verrill-law.com) from Verrill Dana LLP and Kathleen O'Malley, Esq. (komalley@smvt.com) of Stevens Martin Vaughn & Tadych, PLLC, co-counsel for KeyBank; (iii) Michael P. Warren, Esq. (mwarren@taftlaw.com) from Taft Stettinius & Hollister LLP, counsel for Medallion; (iv) all parties known to assert a lien on or security interest in Cash Collateral; and (v) the Debtor's twenty (20) largest unsecured creditors. Under the circumstances, such notice constitutes adequate notice of the Motion and the Interim Hearing.

Q. Adequate Protection. The Prepetition Secured Parties are entitled to adequate protection of their respective interests in the Prepetition Collateral and Cash Collateral pursuant to sections 361, 362, and 363(e) of the Bankruptcy Code to the extent of any diminution in the value of the Prepetition Collateral and Cash Collateral resulting from the Debtor's use, sale, or lease of Cash Collateral, the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code, and/or any other legally cognizable reason. The adequate protection provided herein is consistent with and satisfies the requirements of Appendix A to the Local Rules.

R. Budget. The Debtor has prepared a budget (the "Budget"), a copy of which is attached hereto as **Exhibit A**, setting forth the Debtor's projected receipts, disbursements, and operating expenses for the period from the Petition Date through the week of September 5, 2026. KeyBank has approved the use of Cash Collateral during the Interim Period (as defined below) in accordance with the Budget, subject to the Permitted Variance (as defined below).

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:

1. **Motion Granted.** The Motion is **GRANTED** on an interim basis as set forth herein.

2. **Authorization to Use Cash Collateral.** Subject to the terms and conditions of this Interim Order, the Debtor is authorized to use Cash Collateral during the period from the Petition Date through the earliest of: (a) July 11, 2026; (b) the date of entry of a Final Order on the Motion; or (c) the occurrence of an Event of Default (as defined below) and the expiration of the Remedies Notice Period (as defined below) (the “Interim Period”). The Debtor’s use of Cash Collateral shall be in accordance with the Budget, subject to the Permitted Variance.

3. **Budget Compliance and Permitted Variance.** The Debtor shall use Cash Collateral solely in accordance with the Budget. The Debtor shall be permitted a variance of up to twenty percent (20%) as to each of the “Operating Receipts” and “Operating Disbursements” line items, measured on a rolling five-week, cumulative basis (the “Permitted Variance”). The Debtor may not use Cash Collateral for any purpose not set forth in the Budget without the prior written consent of KeyBank or further order of this Court.

4. **Replacement Liens.** Pursuant to sections 361(2), 363(e) and 506 of the Bankruptcy Code, in order to provide adequate protection of the Prepetition Secured Parties’ interests in the Cash Collateral against, and solely to the extent of any, diminution in the value of their collateral (“Collateral Diminution”) caused by the Debtor’s use of Cash Collateral pursuant to this Order, the Prepetition Secured Parties’ prepetition liens and security interests in the Prepetition Collateral shall continue in full force and effect and shall extend to all of the Debtor’s post-petition acquired assets, regardless of the nature of such assets, to the same extent, validity, and priority of any interest each Prepetition Secured Party held in Cash Collateral on the Petition Date (the “Replacement Liens”), provided that such Replacement Liens shall not attach to any causes of action arising under chapter 5 of the Bankruptcy Code. Such Replacement Liens shall be (i) in addition to all security interests, liens and rights of setoff existing in favor of the Prepetition

Secured Parties on the Petition Date, (ii) valid, perfected, enforceable liens and effective as of the Petition Date without any further action by the Debtor or the applicable Secured Lender and without the execution, filing or recordation of any document otherwise required under applicable law for granting and perfecting security interests and liens, and (iii) security for the use of Cash Collateral and as protection against Collateral Diminution. The Replacement Liens shall be binding upon the Debtor, any successor in interest to the Debtor, and creditors who have or may hereafter extend credit to the Debtor or its estate. Other than the Carve-Out (as defined below), no other liens or claims are or will be prior to or on parity with the Replacement Liens (other than pursuant to the express prior written consent of KeyBank).

5. **Adequate Protection Liens.** As additional adequate protection for, and solely to the extent of, any Collateral Diminution, the Prepetition Secured Parties are hereby granted valid, binding, enforceable, and automatically perfected replacement liens on and security interests in all presently owned or hereafter acquired property and assets of the Debtor and its estate of any kind or nature, whether real or personal, tangible or intangible, wherever located, and the proceeds, products, offspring, rents, and profits thereof (collectively, the “Adequate Protection Liens”), with the same validity, extent, and priority as the Prepetition Secured Parties’ respective prepetition liens, subject and subordinate only to: (i) the Carve-Out (as defined below); and (ii) any valid, perfected, and non-avoidable liens or security interests in favor of third parties that were senior to the Prepetition Secured Parties’ liens as of the Petition Date. Under this Interim Order, the Adequate Protection Liens shall not attach to any claims or causes of action arising under sections 544, 545, 547, 548, or 549 of the Bankruptcy Code or the proceeds thereof. For the avoidance of doubt, both KeyBank’s Adequate Protection Liens and the KeyBank Prepetition Liens shall be senior in priority to the Adequate Protection Liens and prepetition liens of Medallion.

6. **Perfection of Adequate Protection Liens.** The Adequate Protection Liens granted herein shall be deemed automatically perfected without the necessity of the Prepetition Secured Parties taking any action, including but not limited to the filing of financing statements, the recording of security agreements, mortgages, or deeds of trust, or the taking of possession or control of any Prepetition Collateral. If any of the Prepetition Secured Parties elects, in their sole discretion, to file or record any such documents, the Debtor shall cooperate and the filing or recording thereof shall be deemed to have been made at the time of entry of this Interim Order.

7. **Carve-Out.** Notwithstanding anything to the contrary in this Interim Order, the Debtor's obligations to the Prepetition Secured Parties, and the liens and security interests granted by this Interim Order, including the Adequate Protection Liens, and the payment of all such obligations, shall be subject and subordinate in all respects to payment of the following fees and expenses: (i) all unpaid fees required to be paid to the Clerk of the Court and statutory fees payable under 28 U.S.C. § 1930; and (ii) to the extent allowed at any time and incurred during the Interim Period, all budgeted, accrued but unpaid fees and expenses incurred by professionals retained by the Debtor during the Interim Period (the "Chapter 11 Professionals") under sections 327 or 328 of the Bankruptcy Code prior to the expiration of the Remedies Notice Period (the foregoing clauses (i) and (ii), collectively, the "Carve-Out"). On a weekly basis, the fees and expenses of the Chapter 11 Professionals shall be funded into an escrow account in the amount set forth in the Budget (the "Professional Fee Escrow"). The funds held in the Professional Fee Escrow shall be held in trust for the sole benefit of the Chapter 11 Professionals benefiting from the Carve-Out, and any residual amounts in the Professional Fee Escrow available following satisfaction in cash in full of all obligations benefiting from the Carve-Out shall be subject to the Adequate Protection Liens; *provided*, that, for the avoidance of doubt, (x) the Chapter 11 Professionals' payment of

allowed fees and expenses shall not be limited to the funds held in the Professional Fee Escrow, and (y) the Prepetition Secured Parties reserve all rights to object to the allowance of any fees and expenses incurred by the Chapter 11 Professionals. KeyBank acknowledges and agrees that the Debtor may use up to \$400,000 of the proceeds from the Tariff Refund Program, as referenced in line 4 of the Budget, to fund the Professional Fee Escrow to pay the allowed fees and expenses of the Chapter 11 Professionals incurred during the Interim Period in excess of budgeted amounts, including up to \$100,000 of fees and expenses incurred after the expiration of the Remedies Notice Period; *provided*, that KeyBank agrees to negotiate in good faith regarding the use of additional Tariff Refund Program proceeds to fund reasonable and necessary fees incurred by the Chapter 11 Professionals during the Interim Period in excess of budgeted amounts plus such \$400,000.

8. **Super-Priority Administrative Claim.** To the extent that the adequate protection provided herein (including the Adequate Protection Liens) proves insufficient to compensate the Prepetition Secured Parties for any Collateral Diminution, the Prepetition Secured Parties are hereby granted allowed superpriority administrative expense claims (each, a “Super-Priority Claim”) against the Debtor and its estate pursuant to section 507(b) of the Bankruptcy Code, with priority over all administrative expenses of the kinds specified or ordered pursuant to any provision of the Bankruptcy Code, including sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1113, and 1114 of the Bankruptcy Code, subject and subordinate only to the Carve-Out. KeyBank’s Super-Priority Claim shall have priority over any and all claims of Medallion against the estate, whether on account of a Super-Priority Claim or otherwise.

9. **Challenge Period.** The stipulations, admissions, and agreements of the Debtor set forth in this Interim Order, including in paragraphs H to K, shall be binding upon the Debtor and all parties in interest (including any successor trustee, any official committee of unsecured

creditors, and any other party in interest with standing) unless a party in interest with standing (other than the Debtor) files with this Court and serves upon KeyBank and the Debtor a complaint, motion, or other pleading commencing a contested matter or adversary proceeding challenging the validity, enforceability, priority, extent, or perfection of the KeyBank Prepetition Liens and security interests or the amount of the KeyBank Secured Obligations (a “Challenge”), by the earlier of: (a) sixty (60) days after the date of appointment and engagement of counsel for any official committee of unsecured creditors; or (b) ninety (90) days after the Petition Date if no committee is appointed (the “Challenge Period”). If no Challenge is timely filed and served, the stipulations, admissions, and agreements contained herein shall be binding on all parties in interest for all purposes and shall not be subject to challenge or objection by any party in interest.

10. **No Priming or *Pari Passu* Liens.** Unless otherwise agreed to in writing by KeyBank, no lien or security interest having a priority senior to or *pari passu* with the liens and security interests of KeyBank (whether the KeyBank Prepetition Liens or the Adequate Protection Liens) may be granted to any party.

11. **Financial Reporting.** The Debtor shall provide to KeyBank and the Bankruptcy Administrator, beginning on the fourth business day of the third week of the Budget and on a weekly basis thereafter (or as otherwise agreed with KeyBank): (a) a variance report comparing actual receipts and disbursements to the Budget; (b) a rolling 13-week cash flow projection updated at least monthly; and (c) such other financial reports and information as the Prepetition Secured Parties may reasonably request.

12. **Inspection and Audit Rights.** The Prepetition Secured Parties and their agents, representatives, and professionals shall have the right, upon reasonable prior notice (which shall not be less than 48 hours) and during normal business hours, to inspect, audit, and review the

Debtor's books, records, properties, and operations, including without limitation the Debtor's deposit accounts and all disbursements therefrom, at the Debtor's expense; *provided, however*, that the Debtor shall not be obligated to share any information that is subject to any applicable privilege(s) (including any attorney-client privilege), confidentiality obligations due and owing to third parties which would be violated as a result of such sharing, or would violate applicable law.

13. **Insurance and Taxes.** The Debtor shall: (a) maintain insurance on all Prepetition Collateral in amounts and coverage consistent with prepetition practice, naming KeyBank as loss payee and additional insured as appropriate; (b) timely pay all post-petition taxes as they become due, including payroll, sales, and property taxes; and (c) comply with all applicable laws and regulations.

14. **Events of Default.** The occurrence of any of the following shall constitute an "Event of Default" under this Interim Order:

- a) The Debtor's failure to comply with any term, provision, or condition of this Interim Order;
- b) The Debtor's failure to obtain entry of a final order on the Motion by July 18, 2026;
- c) The Debtor's use of Cash Collateral in excess of the amounts authorized by the Budget and the Permitted Variance;
- d) The conversion of this Case to a case under chapter 7 of the Bankruptcy Code;
- e) The appointment of a chapter 11 trustee in this Case;
- f) The dismissal of this Case;
- g) The termination or expiration of the Debtor's exclusivity period under section 1121 of the Bankruptcy Code;
- h) The Debtor or any person on behalf of the Debtor files any motion seeking authority to consummate a sale of Prepetition Collateral outside the ordinary course of business without the consent of KeyBank;

- i) Any party files a chapter 11 plan without the prior written consent of KeyBank that proposes treatment of the KeyBank Secured Obligations in any manner other than payment in full, in cash, on the effective date of such plan;
- j) The Debtor's failure to maintain insurance on the Prepetition Collateral as required herein, which failure remains uncured for ten (10) business days after written notice thereof;
- k) The Debtor's failure to timely provide financial reporting as required by paragraph 11 above, which failure remains uncured for five (5) business days after written notice thereof;
- l) The entry of any order modifying, reversing, revoking, staying, rescinding, vacating, or amending this Interim Order without the prior written consent of KeyBank; or
- m) The Debtor's cessation of business operations or the closing of the Debtor's business other than in the ordinary course.

15. **Remedies Upon Default.** Upon the occurrence of an Event of Default, KeyBank shall provide written notice (a “Default Notice”) to the Debtor, the Debtor's counsel, Medallion and the Bankruptcy Administrator, specifying the Event of Default. Upon delivery of the Default Notice, KeyBank shall have the right to seek an emergency hearing before this Court (on not less than three (3) business days' notice) to request termination of the Debtor's authority to use Cash Collateral and such other relief as may be appropriate (the “Remedies Notice Period”). During the Remedies Notice Period, the Debtor shall be authorized to use Cash Collateral solely to fund: (i) employee wages and benefits, and payroll taxes, in the ordinary course; (ii) the Carve-Out; and (iii) such other amounts set forth in the Budget as are necessary to avoid immediate and irreparable harm to the Debtor's estate.

16. **Adequate Protection Payments; Reimbursement for Professional Fees.** As additional adequate protection, the Debtor shall pay or reimburse KeyBank up to the amount set forth in the Budget, without further order of this Court, for all reasonable and documented legal fees and expenses, incurred by KeyBank in connection with the KeyBank Loan Documents, this

Interim Order, the Final Order, and the Chapter 11 Case, in each case as and to the extent provided in the KeyBank Loan Documents. KeyBank shall provide summary invoices for such fees and expenses to the Debtor, the Bankruptcy Administrator, and any official committee appointed in this Case, and such invoices shall be payable within ten (10) business days absent a written objection as to reasonableness; if a timely objection is raised and not consensually resolved, the disputed portion shall be subject to further order of this Court.

17. **No Marshalling; Section 552(b) Waiver.** Subject to and effective upon entry of a Final Order, in no event shall KeyBank be subject to the equitable doctrine of “marshalling” or any similar doctrine with respect to the Prepetition Collateral, whether with respect to the KeyBank Prepetition Liens or the Adequate Protection Liens, regardless of non-Debtor assets that may collateralize the KeyBank Secured Obligations. Subject to and effective upon entry of a Final Order, KeyBank shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, and the “equities of the case” exception under section 552(b) shall not apply to KeyBank with respect to proceeds, products, offspring, or profits of the Prepetition Collateral, whether with respect to the KeyBank Prepetition Liens or the Adequate Protection Liens.

18. **Credit Bid Rights.** Nothing in this Interim Order or any other order of this Court shall impair or limit KeyBank’s right to credit bid any or all of the KeyBank Secured Obligations in connection with any sale of any of the Prepetition Collateral, whether pursuant to section 363 of the Bankruptcy Code, a chapter 11 plan, or otherwise, to the fullest extent permitted by section 363(k) of the Bankruptcy Code.

19. **Final Hearing; Service.** A Final Hearing on the Motion shall be held on July 10, 2026, at 11:30 a.m. before the Honorable Laura T. Beyer, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Western District of North Carolina, Statesville Division

located at 200 West Broad Street, Room 301, Statesville, NC 28677. Objections to the entry of a final order authorizing the use of Cash Collateral on a final basis shall be filed no later than July 2, 2026 and served upon: (i) counsel for the Debtor; (ii) Roger A. Clement, Jr., Esq. (rclement@verrill-law.com) and Lindsay Milne, Esq. (lmilne@verrill-law.com) from Verrill Dana LLP and Kathleen O'Malley, Esq. (komalley@smvt.com) of Stevens Martin Vaughn & Tadych, PLLC, co-counsel for KeyBank; (iii) Michael P. Warren, Esq. (mwarren@taftlaw.com) and James M. Jorissen (jjorissen@taftlaw.com) from Taft Stettinius & Hollister LLP and David M. Schilli (dschilli@rbh.com) of Robinson, Bradshaw & Hinson, P.A., counsel for Medallion; and (iv) the Bankruptcy Administrator for the Western District of North Carolina. The Debtor shall serve a copy of this Interim Order and notice the Final Hearing on all creditors and parties in interest within three (3) business days of entry of this Interim Order.

20. **Binding Effect.** This Interim Order shall be binding upon and inure to the benefit of the Debtor, the Prepetition Secured Parties, and their respective successors, assigns, heirs, and representatives, including any trustee or other fiduciary hereafter appointed as a legal representative of the Debtor's estate or with respect to the property of the estate in this Case or in any subsequent case under chapter 7 of the Bankruptcy Code.

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

22. **No Stay; Findings of Fact and Conclusions of Law.** This Interim Order shall constitute findings of fact and conclusions of law and shall take effect and be enforceable immediately upon entry, and notwithstanding any applicability of Bankruptcy Rules 4001(a)(3), 6004(h), 7062, 9014, or otherwise, the fourteen (14)-day stay provided in those rules is hereby waived and shall not apply to this Interim Order. Any finding of fact shall constitute a finding of

fact even if it is stated as a conclusion of law, and any conclusion of law shall constitute a conclusion of law even if it is stated as a finding of fact, pursuant to Bankruptcy Rule 7052.

23. **Retention of Jurisdiction.** This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

This Order has been signed electronically.
The judge's signature and court's seal appear
at the top of the Order.

United States Bankruptcy Court

EXHIBIT A

Budget

Sundown Audio
Weekly Cash Flow Forecast
(\$ in thousands)

Privileged and Confidential
 Subject to Material Revision
 Subject to FRE 408

	Week 1 Forecast 06/13/26	Week 2 Forecast 06/20/26	Week 3 Forecast 06/27/26	Week 4 Forecast 07/04/26	Week 5 Forecast 07/11/26	Week 6 Forecast 07/18/26	Week 7 Forecast 07/25/26	Week 8 Forecast 08/01/26	Week 9 Forecast 08/08/26	Week 10 Forecast 08/15/26	Week 11 Forecast 08/22/26	Week 12 Forecast 08/29/26	Week 13 Forecast 09/05/26	13-Week Total
Receipts														
1 AR Collections	275	275	275	275	275	275	275	275	275	275	275	275	275	3,575
2 Webstore	60	60	60	60	60	60	60	60	60	60	60	60	60	780
3 Subtotal - Operating Receipts	335	335	335	335	335	335	335	335	335	335	335	335	335	4,355
4 Tariff Refund Program	-	-	-	-	-	-	-	1,250	-	-	-	-	-	1,250
5 Subtotal - Non-Operating Receipts	-	-	-	-	-	-	-	1,250	-	-	-	-	-	1,250
6 Total Receipts	335	335	335	335	335	335	335	1,585	335	335	335	335	335	5,605
Disbursements														
7 Domestic Vendor Payments	-	(60)	(10)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(470)
8 Foreign Vendor Payments	-	-	-	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(1,000)
9 Subtotal - Merchandise Payments	-	(60)	(10)	(140)	(140)	(140)	(140)	(140)	(140)	(140)	(140)	(140)	(140)	(1,470)
10 Customs	-	-	(125)	-	-	-	(125)	-	-	-	(125)	-	-	(375)
11 Utilities	-	-	-	(11)	-	-	-	(11)	-	-	-	-	(11)	(32)
12 Health Insurance	-	-	-	(7)	-	-	-	-	(7)	-	-	-	(7)	(21)
13 Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Freight	-	(5)	(5)	(5)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(119)
15 Payroll	-	(47)	(37)	(37)	(37)	(47)	(37)	(37)	(37)	(37)	(47)	(37)	(37)	(472)
16 Corporate Card	-	(98)	(37)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(45)	(585)
17 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18 Intercompany SG&A	-	-	-	-	-	-	-	-	-	-	-	-	(176)	(176)
19 Independent Manager	-	-	-	(30)	-	-	-	-	(30)	-	-	-	(30)	(90)
20 Subtotal - Operating Disbursements	-	(150)	(204)	(134)	(93)	(103)	(218)	(104)	(130)	(93)	(228)	(93)	(317)	(1,869)
21 Total Disbursements	-	(210)	(214)	(274)	(233)	(243)	(358)	(244)	(270)	(233)	(368)	(233)	(457)	(3,340)
Liquidity														
22 Beginning Book Cash Balance	55	390	245	241	251	216	190	162	595	580	576	538	580	55
23 Net Cash Flow	335	125	121	61	102	92	(23)	1,341	65	102	(33)	102	(122)	2,265
24 Debtor Professionals	-	(220)	(100)	(26)	(112)	(112)	-	(900)	(75)	(100)	-	(55)	(200)	(1,900)
25 Adequate Protection	-	(20)	(20)	(20)	(20)	-	-	-	-	-	-	-	-	(80)
26 EPIQ	-	(30)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(85)
27 Bankruptcy Administrator	-	-	-	-	-	-	-	(3)	-	-	-	-	-	(3)
28 Ending Book Cash Balance	390	245	241	251	216	190	162	595	580	576	538	580	253	253

Notes

- (1) Forecast period does not include final payment to Bankruptcy Administrator (estimated at ~\$38K).
 (2) \$55K beginning book cash reflects balance on Petition Date.