

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re:)	Chapter 11
)	
WELLMACRE FLOOR COVERINGS)	Case No. 25-58764-sms
INTERNATIONAL, INC., <i>et al.</i> , ¹)	
)	(Jointly Administered)
Debtors.)	
)	Re: Docket No. 194

STATEMENT OF THE COMMITTEE OF CREDITORS HOLDING UNSECURED CLAIMS IN SUPPORT OF THE MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER (A) APPROVING PRIVATE SALE OF THE DEBTORS’ ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS, (B) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (C) GRANTING RELATED RELIEF

The Committee of Creditors Holding Unsecured Claims (the “Committee”) of the above-captioned debtors and debtors in possession (the “Debtors”) files this Statement in support the above-captioned sale motion [Docket No. 194] (the “Private Sale Motion”).²

1. The Committee supports the Private Sale Motion, first and foremost, because it represents a remarkable 45% increase in the Purchase Price over the initial stalking horse bid. Whereas the initial stalking horse bid proposed a Closing Cash Payment of \$40 million, the revised Purchase Agreement now provides for a \$58 million Closing Cash Payment, less certain adjustments. Even if the sales process were not cancelled and bids were received, there is no guarantee that bidding at an auction would have resulted in the final Purchase Price now being proposed in the Purchase Agreement.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: Wellmade Industries MFR. N.A LLC (1058) and Wellmade Floor Coverings International, Inc. (8425). The mailing address for the Debtors for purposes of these chapter 11 cases is: 1 Wellmade Drive, Cartersville, GA 30121.

² Defined terms not set forth herein shall have the meaning set forth in the Private Sale Motion or the underlying Purchase Agreement therein.



2. Second, and equally as important, the Committee supports approval of the Purchase Agreement as revised and attached as Exhibit A to the Private Sale Motion because the proceeds from the sale are expected to be sufficient to satisfy the DIP obligations and administrative claims in full with significant funds remaining thereafter for the satisfaction of general unsecured claims. Of course, the universe of valid claims will only be known after the claims bar date passes and the claims reconciliation process is concluded, but, based on the universe of claims known now, even disputed litigation claims would stand to recover a significant recovery in these cases.

3. Since the filing of the initial sale motion³ on August 8, 2025, the Committee has been working with the Debtors and the Buyer to improve the form of the Purchase Agreement. The form of the Purchase Agreement attached to the Private Sale Motion contains the following material improvements made at the request of the Committee, including:

- carving out as “Excluded Assets” all Avoidance Actions other than Specified Avoidance Actions (which are being purchased by the Buyer) and all D&O Litigation Claims. *See* Purchase Agrmt. at Art. I. D&O Litigation Claims are defined to mean “all Litigation Claims against any current or former director, officer, shareholder or insider of any Seller or any relative or family member thereof.” *Id.*

³ *Motion of the Debtors for Entry of Orders (I)(A) Establishing Bidding Procedures Relating to the Sale of the Debtors’ Assets, (B) Approving the Debtors’ Entry into the Stalking Horse Purchase Agreement and Related Bid Protections, (C) Establishing Procedures Relating to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (D) Approving Form and Manner of Notices Relating Thereto, (E) Scheduling a Hearing to Consider the Proposed Sale, and (F) Granting Related Relief and (II)(A) Approving the Sale of the Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests, (B) Authorizing the Assumption and Assignment of Certain Executory [Docket No. 38].*

- While the Buyer is purchasing the Specified Avoidance Actions as they pertain to the Acquired Assets, the Committee negotiated language that such Specified Avoidance Actions would be essentially waived and neither prosecuted offensively or defensively by the Buyer against those go-forward vendors. *See* Purchase Agrmt., Ex. A (Acquired Assets).

4. The carve-outs were an important concession for the Committee because D&O Litigation Claims and Avoidance Actions are unencumbered assets. Proceeds on account of such actions should inure to the benefit of general unsecured claim holders. Of course, if unsecured claims are paid in full with the sale proceeds, none of these Excluded Assets may matter, but significantly, these potentially valuable claims are being left behind for investigation and potential prosecution in the future if necessary.

CONCLUSION

WHEREFORE, for all of the foregoing reasons, the Committee requests that the Court approve the Private Sale Motion and grant such other and further relief as is appropriate and just.

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Dated: October 2, 2025

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Shirley Cho

Signed w/express permission by Anna M. Humnicky
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-and-

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/s/ Anna M. Humnicky

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

In re:)	
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WELLMACRE FLOOR COVERINGS)	Case No. 25-58764-sms
INTERNATIONAL, INC., <i>et al.</i> ,)	
)	(Jointly Administered)
Debtors.)	

CERTIFICATE OF SERVICE

I, Anna M. Humnicky, certify that I am over the age of 18 and on this date I filed and served copies of the foregoing *Statement Of The Committee Of Creditors Holding Unsecured Claims In Support Of The Motion Of The Debtors For Entry Of An Order (A) Approving Private Sale Of The Debtors' Assets Free And Clear Of All Liens, Claims, Encumbrances, And Interests, (B) Authorizing The Assumption And Assignment Of Certain Executory Contracts And Unexpired Leases, And (C) Granting Related Relief* by using the Court's Electronic Case Filing program, which sends a notice of the above-listed document and an accompanying link to the document to the parties who have appeared in this case under the Court's Electronic Case Filing program, as indicated in **Exhibit A**.

This 2nd day of October 2025.

SMALL HERRIN, LLP
*Local Counsel to the Committee of Creditors
Holding Unsecured Claims*

By: /s/ Anna M. Humnicky
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Exhibit A

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