
bebe stores, inc.

California
(State or Jurisdiction of
Incorporation or Organization)

550 Wisconsin Street
San Francisco, CA 94107
(Address of principal executive offices)

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SIC Code: 7359

Quarterly Report

For the period ended April 1, 2023

(the “Reporting Period”)

The number of shares outstanding of our Common Stock is 12,874,111 as of the end of the Reporting Period.

The number of shares outstanding of our Common Stock was 12,874,111 as of the end of the previous Reporting Period.

Indicate by check mark whether the company is a shell company (as defined in Rule 12b-2 of the Exchange Act of 1934):

Yes No

Indicate by check mark whether the company’s shell status has changed since the previous reporting period:

Yes No

Indicate by check mark whether a change in control of the company has occurred over this reporting period:

Yes No

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Item 1. Exact Name of the Issuer and the Address of its Principal Executive Offices.

Exact name of issuer: bebe stores, inc.

Principal Executive Offices: 550 Wisconsin Street
San Francisco, CA 94107
Telephone: 415.251.3355
Website: www.bebe.com

Check box if principal executive office and principal place of business are the same address:

Item 2. Shares Outstanding.

As of April 1, 2023					
Class	Number of Shares Authorized	Number of Shares Outstanding	Freely Tradable Shares (Public Float)⁽¹⁾	Total Number of Beneficial Shareholders⁽²⁾	Total Number of Shareholders of Record
Common Stock	50,000,000	12,874,111	2,702,007	2,133	27
Preferred Stock	1,000,000	-	-	-	-

As of July 2, 2022					
Class	Number of Shares Authorized	Number of Shares Outstanding	Freely Tradable Shares (Public Float)⁽¹⁾	Total Number of Beneficial Shareholders⁽³⁾	Total Number of Shareholders of Record
Common Stock	50,000,000	12,874,111	2,904,119	2,254	27
Preferred Stock	1,000,000	-	-	-	-

As of July 3, 2021					
Class	Number of Shares Authorized	Number of Shares Outstanding	Freely Tradable Shares (Public Float)⁽¹⁾	Total Number of Beneficial Shareholders⁽⁴⁾	Total Number of Shareholders of Record
Common Stock	14,000,000	12,874,111	2,904,119	2,228	28
Preferred Stock	1,000,000	-	-	-	-

(1) For purposes of this calculation only, shares of common stock held by (i) each of bebe's directors and officers on the given date and (ii) person(s) who bebe knows beneficially owned 5% or more of the outstanding common stock on that date have been excluded in that such persons may be deemed to be affiliates. Based on share information provided by Computershare and combined with additional beneficial share information received by bebe.

(2) Estimate based on beneficial share range analysis, received from Broadridge Financial Solutions as of April 3, 2023.

(3) Estimate based on beneficial share range analysis, received from Broadridge Financial Solutions as of July 5, 2022.

(4) Estimate based on beneficial share range analysis, received from Broadridge Financial Solutions as of July 2, 2021.

Item 3. Condensed Consolidated Financial Statements (unaudited).

bebe stores, inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	As of April 1, 2023 (unaudited)	As of July 2, 2022
Assets:		
Current assets:		
Cash and cash equivalents	\$ 4,172	\$ 7,766
Accounts receivable, net	526	410
Rental merchandise, net	18,569	17,090
Prepaid and other current assets	1,020	847
Total current assets	24,287	26,113
Equity method investments	16,392	18,837
Property and equipment, net	1,288	1,374
Intangible assets, net	4,563	5,568
Goodwill	19,136	19,033
Operating lease right-of-use assets, net	8,306	8,903
Finance lease right-of-use assets, net	1,526	899
Deferred tax asset, net	13,799	13,808
Other assets	101	526
Total assets	\$ 89,398	\$ 95,061
Liabilities and Shareholders' Equity:		
Current liabilities:		
Accounts payable	\$ 270	\$ 297
Due to franchisor, net	1,723	2,765
Deferred revenue	1,101	1,176
Note payable, net	1,250	-
Operating lease liabilities	2,502	3,019
Finance lease liabilities	331	180
Accrued liabilities	4,894	4,987
Total current liabilities	12,071	12,424
Non-current liabilities:		
Note payable, net	21,994	24,002
Operating lease liabilities	5,553	5,445
Finance lease liabilities	1,236	726
Total non-current liabilities	28,783	30,173
Total liabilities	40,854	42,597
Commitments and contingencies		
Shareholders' equity:		
Preferred stock-authorized 1,000,000 shares at \$0.001 par value per share; no shares issued and outstanding	-	-
Common stock-authorized 50,000,000 shares at \$0.001 par value per share; issued and outstanding 12,874,111 and 12,874,111 shares, respectively	13	13
Additional paid-in capital	173,793	173,793
Accumulated other comprehensive income	613	421
Accumulated deficit	(125,875)	(121,763)
Total shareholders' equity	48,544	52,464
Total liabilities and shareholders' equity	\$ 89,398	\$ 95,061

The accompanying notes are an integral part of these condensed consolidated financial statements.

bebe stores, inc.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In thousands, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
Revenues				
Rentals and fees	\$ 14,437	\$ 13,134	\$ 40,878	\$ 37,992
Merchandise sales	764	1,149	1,817	2,399
Total revenues	15,201	14,283	42,695	40,391
Cost of revenues				
Cost of rentals and fees	4,923	4,143	14,541	13,131
Cost of merchandise sold	574	725	1,415	1,530
Total cost of revenues	5,497	4,868	15,956	14,661
Gross profit	9,704	9,415	26,739	25,730
Store expenses				
Personnel costs	4,047	3,365	11,758	8,807
Occupancy costs	975	891	2,919	2,485
Advertising	385	212	1,074	627
Other store expenses	3,565	3,198	10,596	8,599
Other general and administrative expenses	1,327	1,002	4,376	4,223
Selling, general and administrative expenses	10,299	8,668	30,723	24,741
Operating (loss) income	(595)	747	(3,984)	989
Interest expense and other, net	(702)	(433)	(2,208)	(1,731)
(Loss) income before income taxes	(1,297)	314	(6,192)	(742)
Income tax (expense) benefit	(344)	13,847	(10)	13,643
Earnings in equity method investments	1,903	2,669	6,209	7,798
Net income	\$ 262	\$ 16,830	\$ 7	\$ 20,699
Earnings per share - basic and diluted	\$ 0.02	\$ 1.31	\$ 0.00	\$ 1.61
Basic and diluted weighted average shares outstanding	12,874	12,874	12,874	12,874
Net income	\$ 262	\$ 16,830	\$ 7	\$ 20,699
Foreign currency translation adjustments	(5)	(61)	192	34
Comprehensive income	\$ 257	\$ 16,769	\$ 199	\$ 20,733

The accompanying notes are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(unaudited)

	Nine Months Ended	
	April 1, 2023	April 2, 2022 (as restated)
Cash flows from operating activities:		
Net income	\$ 7	\$ 20,699
Adjustments to reconcile net income to net cash provided by operating activities:		
Earnings in equity method investment	(6,209)	(7,798)
Cash receipt from equity method investment	7,220	7,756
Depreciation of rental merchandise	11,161	10,013
Write off of rental merchandise	2,700	2,270
Amortization of intangibles	1,134	1,087
Amortization of intangibles - leases	197	177
Amortization of financing fees	180	148
Amortization of finance lease right of use assets	210	59
Depreciation of property and equipment	410	411
Loss on sale of property and equipment	11	-
Deferred income taxes	8	(13,817)
Changes in operating assets and liabilities:		
Receivables	(116)	(284)
Rental merchandise	(15,068)	(12,375)
Prepaid expenses and other	(173)	163
Other assets	424	39
Accounts payable	(27)	137
Due to franchisor	(1,042)	(644)
Deferred revenue	(84)	92
Accrued liabilities	(93)	238
Net cash provided by operating activities	850	8,371
Cash flows from investing activities:		
Acquisition of franchise stores, net of cash acquired	(450)	(6,025)
Return of equity method investment	1,434	948
Purchase of property and equipment	(360)	(178)
Proceeds from sale of property and equipment	25	-
Purchase of intangible assets	(50)	(75)
Net cash provided by (used in) investing activities	599	(5,330)
Cash flows from financing activities:		
Proceeds from note payable	-	25,000
Payments on note payable	(938)	(21,725)
Debt issuance costs	-	(1,206)
Payments on finance lease liabilities	(178)	(51)
Dividends paid	(4,119)	(5,793)
Net used in financing activities	(5,235)	(3,775)
Net decrease in cash and cash equivalents	(3,786)	(734)
Effect of exchange rate changes on cash	192	35
Cash and cash equivalents:		
Beginning of period	7,766	8,952
End of period	\$ 4,172	\$ 8,253
Supplemental information:		
Acquisition of rental merchandise with non-cash financing	\$ 1,723	\$ 2,041
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 2,103	\$ 3,419
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 838	\$ 646
Cash paid for amounts included in measurement of operating lease liabilities	\$ 2,552	\$ 2,092
Cash paid for short-term operating leases not included in operating lease liabilities	\$ 449	\$ 595
Cash paid for interest expense	\$ 1,789	\$ 1,528
Cash paid for income taxes	\$ 46	\$ 625

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM FINANCIAL STATEMENTS

1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Business

bebe stores inc.'s ("bebe", "we" or the "Company") primary business includes operating retail rent-to-own franchise stores. The Company's rent-to-own Buddy's franchise stores offer furniture, appliances, and consumer electronics to consumers through rent-to-own agreements. The Company operates 64 stores in 12 states in the southeastern United States.

The Company is a partner in BB Brand Holdings LLC (the "Joint Venture"). Through the Joint Venture, the Company's partner manages the day-to-day operations of a wholesale domestic and international lifestyle licensing business and continues to pursue a licensing strategy designed to capitalize on the value of bebe's historical brand of contemporary women's apparel and accessories in all categories and channels on a global scale.

Significant Accounting Policies

Basis of Presentation— The accompanying condensed consolidated balance sheets of the Company and its subsidiary, bb BHF Stores LLC ("BHF"), as of April 1, 2023 and July 2, 2022, the condensed consolidated statements of income and comprehensive income for the three and nine months ended April 1, 2023 and April 2, 2022 and the condensed consolidated statements of cash flow for the nine months ended April 1, 2023 and April 2, 2022 have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the OTCQB Disclosure Guidelines for Alternative Reporting, without audit. Accordingly, they do not include all of the information required by U.S. GAAP for annual financial statements. These condensed consolidated financial statements and the accompanying notes should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company's Annual Report for the fiscal year ended July 2, 2022.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to present fairly the condensed consolidated financial position at the balance sheet dates and the results of operations for the periods presented have been included. The condensed consolidated balance sheet at July 2, 2022, presented herein, was derived from the audited balance sheet included in the Company's Annual Report for the fiscal year ended July 2, 2022.

Consolidation— The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, bb BHF Stores LLC. All intercompany transactions and balances have been eliminated.

Fiscal year— The Company's fiscal year is a 52 or 53 week period, each period ending on the first Saturday on or after June 30. The nine-month periods ended April 1, 2023 and April 2, 2022 each include 39 weeks.

Use of estimates— The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for certain items such as the income tax valuation allowance, useful lives of property and equipment, and fair value of definite-lived intangible assets and right-of-use assets acquired in the acquisition of Buddy's Home Furnishings stores. Actual results could differ from those estimates.

Cash and cash equivalents— Cash and cash equivalents represent cash and short-term, highly liquid investments with original maturities of less than three months. As of April 1, 2023 and July 2, 2022, the Company had no cash equivalents.

Investment— The Company uses the equity method to account for its investment in the Joint Venture, GAEBB Group B.V. ("GAEBB") and BKST BRAND MANAGEMENT LLC ("BKST") because it has the ability to exercise significant influence but not control. The Company's share of earnings as reported by the Joint Venture, GAEBB and BKST are recorded as earnings in equity-method investments on the condensed consolidated statement of operations and comprehensive income.

Concentration of credit risk— Financial instruments, which subject the Company to concentration of credit risk,

consist principally of cash and cash equivalents. The Company invests its cash through financial institutions. Such investments may be in excess of FDIC insurance limits. The Company has not experienced any losses on its deposits of cash and cash equivalents for the periods presented.

Rental merchandise— Rental merchandise is carried at cost, net of accumulated depreciation. When initially purchased, merchandise is not depreciated until it is leased to its rent-to-own customers or three months have passed since the purchase date. Non-leased merchandise is depreciated on a straight-line basis over a period of 24 months. Leased merchandise is depreciated over the lease term of the rental agreement and recorded as cost of sales. Items that are returned are depreciated from the net book value on the day of the return on a straight-line for 24 months until the item is leased again or reaches a zero-dollar salvage value. Damaged or lost merchandise is written off monthly. Maintenance and repairs to leased merchandise are expensed as incurred.

Property and equipment— Property and equipment are stated at cost less accumulated depreciation. These assets are depreciated using a straight-line method over their useful lives, generally 3 to 5 years for computers, equipment, signs, furniture and fixtures from date of first service. Leasehold improvements are amortized over the lesser of the remaining lease term or their estimated useful lives. Certain vehicles under finance leases are amortized on a straight-line basis over the shorter of the expected useful life or the lease term.

Intangible assets and long-lived asset impairment— Intangible assets are amortized on a straight-line basis over their useful lives and are reviewed with long-lived assets for impairment if circumstances suggest that the carrying value of the intangible assets and long-lived assets may not be recoverable, following the guidance of Subtopic Accounting Standards Codification (ASC) 360-10. If the review results in a change to the useful life of the asset, the remaining carrying amount of the intangible asset will be amortized prospectively over the revised useful life. There were no impairments of intangible assets and long-lived assets recorded for the three and nine months ended April 1, 2023 and April 2, 2022.

Goodwill— The Company records goodwill when the consideration paid for an acquisition exceeds the fair value of the identifiable net assets acquired. Goodwill is not subject to amortization but is periodically evaluated for impairment. Impairment occurs when the carrying value of goodwill is not recoverable from future cash flows. The Company tests goodwill for impairment annually at the reporting unit level. The Company will perform a qualitative assessment of impairment. If the results of this review suggest that it is more likely than not that the fair value is less than the carrying value amount of goodwill, then the Company will perform a quantitative impairment test. There was no impairment of goodwill recorded for the three and nine-month periods ended April 1, 2023 and April 2, 2022.

Liquidity— As of April 1, 2023, the Company has working capital of approximately \$12.2 million. The Company has current assets of \$24.3 million and current liabilities of \$12.1 million. The Company expects operating costs to remain consistent with current levels. The Company also expects its revenues from our Buddy's stores and equity investment income to provide sufficient income to fund our anticipated operating costs. Due to our current liquidity position, the Company has concluded that cash and cash equivalents and cash flows from operating activities will be sufficient to fund operations and meet our financial obligations through the next twelve months from the issuance of these condensed consolidated financial statements.

Revenues

Rental Revenues

Merchandise, such as furniture, appliances and consumer electronics, are rented to customers pursuant to rental purchase agreements which provide for weekly, semi-monthly or monthly rental terms with non-refundable rental payments. At the end of each rental term, the customer may renew the agreement for the next rental term, by making a payment in advance. The customer can acquire ownership of the merchandise on lease by completing payment of all required rental periods.

The Company maintains ownership of the rental merchandise until all payment obligations are satisfied. The customer can terminate the lease agreement at any time during the lease term and return the leased merchandise to the store. All prior rental payments are nonrefundable.

The accounting guidelines of ASC 842 are applied to all rental transactions and are accounted for as operating leases with the Company as the lessor. Rental revenue is recognized over the rental term. Cash received prior to the beginning of the

lease term is recorded as deferred revenue. Deferred revenue as of April 1, 2023 was \$1.1 million. The Company expects to recognize all of this deferred revenue as rental revenue during the fiscal year ending July 1, 2023.

Rental revenue totaled \$12.0 million and \$34.0 million during the three and nine months ended April 1, 2023, respectively. Rental revenue totaled \$11.0 million and \$32.0 million during the three and nine months ended April 2, 2022 respectively. Initial direct costs related to the rental agreements are expensed as incurred and are classified as operating expenses in the Company's condensed consolidated statements of income and comprehensive income. The effects of expensing initial direct costs are not materially different from amortizing those costs over the rental term.

Revenues on Other Products and Services

The Company has elected to aggregate lease and non-lease components, such as delivery services and add-on product plans, into a single component as they usually have the same timing and transfer patterns.

Revenue related to various reinstatement or late fees are recognized when paid by the customer and revenue is recognized at a point in time. These revenues totaled \$0.5 million and \$1.4 million during the three and nine months ended April 1, 2023, respectively. These revenues totaled \$0.4 million and \$1.3 million during the three and nine months ended April 2, 2022, respectively.

The Company sells add-on product plans that run concurrently with the rental agreements, providing customers with liability protection against significant damage or loss of a product, as well as club membership benefits with added discounts and services. Customers renew product plans in conjunction with their rental term renewals and can cancel the plans at any time. Revenue for product plans is recognized over the term of the plan. Costs related to product plans are recognized as a cost of revenues. The accounting guidelines of ASC 842 are applied to these add-on product plans and revenue is recognized over the rental term. These revenues totaled \$2.0 million and \$5.4 million during the three and nine months ended April 1, 2023, respectively. These revenues totaled \$1.7 million and \$4.7 million during the three and nine months ended April 2, 2022, respectively.

Merchandise Sales Revenue

Customers may purchase merchandise upfront through a point-of-sale transaction. In addition, rental customers may exercise an early purchase option to buy the merchandise at a fixed discount to the total contractual price at any point in the lease term as established in the original rental agreement. Revenue for merchandise sales and early purchase option is recognized in accordance with ASC 606 at the point in time when payment is received and ownership of the merchandise passes to the customer. Any remaining net value of the merchandise is recorded to cost of sales at the time of the transaction. These revenues totaled \$0.8 million and \$1.8 million during the three and nine months ended April 1, 2023, respectively. These revenues totaled \$1.1 million and \$2.4 million during the three and nine months ended April 2, 2022, respectively.

Advertising costs— Costs incurred for producing and communicating advertising are expensed when incurred. Advertising expense was \$0.4 million and \$1.1 million for the three and nine months ended April 1, 2023, respectively. Advertising expense was \$0.2 million and \$0.6 million for the three and nine months ended April 2, 2022, respectively.

Leases—The Company recognizes leases in accordance with ASC 842, *Leases*. The Company determines if an arrangement is or contains a lease at inception and reviews leases for finance or operating classification once control is obtained. Operating leases with lease terms of more than 12 months are included in operating lease right-of-use assets and operating lease liabilities on its condensed consolidated balance sheet. Finance leases are included in finance lease right-of-use assets and finance lease liabilities on its condensed consolidated balance sheet. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments over the lease term. Operating and finance lease assets and liabilities are recognized based on the present value of the remaining lease payments discounted using the Company's incremental borrowing rate. Lease expense is recognized on a straight-line basis over the lease term.

Income taxes— The Company provides for income taxes under the asset and liability method. Deferred income tax assets and liabilities are determined based on differences between the financial statement reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when such items are expected to reverse. Deferred income tax assets are reduced, as necessary, by a valuation allowance when management determines it is more likely than not that some or all of the tax benefits will not be realized. However, should there be a change in the Company's ability

to recover its deferred tax assets, the provision for income taxes would fluctuate in the period of such change.

The need for a valuation allowance requires an assessment of both positive and negative evidence when determining whether it is more likely than not that deferred tax assets are recoverable. Such assessment is required on a jurisdiction-by-jurisdiction basis. In making such assessment, significant weight is given to evidence that can be objectively verified.

In the future, the Company may release valuation allowance and recognize certain deferred federal tax assets, deferred state tax assets or deferred tax assets of other foreign subsidiaries depending on achievement of future profitability in relevant jurisdictions, or implementing tax planning strategies, that enable us to utilize deferred tax assets that would otherwise be unused. Any release of valuation allowance could have the effect of decreasing the income tax provision in the period the valuation allowance is released. The Company continues to monitor the likelihood that it will be able to recover our deferred tax assets, including those for which a valuation allowance is recorded. There can be no assurance that we will generate profits or implement tax strategies in future periods enabling the Company to fully realize our deferred tax assets. The timing of recording a valuation allowance or the reversal of such valuation allowance is subject to objective and subjective factors that cannot be readily predicted in advance. Adjustments could be required in the future if the Company concludes that it is more likely than not that deferred tax assets are not recoverable. A provision for a valuation allowance could have the effect of increasing the income tax provision in the period the valuation allowance is provided.

Due to the valuation allowance, the change in deferred taxes was offset by the change in valuation allowance other than deferred tax liability recorded against the indefinite-lived intangible asset. In connection to the 2017 Tax Cuts and Jobs Act, net operating losses generated subsequent to December 31, 2017, have an indefinite carryforward period with a limitation on utilization to 80% of taxable income in any given year. Accordingly, the indefinite-lived net operating loss are available to offset the naked credit.

Earnings per Share— Basic earnings per share is computed as net earnings divided by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur from common shares issuable through the exercise of dilutive stock options. There is no difference between the number of shares used in the basic and diluted earnings per share computations.

Comprehensive income— Comprehensive income consists of net income and other comprehensive income (income, expenses, gains and losses that bypass the income statement and are reported directly as a separate component of net income). The Company's comprehensive income includes net income and foreign currency translation adjustments for the period presented. Such components of comprehensive income are shown in the condensed consolidated statements of operations and comprehensive income.

2. RESTATEMENT OF PREVIOUSLY ISSUED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company restated its previously issued consolidated financial statements to properly present the classification of return of equity method investments in the consolidated statement of cash flows. In accordance with ASC 230-10-45- 21D, using the cumulative earnings approach, any cumulative distributions received in excess of the investor's cumulative equity in earnings represents a return of equity method investment and should be classified as cash inflows from investing activities in the consolidated statement of cash flows. The Company had previously classified all cumulative distributions received as cash inflows from operating activities in the condensed consolidated statement of cash flows. The Company has restated its condensed consolidated statement of cash flows for the nine-month period ended April 2, 2022 to present any cumulative distributions in excess of cumulative equity earnings as return of its equity method investment in the investing activities section in the condensed consolidated statement of cash flows.

The reclassification of the previously stated items will have no impact on the Company's previously reported cash position, revenues, operating expenses or financing cash flows.

The following table summarizes the effect of the restatement on each cash flow item for the nine-month period ended April 2, 2022.

(In thousands)	Nine months ended April 2, 2022		
	As		
	Previously Reported	Adjustments	As Restated
Consolidated Statement of Cash Flows			
Adjustments to reconcile net income to net cash provided by operating activities:			
Cash receipt from equity method investment	\$ 8,704	\$ (948)	\$ 7,756
Net cash provided by operating activities	\$ 9,319	\$ (948)	\$ 8,371
Cash flows from investing activities:			
Return of equity method investment	\$ -	\$ 948	\$ 948
Net cash used in investing activities	\$ (6,278)	\$ 948	\$ (5,330)

3. INVESTOR AGREEMENT AND MATERIAL MODIFICATION TO RIGHTS OF SECURITY HOLDER

On January 12, 2018, B. Riley Financial, Inc. entered into an agreement with our principal shareholder. This agreement imposes certain acquisition and transfer restrictions on the shares of common stock held directly or controlled by the principal shareholder to avoid an “ownership change” of the Company within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”). This agreement was entered into in order to preserve certain net operating losses of the Company for U.S. federal income tax purposes.

Also on January 12, 2018, the board adopted a tax benefit preservation plan between the Company and Computershare Trust Company, N.A., as rights agent, in order to help preserve the value of certain deferred tax benefits, including those generated by net operating losses and certain other tax attributes. The ability to use these tax benefits would be substantially limited if the Company were to experience an “ownership change” as defined under Section 382 of the Code. The tax benefit preservation plan reduces the likelihood that such changes will occur, by acting as a deterrent to any person acquiring shares of the Company equal to or exceeding certain thresholds without the approval of the board, as it restricts the ability of an investor to acquire five percent or more of the Company’s common stock. The plan expires on January 12, 2028.

On January 8, 2019, the board approved an amendment to the NOL Plan which updates the process by which Acquiring Persons (as defined in the NOL Plan) can seek exemptions prior to the occurrence of a Trigger Event (as defined in the NOL Plan).

4. ACQUISITIONS

On February 2, 2022, the Company completed the acquisition of 2 Buddy’s Home Furnishings stores from A Team Leasing, LLC (“ATL”).

On August 25, 2021 and November 10, 2020, the Company completed the acquisition of 8 and 47 Buddy’s Home Furnishings stores, respectively, from Franchise Group, Inc. (“FRG”), as parent of Buddy’s Newco, LLC (“Seller” or “Franchisor”).

At the date of the acquisitions, the Company acquired certain assets (“Transferred Assets”) related to the Buddy’s franchise stores. These assets included all rent-to-own agreements and customers for these stores, all rental merchandise of these stores, the property and vehicle leases for these stores, all fixed assets and tangible personal property at these stores. In addition, the Company assumed certain liabilities including those related to rental merchandise acquired by the stores.

The February 2, 2022 Acquisition

On February 2, 2022, pursuant to the Asset Purchase Agreement between ATL and the Company, the Company completed the acquisition of 2 Buddy’s Home Furnishings stores for \$525 thousand in cash (the “2-Store Buddy’s Acquisition”). The Company accounted for the acquisition as a business combination using the purchase method of accounting. The Company acquired these stores to continue to grow the store base in Tennessee.

The Company entered into a 60-day transition services agreement (“2022 Transition Services Agreement”) with ATL at the acquisition date to maintain a continuity of services for the franchises as the business is transferred to the Company. The 2022 Transition Services Agreement was completed in the month of April 2022.

The following table summarizes the fair value of assets acquired and liabilities assumed, net of fair value

adjustments as of the acquisition date.

Purchase Price Allocation - 2 Store Buddy's Acquisition

(in thousands)

Assets	
Cash and cash equivalents	\$ -
Other current assets	-
Rental merchandise	242
Property and equipment	-
Goodwill	168
Operating lease right-of-use assets	224
Intangible assets	115
Total Assets	749
Liabilities	
Accrued liabilities	19
Operating lease liabilities	199
Deferred revenue	6
Total Liabilities	224
Consideration transferred	\$ 525

Goodwill represents the excess of the purchase price over the fair value of net assets acquired and liabilities assumed. For tax purposes, goodwill totaling \$168 thousand is capitalized and amortized over 15 years.

The Company did not incur any material acquisition-related costs. Therefore, the Company did not record any additional selling, general and administrative expenses as a result of this acquisition.

The August 25, 2021 Acquisition

On August 25, 2021 pursuant to the Asset Purchase Agreement between FRG and the Company, the Company completed the acquisition of 8 Buddy’s Home Furnishings stores for \$5.5 million in cash (the “8-Store Buddy’s Acquisition”). The Company accounted for the acquisition as a business combination using the purchase method of accounting. The Company acquired these stores to continue to grow the store base in Kentucky and Indiana.

The Company entered into a 60-day transition services agreement (“2021 Transition Services Agreement”) with the Franchisor at the acquisition date to maintain a continuity of services for the franchises as the business is transferred to the Company. The 2021 Transition Services Agreement was completed in the month of September 2021.

The following table summarizes the fair value of assets acquired and liabilities assumed, net of fair value adjustments as of the acquisition date.

Purchase Price Allocation - 8-Store Buddy's Acquisition

(in thousands)

Assets	
Rental merchandise	\$ 2,074
Property and equipment	263
Goodwill	2,360
Operating lease right-of-use assets	1,224
Intangible assets	785
Total Assets	6,706
Liabilities	
Accrued liabilities	188
Operating lease liabilities	944
Deferred revenue	74
Total Liabilities	1,206
Consideration transferred	\$ 5,500

Goodwill represents the excess of the purchase price over the fair value of net assets acquired and liabilities assumed. For tax purposes, goodwill totaling \$2.4 million is capitalized and amortized over 15 years.

Certain fair value estimates were determined based on an independent valuation of the net assets acquired, including identifiable intangible assets, relating to customer contracts and relationships with a fair value of \$0.7 million and franchise rights with a fair value of \$0.1 million. Amortization expense of \$37 thousand and \$110 thousand was recognized for the three and nine months ended April 1, 2023, respectively. Amortization expense of \$37 thousand and \$89 thousand was recognized for the three and nine months ended April 2, 2022, respectively.

The Company did not incur any material acquisition-related costs. Therefore, the Company has not recorded any additional selling, general and administrative expenses as a result of this acquisition.

The November 10, 2020 Acquisition

On November 10, 2020 pursuant to the Asset Purchase Agreement between FRG and the Company, the Company completed the acquisition of 47 Buddy’s Home Furnishings stores for \$35.0 million in cash (the “Buddy’s Acquisition”). The Buddy’s Acquisition was financed by a combination of cash on hand, the proceeds from the issuance of 1.5 million shares of the Company’s common stock to B. Riley Financial, Inc. (together with its affiliates, “B. Riley”) for aggregate proceeds of \$7.5 million and the proceeds from the issuance of \$22.0 million aggregate principal amount of secured promissory notes (the “Secured Notes”) to certain investors, including \$8.0 million of such Secured Notes which were issued to B. Riley. The Secured Notes bear interest at a rate of LIBOR + 15% and matured on November 10, 2021. The Company paid the outstanding \$21.7 million Secured Notes in full with proceeds from a new credit agreement (“2026 Secured Notes”) on August 24, 2021. The Company accounted for the acquisition as a business combination using the purchase method of accounting. The Company acquired these 47 Buddy’s Home Furnishings stores to expand the business by entering the rent-to-own space.

The Company entered into a six-month transition services agreement (“2020 Transition Services Agreement”) with the franchisor at the acquisition date to maintain a continuity of services for the franchises as the business is transferred to the Company. The 2020 Transition Services Agreement was completed in the month of May 2021.

The following table summarizes the fair value of assets acquired and liabilities assumed, net of fair value adjustments as of the acquisition date.

Purchase Price Allocation - Buddy's Acquisition	
<i>(in thousands)</i>	
Assets	
Cash and cash equivalents	\$ 11
Other current assets	43
Rental merchandise	12,440
Property and equipment	1,677
Goodwill	16,505
Operating lease right-of-use assets	7,437
Intangible assets	6,885
Total Assets:	44,998
Liabilities	
Accrued liabilities	2,194
Operating lease liabilities	6,956
Deferred revenue	848
Total Liabilities	9,998
Consideration transferred	\$ 35,000

Goodwill represents the excess of the purchase price over the fair value of net assets acquired and liabilities assumed. For tax purposes, goodwill totaling \$16.5 million is capitalized and amortized over 15 years.

Certain fair value estimates were determined based on an independent valuation of the net assets acquired, including identifiable intangible assets, relating to customer contracts and relationships with a fair value of \$6.4 million and franchise

rights with a fair value of \$0.5 million. Amortization expense of \$0.3 million and \$1.0 million was recognized for the three and nine months ended April 1, 2023, respectively. Amortization expense of \$0.3 million and \$1.0 million was recognized for the three and nine months ended April 2, 2022, respectively.

5. RELATED PARTY TRANSACTIONS

As of April 1, 2023, B. Riley Financial, Inc. beneficially owned approximately 40% of the outstanding shares of the Company's common stock. B. Riley Financial, Inc. also provided accounting, information technology, back-office, management and related services to the Company. The Company incurred \$53 thousand and \$0.2 million of such expenses with B. Riley Financial Inc. during the three and nine months ended April 1, 2023, respectively. The Company incurred \$0.1 million and \$0.2 million of such expenses for the three and nine months ended April 2, 2022, respectively. The outstanding balances payable to B. Riley Financial, Inc. was \$34 thousand and \$33 thousand at April 1, 2023 and July 2, 2022, respectively.

6. RENTAL MERCHANDISE

The following is a summary of rental merchandise, net of accumulated depreciation as of April 1, 2023 and July 2, 2022:

Rental Merchandise (in thousands)	As of April 1, 2023	As of July 2, 2022
On rent		
Cost	\$ 25,090	\$ 21,658
Less accumulated depreciation	(11,501)	(9,633)
Net book value, on rent	13,589	12,025
Held for rent		
Cost	7,544	6,892
Less accumulated depreciation	(2,564)	(1,827)
Net book value, held for rent	4,980	5,065
Total rental merchandise, net of accumulated depreciation	\$ 18,569	\$ 17,090

Damaged or lost merchandise is written off monthly. Maintenance and repairs to leased merchandise are expensed as incurred. The Company wrote off \$1.0 million and \$2.7 million of rental merchandise for the three and nine months ended April 1, 2023, respectively. For the three and nine months ended April 2, 2022, the Company wrote off \$0.7 million and \$2.3 million of rental merchandise, respectively.

The Company recorded \$4.0 million and \$11.2 million of depreciation expense for rental merchandise for the three and nine months ended April 1, 2023, respectively. Depreciation expense for rental merchandise for the three and nine months ended April 2, 2022 was \$3.5 million and \$10.0 million, respectively.

7. EQUITY METHOD INVESTMENTS

Strategic Partnership and Equity Investment

BB Brand Holdings LLC

During the fourth quarter of fiscal 2017, bebe expanded upon its strategic joint venture arrangement entered into during fiscal 2016, and closed all retail stores, sold its merchandise, inventory, furnishings, trade fixtures, equipment, improvements in real property, purchase orders related to its website and international wholesale business. Under this partnership, during fiscal 2016 bebe contributed all of its trademarks, trademark license arrangements and related intellectual property, including domain names, social media accounts and agreements with certain of its international distributors to its Joint Venture. The Company's partner in the venture, Bluestar, continues to leverage its existing brand management organization and infrastructure to develop a wholesale domestic and international lifestyle licensing business for the Joint Venture and manages its day-to-day operations. The Joint Venture continues to pursue a licensing strategy designed to capitalize on the value of the bebe brand in all categories and channels on a global scale. The decision to exit its retail

operations was the result of continued operating losses.

bebe's equity investment in BB Brand Holdings LLC generates the most significant amount of equity earnings and represented approximately 80% and 81% of the Company's total equity earnings for the nine months ended April 1, 2023 and April 2, 2022, respectively.

The summarized financial statements for the three and nine month periods ended March 31, 2023 and March 31, 2022 for the Joint Venture is as follows:

	BB Brand Holdings LLC	
	As of	As of
	March 31, 2023	June 30, 2022
	(in thousands)	(in thousands)
Total Assets	\$ 9,181	\$ 10,154
Total Liabilities	\$ 1,196	\$ 64

	BB Brand Holdings LLC			
	Three Months Ended		Fiscal Year Ended	
	(in thousands)		(in thousands)	
	March 31, 2023	December 31, 2021	March 31, 2023	December 31, 2021
Revenue	\$ 4,222	\$ 4,738	\$ 12,364	\$ 9,704
Net Income	\$ 3,475	\$ 4,010	\$ 9,978	\$ 8,179

Other Equity Investments

Other equity investments accounted for pursuant to the equity method of accounting include a 28.5% investment in BKST Brand Management LLC and a 50% investment in GAEBB Group B.V. On October 19, 2018, bebe partnered with Bluestar to acquire the Brookstone brand and certain related assets. On September 12, 2018, the Company and GA Retail Int'l, Inc., a California corporation, formed GAEBB Group B.V., a private company with limited liability according to the laws of the Netherlands ("GAEBB"). Both GA Retail Int'l, Inc. and the Company each have a 50% ownership interest in GAEBB. On September 25, 2018, GAEBB agreed to purchase certain assets and shares of the Charles Vogele businesses operating in Austria, Hungary and Slovenia from parent Sempione Fashion AG for total proceeds of \$1.4 million (CHF 1,363,425). During the second quarter of calendar year 2019, GAEBB management entered into a plan to wind down the operations of Charles Vogele and close all of the retail stores since the original buyer for the operations was unable to finance the purchase of the operations. In October 2019, GAEBB completed the closure of all of their retail stores. The business activity of GAEBB currently consists of the winding down of its business activities and final liquidation of property to the Company. The carrying value in these entities (BKST and GAEBB) was \$15.0 million as of April 1, 2023 and \$17.0 million as of April 2, 2022.

8. PROPERTY AND EQUIPMENT, NET

Property and Equipment, net (in thousands)	As of	As of
	April 1, 2023	July 2, 2022
Leasehold Improvements	\$ 1,484	\$ 1,124
Signs	432	385
Furniture and Fixtures	343	340
Vehicles	141	158
Equipment	91	92
Computers	6	21
Other	1	67
Property and Equipment, gross	2,498	2,187
Less accumulated depreciation	1,210	813
Property and Equipment, net	\$ 1,288	\$ 1,374

The Company recorded \$0.1 million and \$0.4 million of depreciation expense for property and equipment for the three and nine months ended April 1, 2023, respectively. Depreciation for the three and nine months ended April 2, 2022 was \$0.1 million and \$0.4 million, respectively.

9. INTANGIBLE ASSETS, NET

Amortizable intangible assets consist of the following:

April 1, 2023				
<i>(in thousands)</i>	<u>Useful life</u> <i>(years)</i>	<u>Gross Carrying</u> <u>Amount</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>
Customer relationships	5	\$ 7,209	\$ 3,300	\$ 3,909
Franchise rights	10	805	151	654
Total intangible assets		<u>\$ 8,014</u>	<u>\$ 3,451</u>	<u>\$ 4,563</u>

July 2, 2022				
<i>(in thousands)</i>	<u>Useful life</u> <i>(years)</i>	<u>Gross Carrying</u> <u>Amount</u>	<u>Accumulated</u> <u>Amortization</u>	<u>Net Book</u> <u>Value</u>
Customer relationships	5	\$ 7,155	\$ 2,224	\$ 4,931
Franchise rights	10	730	93	637
Total intangible assets		<u>\$ 7,885</u>	<u>\$ 2,317</u>	<u>\$ 5,568</u>

The Company recorded \$0.4 million and \$1.1 million of amortization expense for intangible assets for the three and nine months ended April 1, 2023, respectively. Amortization expense of \$0.4 million and \$1.1 million was recorded for the three and nine months ended April 2, 2022.

Estimated remaining amortization expense for each fiscal year is as follows:

<u>Fiscal Year</u> <i>(in thousands)</i>	<u>Estimated Remaining</u> <u>Amortization Expense</u>
2023	\$ 380
2024	1,548
2025	1,517
2026	685
2027	115
2028 and after	318
Total	<u>\$ 4,563</u>

10. DUE TO FRANCHISOR

The Company, in the normal course of business, purchases rental merchandise from the franchisor. As of April 1, 2023 and July 2, 2022, the amount due to franchisor for purchased rental merchandise totaled \$1.7 million and \$2.8 million, respectively.

11. NOTE PAYABLE

On August 24, 2021, the Company entered into a credit agreement with SLR Credit Solutions (formerly known as Crystal Financial) (the "2026 Secured Notes"). The credit agreement provides the Company with a \$25.0 million five-year senior secured term loan with additional drawdown capacity of up to \$10.0 million that ended on December 31, 2022. Loans under the credit facility mature on August 24, 2026. Through March 20, 2023, loans under the credit facility will bear interest at the Eurodollar Rate (subject to a 1.00% floor) plus 5.50% with a reduction to 5.25% after one year to the extent the

Company's leverage ratio is at or less than 1.50:1.00. The proceeds were used to repay the Company's outstanding \$21.7 million Secured Notes in full and to provide additional growth capital. As of April 1, 2023, the outstanding balance on the 2026 Secured Notes was \$24.1 million.

On March 21, 2023, the Company entered into an amendment to its 2026 Secured Notes credit agreement. The amendment moved from the Eurodollar Rate pricing model to a Term SOFR based pricing model and changed the terms of the calculation of the interest rate. Beginning March 21, 2023, the interest rate on the 2026 Secured Notes will be calculated at the beginning of each fiscal quarter based on the Company's previous fiscal quarters consolidated fixed charge coverage ratio and leverage ratio (as defined in the agreement) as follows:

- a. If the Company's consolidated fixed charge coverage ratio is equal to or greater than 1.10:1.00 and the leverage ratio is greater than 1.50:1.00 then the interest rate will be Term SOFR (subject to a 1.00% floor) plus 5.50%.
- b. If the Company's consolidated fixed charge coverage ratio is equal to or greater than 1.10:1.00 and the leverage ratio is less than or equal to 1.50:1.00 then the interest rate will be Term SOFR (subject to a 1.00% floor) plus 5.25%.
- c. If the Company's consolidated fixed charge coverage ratio is less than 1.10:1.00 then the interest rate will be Term SOFR (subject to a 1.00% floor) plus 6.00%.

As of April 1, 2023 the interest rate on the 2026 Secured Notes was 11.1%.

On November 10, 2020, the Company issued a \$22.0 million aggregate principal amount of secured promissory notes (the "Secured Notes") to certain investors, including \$8.0 million of such Secured Notes which were issued to B. Riley. The Secured Notes bear interest at a rate of LIBOR + 15% and were due to mature on November 10, 2021. The Company paid the outstanding \$21.7 million Secured Notes in full with the proceeds from 2026 Secured Notes on August 24, 2021.

Debt issuance costs of \$1.2 million related to the 2026 Secured Notes, is treated as a direct deduction from the face amount of the debt and amortized as interest expense over the expected term of the debt. The Company amortized \$60 thousand and \$0.2 million of debt issuance costs for the three and nine months ended April 1, 2023, respectively. For the three and nine months ended April 2, 2022, the Company amortized \$59 thousand and \$0.1 million of debt issuance costs, respectively.

Interest expense was \$0.7 million and \$2.2 million for the three and nine months ended April 1, 2023, respectively. Interest expense was \$0.4 million and \$1.7 million for the three and nine months ended April 2, 2022.

On September 30, 2022, the Company commenced quarterly principal payments of 1.25% of the debt balance as of September 30, 2022 of \$25.0 million or a quarterly payment of \$0.3 million, to SLR Credit Solutions, as per the credit agreement for the 2026 Secured Notes. These quarterly principal payments will continue through the maturity date of August 24, 2026. The Company made such principal payments of \$0.3 million and \$0.9 million during the three and nine months ended April 1, 2023, respectively.

Note payable, net at April 1, 2023 consisted of the following:

Note Payable	
<i>(in thousands)</i>	
Total note payable	\$ 24,062
Less debt issuance costs	(818)
Total note payable, net	23,244
Less current portion of note payable	(1,250)
Note payable, net - non-current	\$ 21,994

The aggregate maturity for the note payable is as follows:

Estimated Remaining Principal Payments

(in thousands)

Fiscal year 2023	\$	312
Fiscal year 2024		1,250
Fiscal year 2025		1,250
Fiscal year 2026		1,250
Fiscal year 2027		20,000
Total Estimated Remaining Principal Payments	\$	24,062

12. ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	<u>As of</u> <u>April 1, 2023</u>	<u>As of</u> <u>July 2, 2022</u>
	(in thousands)	(in thousands)
Gift certificates, gift cards and store credits	\$ 3,049	\$ 3,049
Other accrued liabilities	1,845	1,938
	<u>\$ 4,894</u>	<u>\$ 4,987</u>

13. SHAREHOLDERS' EQUITY

Common Stock

The Company's Sixth Amended and Restated Articles of Incorporation increased the number of shares of common stock the Company is authorized to issue from 14,000,000 to 50,000,000. It became effective when it was approved by the shareholders on December 8, 2021.

Preferred Stock

The Company is authorized to issue up to 1,000,000 shares of preferred stock, par value \$0.001 per share, and to fix the rights, preferences, privileges and restrictions including voting rights, of these shares without any further vote or approval by the shareholders. No preferred stock has been issued to date.

14. DISAGGREGATED REVENUES

The following table presents disaggregated revenue for the Company's Buddy's franchise stores for the three and nine months ended April 1, 2023, and April 2, 2022, respectively. The Company's brand royalty joint venture does not generate revenue and is excluded from this presentation.

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>April 1, 2023</u>	<u>April 2, 2022</u>	<u>April 1, 2023</u>	<u>April 2, 2022</u>
	(in thousands)	(in thousands)	(in thousands)	(in thousands)
Revenues				
Rentals and fees	\$ 14,437	\$ 13,134	\$ 40,878	\$ 37,992
Merchandise sales	764	1,149	1,817	2,399
Total revenues	<u>\$ 15,201</u>	<u>\$ 14,283</u>	<u>\$ 42,695</u>	<u>\$ 40,391</u>

15. OPERATING AND FINANCE LEASES

The Company leases space for all of its Buddy's franchise stores under operating leases expiring at various times

through 2028. The Company leases vehicles for all of its Buddy's franchise stores under operating and finance leases with lease terms expiring at various times through 2025. The Company's corporate headquarter is located in a leased office in San Francisco, California, with a lease term expiring in October 2024.

The Company determines if an arrangement is a lease at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the Company obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. At the lease commencement date, lease right-of-use assets and lease liabilities are recognized based on the present value of the future lease payments over the lease term. Operating and finance lease right-of-use assets and operating and finance lease liabilities are discounted using our incremental borrowing rate, since the implicit rate is not readily determinable.

As of April 1, 2023, the weighted-average remaining lease term for store operating lease is 4 years and the weighted-average remaining lease term for auto operating leases is 3 years. The discount rates used by the Company for calculating its right-of-use operating leases range from approximately 6% to 13%. The discount rates used by the Company for calculating its right-of-use finance leases range from approximately 6% to 10%.

As of April 2, 2022, the weighted average remaining lease term for both store and auto operating leases were 4 years. The discount rate used by the Company for calculating its right-of-use operating leases range from approximately 6% to 13%. The discount rates used by the Company for calculating its right-of-use finance leases range from approximately 6% to 7%.

Total operating lease cost by expense type:

Operating Leases

	Three Months Ended		Nine Months Ended	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
	(in thousands)	(in thousands)	(in thousands)	(in thousands)
Rent expense	\$ 872	\$ 809	\$ 2,614	\$ 2,267
Other expense	103	82	306	218
Total occupancy expense	975	891	2,920	2,485
Vehicle lease expense	136	104	396	420
Total operating lease expense	\$ 1,111	\$ 995	\$ 3,316	\$ 2,905

Finance lease right of use assets are amortized on a straight-line basis over the shorter of the expected useful life or the lease term to amortize expenses, and the carrying amount of the lease liability is adjusted to reflect interest expense.

Reconciliation of undiscounted operating lease liability to the present value operating lease liabilities at April 1, 2023:

Fiscal Year	Operating Lease Obligation
	(in thousands)
2023	\$ 870
2024	3,050
2025	2,268
2026	1,751
2027	1,292
Thereafter	765
Total undiscounted operating lease liabilities	9,996
Less interest	(1,941)
Total present value of operating lease liabilities	\$ 8,055

16. INCOME TAXES

For the three and nine months ended April 1, 2023, the Company recorded an income tax provision of \$344 thousand and \$10 thousand, respectively. The income tax provision for the three and nine months ended April 1, 2023 was primarily related to tax expense from continuing operations and net deferred tax liability for excess indefinite lived intangibles.

For the three and nine months ended April 2, 2022, the Company recorded an income tax provision (benefit) of (\$13.8) million and (\$13.6) million, respectively. The income tax provision (benefit) for the three and nine months ended April 2, 2022, was primarily related to a net deferred tax liability for excess indefinite lived intangibles, state income tax expense, and the continuing impact of maintaining a valuation allowance against net deferred tax assets.

17. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company is involved and/or may become involved in lawsuits, claims and/or proceedings incident to the ordinary course of our business. The results of these lawsuits, claims and proceedings cannot be predicted with certainty. However, the Company believes that the ultimate resolution of these current matters will not have a material adverse effect on our condensed consolidated financial statements taken as a whole. The Company reviews the need for any loss contingency reserves and establish reserves when, in the opinion of management, it is probable that a matter would result in liability, and the amount can be reasonably estimated. In view of the inherent difficulty of predicting the outcome of these matters, it may not be possible to determine whether any loss is probable or to reasonably estimate the amount of the loss until the case is close to resolution, in which case no reserve is established until that time. Any claims against us could result in costly litigation, require significant amounts of management time and result in the diversion of significant operational resources.

Franchise Commitments

The Company operates Buddy's franchise stores and is subject to the Buddy's franchise agreement. The franchise agreement includes a royalty fee of 6% of gross revenues and specifies products and services that the franchisee may offer to its customers, as well as approved suppliers of these products. As a franchisee, the Company purchases its rental merchandise from the franchisor's list of approved suppliers, via the purchasing portal provided by the franchisor as part of the franchise agreement.

18. SUBSEQUENT EVENTS

The Company evaluated its condensed consolidated financial statements for subsequent events through the date the condensed consolidated financial statements were issued. Other than those discussed below, the Company is not aware of any subsequent events which would require recognition or disclosure in the condensed consolidated financial statements.

As of May 8, 2023, the Company's Board does not intend to declare a dividend during the quarter ending July 1, 2023.

Item 4. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following Management’s Discussion and Analysis of Operations contains forward-looking statements, which involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” “thinks” and similar expressions are forward-looking statements. Forward-looking statements include statements about our expected results of operations. Although we believe that these statements are based upon reasonable assumptions, we cannot assure you that our goals will be achieved. These forward-looking statements are made as of the date of this Quarterly Report, and we assume no obligation to update or revise them or provide reasons why actual results may differ. Factors that might cause such a difference include, but are not limited to, our ability to respond effectively to competitive pressures in the industries in which we operate and adverse economic conditions, attract and retain key management personnel, and protect our intellectual property, changes in the level of consumer spending or preferences in the industries in which we operate, our ability, via the Joint Venture, to respond to changing fashion trends and/or other factors discussed elsewhere in this Quarterly Report, including without limitation, the factors disclosed under “Risk Factors” included in this section below.

Overview

Historically, from 1976 to 2017, we designed, developed and produced a distinctive line of contemporary women’s apparel and accessories that is unique, sophisticated and timelessly sexy. We were founded by Manny Mashouf, our Chief Executive Officer and opened our first store in San Francisco, CA in 1976. We marketed our products under the bebe and BEBE SPORT brand names through our retail stores and an online store at www.bebe.com through fiscal year 2016.

In fiscal 2016, bebe contributed all of its trademarks, trademark license arrangements and related intellectual property, including domain names, social media accounts and agreements with certain of its international distributors to its joint venture BB Brand Holdings LLC (the “Joint Venture”) to pursue a licensing strategy designed to capitalize on the value of bebe’s brand in all categories and channels on a global scale. During the fourth quarter of fiscal 2017, we expanded upon our Joint Venture and closed all of our retail stores and sold our inventory, furnishings, trade fixtures, equipment, improvements in real property and purchase orders related to our website and international wholesale. The Joint Venture continues to pursue and capitalize on bebe’s brand recognition through its licensing strategies.

In November 10, 2020, we completed the acquisition of 47 Buddy’s Home Furnishings stores from Franchise Group, Inc. (“FRG”) for \$35.0 million in cash (the “Buddy’s Acquisition”). With the Buddy’s Acquisition, our primary business is as a retail rent-to-own franchisee. Our rent-to-own Buddy’s franchises offers furniture, appliances, electronics and accessories to consumers through rent-to-own agreements. We operated 47 stores in ten states in the southeastern United States. The Buddy’s Acquisition was financed by a combination of cash on hand, the proceeds from the issuance of 1.5 million shares of our common stock to B. Riley Financial, Inc. (together with its affiliates, “B. Riley”) for aggregate proceeds of \$7.5 million and the proceeds from the issuance of \$22.0 million aggregate principal amount of secured promissory notes (the “Secured Notes”) to certain investors, including \$8.0 million of such Secured Notes which were issued to B. Riley. The Secured Notes carried interest at a rate of LIBOR + 15% and were to mature on November 10, 2021.

On August 24, 2021, the Company entered into a credit agreement (the “2026 Secured Notes”) with SLR Credit Solutions (formerly known as Crystal Financial). The credit agreement provides the Company with a \$25.0 million five-year senior secured term loan with additional drawdown capacity of up to \$10.0 million that ended on December 31, 2022. The interest on the \$25.0 million senior secured term loan bears interest at a base rate per annum equal to the Eurodollar Rate plus the Applicable Rate through March 30, 2023. The Eurodollar Rate is equal to the three-month LIBOR as published in the Wall Street Journal. The Applicable Rate will be 5.25% if the leverage ratio (as defined in the loan agreement) is less than or equal to 1.50 to 1.00 or 5.50% if greater than 1.50 to 1.00. The proceeds were used to repay the Company’s outstanding \$21.7 million Secured Notes. As of April 1, 2023, the outstanding balance on the 2026 Secured Notes was \$24.1 million.

On March 21, 2023, the Company entered into an amendment to its 2026 Secured Notes credit agreement. The amendment moved from the Eurodollar Rate pricing model to a Term SOFR based pricing model and changed the terms of the calculation of the interest rate. Beginning March 21, 2023, the interest rate on the 2026 Secured Notes will be calculated at the beginning of each fiscal quarter based on the Company’s previous fiscal quarters consolidated fixed charge coverage ratio and leverage ratio (as defined in the agreement) as follows:

- a. If the Company’s consolidated fixed charge coverage ratio is equal to or greater than 1.10:1.00 and the leverage ratio is greater than 1.50:1.00 then the interest rate will be Term SOFR (subject to a 1.00% floor) plus 5.50%.
- b. If the Company’s consolidated fixed charge coverage ratio is equal to or greater than 1.10:1.00 and the leverage ratio is less than or equal to 1.50:1.00 then the interest rate will be Term SOFR (subject to a 1.00% floor) plus 5.25%.
- c. If the Company’s consolidated fixed charge coverage ratio is less than 1.10:1.00 then the interest rate will be Term SOFR (subject to a 1.00% floor) plus 6.00%.

As of April 1, 2023, the interest rate on the 2026 Secured Notes was 11.1%.

At the date of the Buddy’s Acquisition, we purchased certain assets (“Transferred Assets”) related to 47 Buddy’s franchise stores. These assets included all rent-to-own agreements and customers for these stores, all merchandise inventory of these stores, the property and vehicle leases for these stores, all fixed assets and tangible personal property at these stores, and the assembled workforce of these stores. In addition, we assumed certain liabilities including payables related to merchandise inventory acquired by the stores.

On August 25, 2021, pursuant to the Asset Purchase Agreement between Franchise Group, Inc. (“FRG”), as parent of Buddy’s Newco, LLC (“Seller” or “Franchisor”), and the Company, the Company completed the acquisition of 8 Buddy’s Home Furnishings stores for \$5.5 million in cash (the “8-Store Buddy’s Acquisition”). The Company accounted for the acquisition as a business combination using the purchase method of accounting.

At the date of the 8-Store Buddy’s Acquisition, the Company acquired certain assets (“Transferred Assets”) related to 8 Buddy’s franchise stores. These assets included all rent-to-own agreements and customers for these stores, all rental merchandise of these stores, the property and vehicle leases for these stores, all fixed assets and tangible personal property at these stores. In addition, the Company assumed certain liabilities including those related to rental merchandise acquired by the stores. The Company entered into a 60-day transition services agreement (“2021 Transition Services Agreement”) with the franchisor at the acquisition date to maintain a continuity of services for the franchises as the business is transferred to the Company. The 2021 Transition Services Agreement was completed in September 2021.

On February 2, 2022, pursuant to the Asset Purchase Agreement between A Team Leasing, LLC (“ATL”) and the Company, the Company completed the acquisition of 2 Buddy’s Home Furnishings stores for \$525 thousand in cash (the “2-Store Buddy’s Acquisition”). The Company accounted for the acquisition as a business combination using the purchase method of accounting.

Since the acquisition on February 2, 2022, the Company opened 5 new stores and acquired 2 additional stores.

We currently operate 64 stores in 12 states in the southeastern United States.

We operate Buddy’s franchise stores and are subject to the Buddy’s franchise agreement. The franchise agreement includes a royalty fee of 6% of gross revenues and specifies products and services that the franchisee may offer to its customers, as well as approved suppliers of these products. As a franchisee, we purchase our rental merchandise from the franchisor’s list of approved suppliers, via the purchasing portal provided by the franchisor as part of the franchise agreement.

Strategic Partnership and Equity Investments

BB Brand Holdings, LLC

During fiscal 2016, we entered into a strategic joint venture arrangement with Bluestar. Under this partnership, bebe contributed all of its trademarks, trademark license arrangements and related intellectual property, including certain domain names, to the Joint Venture and received 50% ownership interest in the joint venture. Bluestar contributed \$35.0 million to the Joint Venture that was then paid to bebe and received 50% ownership interest in the joint venture. Bluestar leverages its existing brand management organization and infrastructure to develop a wholesale domestic and international lifestyle licensing business for the joint venture and manages its day-to-day operations. The Joint Venture continues to pursue a licensing strategy designed to capitalize on the value of our brand in all categories and channels on a global scale. We expect the Joint Venture to continue to generate long-term, committed royalties from prospective licensees of the bebe brand name.

BKST BRAND MANAGEMENT LLC

On October 19, 2018, bebe partnered with Bluestar to acquire the Brookstone brand and certain related assets. bebe invested \$20.6 million for a 28.5% interest in BKST BRAND MANAGEMENT LLC (“BKST”), which beneficially owns such assets. Bluestar leverages its existing brand management organization and infrastructure to develop a wholesale domestic and international licensing business for the BKST and manages its day-to-day operations.

GAEBB Group B.V. – Charles Vogele

On September 12, 2018, the Company and GA Retail Int’l, Inc., a California corporation, formed GAEBB Group B.V., a private company with limited liability according to the laws of the Netherlands (“GAEBB”) for the purpose of buying Charles Vogele, a retailer with operations in Austria, Hungary and Slovenia. The original business plan was to restructure the operations by closing under-performing stores and market the business to a buyer. Both GA Retail Int’l, Inc. and the Company each have a 50% ownership interest in GAEBB. On September 25, 2018, GAEBB agreed to purchase certain assets and shares of the Charles Vogele from parent Sempione Fashion AG for total proceeds of \$1.4 million (CHF 1,363,425). During the second quarter of calendar year 2019, GAEBB management entered into a plan to wind down the operations of Charles Vogele and close all of the retail stores since the original buyer for the operations was unable to finance the purchase of the operations. In October 2019, GAEBB completed the closure of all of their retail stores. The business activity of GAEBB currently consists of the winding down of its business activities and final liquidation of property to the Company.

Investor Agreement and Material Modification to Rights of Security Holders

On January 12, 2018, B. Riley Financial, Inc. entered into an agreement with our principal shareholder. This agreement imposes certain acquisition and transfer restrictions on the shares of common stock held directly or controlled by the principal shareholder to avoid an “ownership change” of bebe within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”). This agreement was entered into in order to preserve certain of our net operating losses for U.S. federal income tax purposes.

Also, on January 12, 2018, the board adopted a tax benefit preservation plan between us and Computershare Trust Company, N.A., as rights agent, in order to help preserve the value of certain deferred tax benefits, including those generated by net operating losses and certain other tax attributes. The ability to use these tax benefits would be substantially limited if we were to experience an “ownership change” as defined under Section 382 of the Code. The tax benefit preservation plan reduces the likelihood that such changes will occur, by acting as a deterrent to any person acquiring our shares equal to or exceeding certain thresholds without the approval of our board.

On January 8, 2019, the board approved an amendment to the NOL Plan which updates the process by which Acquiring Persons (as defined in the NOL Plan) can seek exemptions prior to the occurrence of a Trigger Event (as defined in the NOL Plan).

Critical Accounting Policies

Management’s Discussion and Analysis of Financial Condition and Results of Operations are based upon our condensed consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America.

The preparation of these condensed consolidated financial statements requires the appropriate application of certain accounting policies, many of which require us to make estimates and assumptions about future events and their impact on amounts reported in our condensed consolidated financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results will inevitably differ from our estimates. Such differences could be material to the condensed consolidated financial statements. We believe our application of accounting policies, and the estimates inherently required therein, are reasonable. Our most critical accounting policies are those related to investment, revenue recognition, fair value of definite-lived intangible assets and right-of-use assets acquired in acquisition and income taxes which are described below. We continually evaluate these accounting policies and estimates, and we make adjustments when facts and circumstances dictate a change. Our significant accounting policies are described in Note 1 to the condensed consolidated financial statements in this quarterly report.

Investment. We use the equity method to account for our investments in BB Brand Holdings LLC, GAEBB and BKST. With regards to these investments in BB Brand Holdings LLC, GAEBB and BKST, the equity method was used because bebe

has the ability to exercise significant influence but not control. Our share of earnings as reported by the equity investments are recorded as earnings in equity method investments on the condensed consolidated statement of income and comprehensive income.

Revenue recognition. We recognize rental revenues over the rental term. We record any cash received prior to the rental term as deferred revenue. We recognize revenue related to reinstatement or late fees at the point in time when the customer pays. We recognize add-on product plans purchased by customers, such as liability protection or club membership benefits, as revenue over the rental term. We recognize merchandise sales revenue and early purchase options exercised by rental customers at the point in time when payment is received and ownership of the merchandise passes to the customer.

Purchase accounting. We are required to estimate the fair value of the assets acquired and liabilities assumed in business combinations as of the acquisition date, including identified intangible assets. The amount of purchase price paid in excess of the net assets acquired is recorded as goodwill. We estimate the fair values in accordance with accounting standards which define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. We determine the fair values of the net assets acquired primarily using Level 3 inputs (inputs that are unobservable to the marketplace participant). The most significant fair value estimates include intangible assets (customer contracts/relationships and franchise rights) subject to amortization. We recorded \$6.9 million of acquired intangible assets in connection with the Buddy's Acquisition. We determined these amounts of intangible assets based on an independent valuation.

Income taxes. The Company provides for income taxes under the asset and liability method. Deferred income tax assets and liabilities are determined based on differences between the financial statement reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when such items are expected to reverse. Deferred income tax assets are reduced, as necessary, by a valuation allowance when management determines it is more likely than not that some or all of the tax benefits will not be realized. However, should there be a change in the Company's ability to recover its deferred tax assets, the provision for income taxes would fluctuate in the period of such change.

The need for a valuation allowance requires an assessment of both positive and negative evidence when determining whether it is more likely than not that deferred tax assets are recoverable. Such assessment is required on a jurisdiction-by-jurisdiction basis. In making such assessment, significant weight is given to evidence that can be objectively verified.

In the future, the Company may release valuation allowance and recognize certain deferred federal tax assets, deferred state tax assets or deferred tax assets of other foreign subsidiaries depending on achievement of future profitability in relevant jurisdictions, or implementing tax planning strategies, that enable us to utilize deferred tax assets that would otherwise be unused. Any release of valuation allowance could have the effect of decreasing the income tax provision in the period the valuation allowance is released. The Company continues to monitor the likelihood that it will be able to recover our deferred tax assets, including those for which a valuation allowance is recorded. There can be no assurance that we will generate profits or implement tax strategies in future periods enabling the Company to fully realize our deferred tax assets. The timing of recording a valuation allowance or the reversal of such valuation allowance is subject to objective and subjective factors that cannot be readily predicted in advance. Adjustments could be required in the future if the Company concludes that it is more likely than not that deferred tax assets are not recoverable. A provision for a valuation allowance could have the effect of increasing the income tax provision in the period the valuation allowance is provided.

Due to the valuation allowance, the change in deferred taxes was offset by the change in valuation allowance other than deferred tax liability recorded against the indefinite-lived intangible asset. In connection to the 2017 Tax Cuts and Jobs Act, net operating losses generated subsequent to December 31, 2017, have an indefinite carryforward period with a limitation on utilization to 80% of taxable income in any given year. Accordingly, the indefinite-lived net operating loss are available to offset the naked credit.

Results of Operations

Our fiscal year is a 52 or 53 week period, each period ending on the first Saturday on or after June 30. The three and nine month periods ended April 1, 2023 and April 2, 2022 each include 39 weeks.

Revenues and cost of revenues

For the three months ended April 1, 2023, we recorded revenues of \$15.2 million and cost of revenues of \$5.5 million, yielding a gross profit of \$9.7 million or 63.8%.

For the nine months ended April 1, 2023, we recorded revenues of \$42.7 million and cost of revenues of \$16.0 million, yielding a gross profit of \$26.7 million or 62.6%.

For the three months ended April 2, 2022, we recorded revenues of \$14.3 million and cost of revenues of \$4.9 million, yielding a gross profit of \$9.4 million or 65.9%.

For the nine months ended April 2, 2022, we recorded revenues of \$40.4 million and cost of revenues of \$14.7 million, yielding a gross profit of \$25.7 million or 63.7%.

	Three Months Ended		Nine Months Ended	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
Revenues				
Rentals and fees	\$ 14,437	\$ 13,134	\$ 40,878	\$ 37,992
Merchandise sales	764	1,149	1,817	2,399
Total revenues	15,201	14,283	42,695	40,391
Cost of revenues				
Cost of rentals and fees	4,923	4,143	14,541	13,131
Cost of merchandise sold	574	725	1,415	1,530
Total cost of revenues	5,497	4,868	15,956	14,661
Gross profit	\$ 9,704	\$ 9,415	\$ 26,739	\$ 25,730
Gross profit %	63.8%	65.9%	62.6%	63.7%

Selling, General and Administrative Expenses

For the three months ended April 1, 2023, selling, general and administrative expenses increased to \$10.3 million from \$8.7 million for the comparable period of the prior year. The increase was primarily driven by the increase in store count to 64 from the prior year store count of 60 and by the increase in average headcount per store as vacant positions during the Covid pandemic have been filled.

For the nine months ended April 1, 2023, selling, general and administrative expenses increased to \$30.7 million from \$24.7 million for the comparable period of the prior year. The increase was primarily driven by the increase in store count to 64 from the prior year store count of 60 and by the increase in average headcount per store as vacant positions during the Covid pandemic have been filled.

	Three Months Ended		Nine Months Ended	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
Store expenses				
Personnel costs	\$ 4,047	\$ 3,365	\$ 11,758	\$ 8,807
Occupancy costs	975	891	2,919	2,485
Advertising	385	212	1,074	627
Other store expenses	3,565	3,198	10,596	8,599
Other general and administrative expenses	1,327	1,002	4,376	4,223
Selling, general and administrative expenses	\$ 10,299	\$ 8,668	\$ 30,723	\$ 24,741

Interest (Expense) and Other, net

Interest (expense) and other, net was \$(0.7) million and \$(0.4) million for the three months ended April 1, 2023 and April 2, 2022, respectively.

Interest (expense) and other, net was \$(2.2) million and \$(1.7) million for the nine months ended April 1, 2023 and April 2, 2022, respectively.

Income Taxes

For the three and nine months ended April 1, 2023, the Company recorded an income tax provision of \$344 thousand and \$10 thousand, respectively. The income tax provision for the three and nine months ended April 1, 2023 was primarily

related to tax expense from continuing operations and net deferred tax liability for excess indefinite lived intangibles.

For the three and nine months ended April 2, 2022, the Company recorded an income tax provision (benefit) of (\$13.8) million and (\$13.6) million, respectively. The income tax provision (benefit) for the three and nine months ended April 2, 2022, was primarily related to a net deferred tax liability for excess indefinite lived intangibles, state income tax expense, and the continuing impact of maintaining a valuation allowance against net deferred tax assets.

Earnings in Equity Method Investment

Earnings in our equity method investments was \$1.9 million for the three months ended April 1, 2023 and \$2.7 million in the comparable prior year quarter.

Earnings in our equity method investments was \$6.2 million for the nine months ended April 1, 2023 and \$7.8 million in the comparable prior year quarter.

Distributions received from our investments for the three and nine months ended April 1, 2023 and April 2, 2022 are as follows:

Investment Distributions Received

	Three Months Ended		Nine Months Ended	
	(in thousands)		(in thousands)	
	April 1, 2023	April 2, 2022	April 1, 2023	April 2, 2022
BB Brand Holdings LLC	\$ 2,000	\$ 2,250	\$ 6,000	\$ 6,250
BKST Brand Management LLC	942	942	2,653	2,454
Total	\$ 2,942	\$ 3,192	\$ 8,653	\$ 8,704

Liquidity and Capital Resources

As of April 1, 2023, we had working capital of approximately \$12.2 million. We had current assets of \$24.3 million and current liabilities of \$12.1 million. We expect operating costs to remain relatively consistent with current levels. We also expect our revenues from our Buddy's stores and equity investment income to provide sufficient income to fund our anticipated operating costs. Due to our current liquidity position, we have concluded that cash and cash equivalents and cash flows from operating activities, will be sufficient to fund operations and meet our financial obligations through the next twelve months from the issuance of these condensed consolidated financial statements.

As of April 1, 2023 and July 2, 2022, we had \$4.2 million and \$7.8 million, respectively, in cash and cash equivalents, which were held in accounts managed by third-party financial institutions consisting of invested cash and cash in our operating accounts. The invested cash is invested in interest bearing funds managed by third-party financial institutions. To date, we have experienced no loss or lack of access to our invested cash or equivalents; however, we can provide no assurances that access to our invested cash and equivalents will not be impacted by adverse conditions in the financial markets.

We hold our operating and invested cash in accounts that are with third-party financial institutions. These balances exceed the Federal Deposit Insurance Corporation insurance limits. While we monitor daily the cash balances in our operating accounts and adjust the cash balances as appropriate, these cash balances could be impacted if the underlying financial institutions fail or could be subject to other adverse conditions in the financial markets. To date, we have experienced no loss or lack of access to invested cash or cash in our operating accounts.

Net cash provided by operating activities for the nine months ended April 1, 2023 and April 2, 2022 was \$0.9 million and \$8.4 million, respectively. The decrease in net cash provided by operating activities primarily was a result from a decrease in net income of \$20.7 million and net cash decrease in operating assets and liabilities of \$3.5 million, offset by a decrease in deferred income tax benefit resulting in an increase of \$13.8 million in cash provided by operating activities, reduced earnings in equity method investment resulting in an increase of \$1.6 million in cash provided, increase in depreciation/amortization of \$1.4 million and increase in write off of rental merchandise of \$0.4 million.

Net cash provided by (used in) investing activities for the nine months ended April 1, 2023 and April 2, 2022 was \$0.6 million and (\$5.3) million, respectively. The increase in cash provided by investing activities primarily was a result of a decrease in cash paid for acquisition of franchise stores totaling \$5.6 million, offset by increase in purchase of property and

equipment totaling \$0.2 million.

Net cash used by financing activities for the nine months ended April 1, 2023 was \$5.2 million, represented primarily the dividends paid of \$4.1 million, the payments on note payable 2026 Secured Notes of \$0.9 million and payments on finance lease liabilities of \$0.2 million.

Net cash used in financing activities for the nine months ended April 2, 2022 was \$3.8 million, which represented net proceeds of \$2.1 million from the 2026 Secured Notes, net of issuance costs, payment of the Secured Notes and dividends paid of \$5.8 million.

As of May 8, 2023, the Company's Board does not intend to declare a dividend during the quarter ending July 1, 2023.

Off-Balance Sheet Arrangements

None

Risk Factors

Our past performance may not be a reliable indicator of future performance because actual future results and trends may differ materially depending on a variety of factors, including, but not limited to, the risks and uncertainties discussed below. In addition, historical trends should not be used to anticipate results or trends in future periods.

Factors that might cause our actual results to differ materially from the forward-looking statements discussed elsewhere in this report, as well as affect our ability to achieve our financial and other goals, include, but are not limited to, the following:

Risks Related to Our Business:

Risks Related to our Joint Venture:

The success of our brand royalty business depends in large part on the ability of the Joint Venture's licensees to identify fashion trends as well as to react to changing customer demand in a timely manner and to generate positive cash flow from its operations as a result.

Our future success depends, in part, upon the ability of the Joint Venture's licensees to anticipate, identify and respond effectively to changing customer demands and fashion trends in a timely manner. The specialty retail apparel business fluctuates according to changes in customer preferences directed by trends and fashions. If they miscalculate customers' product preferences or the demand for their products, they may be faced with excess inventory, which historically has resulted in markdowns and/or write-offs of raw materials as well as finished goods, which could impair their profitability, and may do so in the future. Similarly, any failure on their part to anticipate, identify and respond effectively to changing customer demands and fashion trends will adversely affect our business. The inability to generate positive cash flow from such operations could have a material adverse effect on our business and financial conditions.

The success of our business depends in large part on our ability to maintain our brand image and reputation.

Our ability to maintain our brand image and reputation is integral to our retail business and our brand royalty business through written agreements with the Joint Venture and the Company's other equity investments as well as the implementation of strategies to expand such efforts. For example, maintaining, promoting and growing the bebe brand will depend largely on the success of the Joint Venture's marketing efforts and the licensees' ability to provide consistent, high-quality customer experience. In addition, while our brand is mature, the success depends on our ability to retain existing customers and attract new customers to shop our brand. Our business would be adversely affected if we fail to achieve these objectives for our brand. In addition, failure to achieve consistent, positive performance or the receipt of any negative publicity could adversely impact our brand and the brand loyalty of our customers, which would adversely impact our business via the Joint Venture.

We face significant competition in the retail and apparel industries, which could harm our business.

The retail industry and apparel is highly competitive, with low barriers to entry. We expect competition in these

markets to increase. The primary competitive factors in these markets include, but are not limited to: brand name recognition and appeal, sourcing, product selection, quality, presentation and pricing, timeliness of product development and delivery, store ambiance, customer service and convenience. Additionally, the licensees in our brand royalty business compete with traditional department stores, specialty store retailers, lower price point retailers, business-to-consumer websites, off-price retailers and direct marketers for, among other things, raw materials, market share, retail space, finished goods, sourcing and personnel. Because many of these competitors are larger and have substantially greater financial, distribution and marketing resources than the licensees or maintain comparatively lower cost of operations, the licensees may lack the resources to effectively compete with them. If the licensees fail to remain competitive in any way, it could harm our business, financial condition and results of operations.

If we, through our interest in the Joint Venture, are not able to protect our intellectual property our business may be harmed.

Although we and the Joint Venture take actions to protect our trademarks and other proprietary rights, we cannot assure that we will be successful or that others will not imitate our products or infringe upon our intellectual property rights. In addition, we cannot assure that others will not resist or seek to block the sale of our products as infringements of their trademark and other proprietary rights.

Historically, we have sought to register our trademarks domestically and internationally and the Joint Venture will continue to do so in the future. Obstacles may prevent the Joint Venture from obtaining a trademark for the bebe and BEBE SPORT brand names or related names. The Joint Venture may not be able to register certain trademarks, purchase the right or obtain a license to use these names or related names on commercially reasonable terms. If the Joint Venture fails to obtain trademarks of, or ownership or license of the requisite rights, it would limit the ability to expand the business under the bebe brand.

In some jurisdictions, despite successful registration of bebe's trademarks, third parties may allege infringement and bring actions against us and or the Joint Venture. In addition, if our licensees fail to use the bebe trademarks correctly, the reputation and value associated with the trademarks may be diluted. Furthermore, if we or the Joint Venture do not demonstrate use of our trademarks, our trademark rights may lapse over time.

In addition, we face the potential of receiving claims that the technology we use or license infringes on another's proprietary rights. In certain circumstances, we may be subject to having to defend ourselves from such claims and/or be subject to unanticipated license fees or the necessity to transition away from technology we are using or abandon such use altogether.

Risks Related to our Buddy's Business

We must successfully manage our inventory to reflect customer demand and anticipate changing consumer preferences and leasing trends or our revenue and profitability will be materially and adversely affected.

The success of our Buddy's business depends upon our ability to successfully manage our inventory and to anticipate and respond to merchandise trends and customer demands in a timely manner. We cannot always accurately predict consumer preferences and they may change over time. We must order certain types of merchandise well in advance of seasonal increases in customer demand for those products. The extended lead times for many of our purchases may make it difficult for us to respond rapidly to new or changing consumer trends and price shifting, and to maintain an optimal selection of merchandise available for lease at all times. If we misjudge either the market for our merchandise, our customers' product preferences or our customers' leasing habits, our revenue may decline significantly and we may not have sufficient quantities of merchandise to satisfy customer demand or we may be required to mark down excess inventory, either of which would result in lower profit margins. In addition, our level of profitability and success in our Buddy's business depends on our ability to successfully re-lease our inventory of merchandise that are returned by customers.

Allegations of or actual product safety and quality control issues, including product recalls, could harm our reputation, divert resources, reduce sales and increase costs.

The products we sell and lease in our Buddy's business are subject to regulation by the U.S. Consumer Product Safety Commission and similar state regulatory authorities and expose us to potential product liability claims, recalls or other regulatory or enforcement actions initiated by regulatory authorities or through private causes of action. Such claims, recalls

or actions could be based on allegations that, among other things, the products sold by us contain contaminants or impermissible materials, provide inadequate instructions regarding their use or misuse or include inadequate warnings, such as those concerning the materials or their flammability. We do not control the production process of the products we sell and lease, and may be unable to identify a defect or deficiency in a product purchased from a manufacturer before offering it for sale or lease to our customers. Product safety or quality concerns may require us to voluntarily remove selected products from our physical locations or from our customers' homes or cease offering those products online. Such recalls and voluntary removal of products can result in, among other things, lost sales, diverted resources, potential harm to our reputation and increased customer service costs, which could have a material adverse effect on our business, financial condition and results of operations. In addition, in the event of such a product quality or safety issue, our customers who have leased the defective merchandise from us could terminate their lease agreements for that merchandise and/or not renew those lease arrangements, which could have a material adverse effect on our business, financial condition and results of operations if we are unable to recover those losses from the vendor who supplied us with the relevant merchandise.

If we are unable to successfully appeal to and engage with our target consumers, our business and financial performance may be materially and adversely affected.

We operate our Buddy's business in the consumer retail industry through brick and mortar stores. As such, our success depends, among other things, on our ability to identify and successfully market products and services through various channels that appeal to our current and future target customer segments, to align our offerings with consumer preferences and to maintain favorable perceptions of our brands by our target consumers. If we are unable to successfully appeal to and engage with our target consumers, our business, results of operations and financial condition may be materially and adversely affected.

If we are unable to compete effectively with the growing e-commerce sector, our business and results of operations may be materially and adversely affected.

Competition from the e-commerce sector continues to grow and has been accelerated by trends that developed as a result of social restrictions implemented due to COVID-19. Certain of our competitors, and a number of e-commerce retailers, have established e-commerce operations against which we compete for customers. It is possible that the increasing competition from the e-commerce sector may reduce or prevent us from growing our market share, gross and operating margins, and may materially and adversely affect our business, results of operations and financial condition.

We face significant competition in the rent-to-own industry, which could harm our business.

Certain categories of products sold and leased in our Buddy's business are the subject of intense competition from a number of types of competitors, including national, regional and local operators of lease-to-own stores, virtual lease-to-own companies, traditional and online providers of used goods and merchandise, traditional, "big-box" and e-commerce retailers. These competitors may offer a larger selection of products at more competitive prices than our Buddy's business. Our competitors may employ aggressive marketing strategies involving frequent sales and discounts, including the use of certain products as "loss leaders" to increase customer traffic. Engaging in these pricing strategies could cause a material reduction in sales revenue and gross margins. Alternatively, we may be unable to or elect not to engage in these pricing strategies, which could decrease our sales volumes. The expansion of digital retail has increased the number and variety of retailers with which we compete, and certain online retailers may have greater brand recognition, social media following and engagement and sophisticated websites than does our Buddy's business. The increasing competition from all of these sources may also reduce the market share held by our Buddy's business. The industries in which we operate are highly competitive, which could impede our ability to maintain sales volumes and pricing and which in turn could have a material adverse effect on our business, operating results and financial condition.

If we are unable to attract, train and retain managerial personnel and hourly associates in our stores, our reputation, sales and operating results may be materially and adversely affected.

Our Buddy's workforce consists primarily of employees who work on an hourly basis. We rely on our sales associates in our store locations to provide customers with an enjoyable and informative shopping experience and to help ensure the efficient processing and delivery of products. To grow our operations and meet the needs and expectations of our customers, we must attract, train, and retain a large number of hourly associates, while at the same time controlling labor costs. We compete with other retail businesses as well as restaurants for many candidates for employment at our store locations. These positions have historically had high turnover rates, which can lead to increased training, retention and other costs. Our ability to control labor costs is also subject to numerous external factors and compliance with regulatory structures, including

competition for and availability of qualified personnel in a given market, unemployment levels within those markets, governmental regulatory bodies such as the Equal Employment Opportunity Commission and the National Labor Relations Board, prevailing wage rates and wage and hour laws, minimum wage laws, the impact of legislation governing labor and employee relations or benefits, such as the Affordable Care Act, health insurance costs and our ability to maintain good relations with our employees. If we are unable to attract and retain quality employees at reasonable cost, or fail to comply with the regulations and laws impacting personnel, it could have a material adverse effect on our business, results of operations and financial condition.

Our transactions are regulated by and subject to the requirements of various federal and state laws and regulations, which may require significant compliance costs and expose us to litigation. Any negative change in these laws or regulations or the passage of unfavorable new laws or regulations or the manner in which any of these are enforced could require us to alter our business practices in a manner that may be materially adverse to us.

Certain states have passed laws that regulate rental purchase transactions as separate and distinct from credit sales. One state has a retail installment sales statute that excludes leases, including lease-to-own transactions, from its coverage if the lease provides for more than a nominal purchase price at the end of the rental period. The specific rental purchase laws generally require certain contractual and advertising disclosures. They also provide varying levels of substantive consumer protection, such as requiring a grace period for late fees and contract reinstatement rights in the event the rental purchase agreement is terminated. The rental purchase laws of certain states limit the total amount that may be charged over the life of a rental purchase agreement and the laws of other certain states limit the cash prices for which we may offer merchandise.

Similar to other consumer transactions, our rental purchase transaction is also governed by various federal and state consumer protection statutes. These consumer protection statutes, as well as the rental purchase statutes under which we operate, provide various consumer remedies, including monetary penalties, for violations. Although there is currently no comprehensive federal legislation regulating rental purchase transactions, adverse federal legislation may be enacted in the future. From time to time, both favorable and adverse legislation seeking to regulate our business has been introduced in Congress. In addition, various legislatures in the states where we currently do business may adopt new legislation or amend existing legislation that could require us to alter our business practices in a manner that could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance as to whether changes in the enforcement of existing laws or regulations or the enactment of new laws or regulations that may unfavorably impact the lease-to-own industry would have a material and adverse effect on us.

Federal and state regulatory authorities are increasingly focused on the lease-to-own industry and any negative change in these laws or regulations or the passage of unfavorable new laws or regulations or the manner in which any of these are enforced or interpreted could require us to alter our business practices in a manner that may be materially adverse to us.

Although there is currently no comprehensive federal legislation regulating rental purchase transactions, federal regulatory authorities such as the United States Federal Trade Commission and the Consumer Financial Protection Bureau (the “CFPB”) are increasingly focused on the subprime financial marketplace in which the lease-to-own industry operates and adverse federal legislation may be enacted in the future. Any federal agency, or any state regulatory authority, may propose and adopt new regulations or interpret existing regulations in a manner that could materially increase both our costs of complying with laws and the risk that we could be sued or be subject to government sanctions if we are not in compliance or to alter our business practices in a manner that reduces the economic potential of our operations. Any such new laws, regulations or interpretations could include, by way of example only, those that seek to re-characterize store-based or virtual lease-to-own transactions as credit sales and to apply consumer credit laws and regulations to our business. In addition, federal and state regulators are increasingly holding businesses operating in the lease-to-own industry to higher standards of monitoring, disclosure and reporting, notwithstanding the adoption of any new laws or regulations applicable to our industry. Furthermore, regulators and courts may apply laws or regulations to our businesses in incorrect, inconsistent or unpredictable ways that may make our compliance more difficult, expensive and uncertain. This increased attention at the federal and state levels, as well as the potential for scrutiny by certain municipal governments, could increase our compliance costs significantly and materially and adversely affect the manner in which we operate. In addition, legislative or regulatory proposals regarding our industry, or interpretations of them, may subject our Buddy’s business to “headline risks” whereby media attention to these matters could negatively impact our business in a particular region or in general or investor sentiment and may materially and adversely affect our share price. Moreover, an adverse outcome from a lawsuit, even one against one of our competitors, could result in changes in the way we and others in the industry do business, possibly leading to significant costs or decreased revenues or profitability.

Our products and services may be negatively characterized by consumer advocacy groups, the media and certain Federal, state and local government officials, and if those negative characterizations become increasingly accepted by consumers and/or our retail partners, demand for our goods and the transactions we offer could decrease and our business could be materially and adversely affected.

Certain consumer advocacy groups, media reports and federal and state regulators and legislators have asserted that laws and regulations regarding lease-to-own transactions should be broader and more restrictive. The consumer advocacy groups and media reports generally focus on the total cost to a consumer to acquire an item, which is often alleged to be higher than the interest typically charged by banks or similar lending institutions to consumers with better credit histories seeking to borrow money to finance purchases. This “cost-of-rental” amount, which is generally defined as total lease fees paid in excess of the “retail” price of the goods, is from time to time characterized by consumer advocacy groups and media reports as predatory or abusive without discussing the fundamental difference between a credit transaction and a lease transaction, the fact that consumers can return their leased merchandise at any time without penalty or further payment obligations or the numerous other benefits to consumers of lease-to-own programs, or the lack of viable alternatives available to many of these consumers to obtain critical household items. If the negative characterization of lease-to-own transactions becomes increasingly accepted by consumers or our retail and merchant partners, demand for our products and services could significantly decrease, which could have a material adverse effect on our business, results of operations and financial condition. Additionally, if the negative characterization of lease-to-own transactions is accepted by regulators and legislators, our business may become subject to more restrictive laws and regulations and more stringent enforcement of existing laws and regulations, any of which could have a material adverse effect on our business, results of operations and financial condition. The vast expansion and reach of technology, including social media platforms, has increased the risk that our reputation could be significantly impacted by these negative characterizations in a relatively short amount of time. If we are unable to respond to such characterizations quickly and effectively, we may experience declines in customer loyalty and traffic and our relationships with our retail partners may suffer, which could have a material adverse effect on our business, results of operations and financial condition. Additionally, any failure by our competitors, including smaller, regional competitors, to comply with the laws and regulations applicable to the traditional and/or virtual lease-to-own models, or any actions by our competitors that are challenged by consumers, advocacy groups, the media or governmental agencies or entities as being abusive or predatory, could result in Buddy’s being perceived as engaging in similar unlawful or inappropriate activities or business practices, merely because we operate in the same general industries as such competitors.

We rely on the receipt of information from third-party data vendors, and inaccuracies in or delay in receiving such information, or the termination of our relationships with such vendors, could have a material adverse effect on our business, operating results and financial condition.

We are heavily dependent on data provided by third-party providers including whether or not an application for a lease submitted by a customer will be approved. We depend extensively upon continued access to and timely receipt of reliable data from external sources, such as third-party data vendors. Our data providers could stop providing data, provide untimely, incorrect or incomplete data, or increase the costs for their data for a variety of reasons, including a perception that our systems are insecure as a result of a data security breach, regulatory concerns or for competitive reasons. We could also become subject to increased legislative, regulatory or judicial restrictions or mandates on the collection, disclosure or use of such data, in particular if such data is not collected by our providers in a way that allows us to legally use the data. If we were to lose access to this external data or if our access or use were restricted or were to become less economical or desirable, our business would be negatively impacted, which would materially and adversely affect our operating results and financial condition. We cannot provide assurance that we will be successful in maintaining our relationships with these external data source providers or that we will be able to continue to obtain data from them on acceptable terms or at all. Furthermore, we cannot provide assurance that we will be able to obtain data from alternative sources if our current sources become unavailable.

We have significant lease obligations, which may require us to continue paying rent for store locations that we no longer operate.

We have Company-owned Buddy’s operations which are operated in leased store locations. We are subject to risks associated with our current and future real estate leases. Our costs could increase because of changes in the real estate markets and supply or demand for real estate sites. We generally cannot cancel our leases, so if we decide to close or relocate a location, we may nonetheless be committed to perform our obligations under the applicable lease including paying the base rent for the remaining lease term. As each lease expires, we may fail to negotiate renewals, either on commercially acceptable terms or any terms at all and may not be able to find replacement locations that will provide for the same success as current store

locations.

The success of our Buddy's business is highly dependent upon the continuous support, ability and success of the Franchisor, over which we have limited control.

Our franchisor is an independent third-party business. The continuous support by our franchisor is critical for the success of our Buddy's franchise business and through our franchise agreement requires franchisor to provide certain services including marketing, technology support, inventory management, the licensing of the Buddy's trademarks, our rights to establish and operate our Buddy's business, among other provisions. While we can mandate the provision of certain services and rights through enforcement of our franchise agreement, we need the active and continuous support of our franchisor if the implementation of our programs and strategic initiatives is to be successful. Although certain services are required of our franchisor under the franchise agreement and related agreements, there can be no assurance that our franchisor will continue to provide those services or that the services provided will be successful or at acceptable levels. The failure of our franchisor to provide those services would adversely affect our ability to implement our business strategy or impair operations and could have a material adverse effect on our business, financial condition, and results of operations. Our financial success also depends on how effectively we operate our franchise locations and how our franchisors operate, style and develop their business.

There can be no assurance that the training programs and quality control procedures established will be effective in enabling us to run profitable businesses or that we will be able to identify problems or take corrective action quickly enough. In addition, failure by our franchisor to provide service at acceptable levels may result in adverse publicity that can materially adversely affect our reputation and ability to compete in the market in which the franchise store is located. Although we evaluate the franchisor before entering into a franchisor-franchisee relationship, we cannot be certain that franchisor management will continue to have the business acumen, or financial resources and business know how necessary to support its franchisees successfully and continuously. Because our franchisor is an independent business with no common employees, we are not able to control them and the significant factor of success and quality of a franchise rests with the franchisor. Our franchisor may fail in key areas, or experience significant business or financial difficulties, which could slow our growth, reduce revenues, damage our reputation, expose us to regulatory enforcement actions or private litigation and/or cause us to incur additional costs and expenses. If we fail to adequately mitigate any such future losses, our business and financial condition could be materially and adversely affected.

Risks Related to All of Our Businesses

We may pursue acquisitions, investments, joint ventures and dispositions, which could adversely affect our results of operations.

Our growth strategy includes the acquisition of, and investment in, businesses that offer complementary products, services and technologies, augment our market coverage, or enhance our capabilities. We may also enter into strategic alliances or joint ventures to achieve these goals. We may not be able to identify suitable acquisition, investment, alliance, or joint venture opportunities, or to consummate any such transactions. In addition, our original estimates and assumptions used in assessing any transaction that we make may be inaccurate and we may not realize the expected financial or strategic benefits of any such transaction.

Any acquisitions we may undertake involve risks and uncertainties, such as unexpected delays, challenges and related expenses, and diversion of management's attention. If we fail to complete an acquisition, our share price could fall to the extent the price reflects an assumption that such acquisition will be completed, and we may have incurred significant unrecoverable costs. Further, the failure to consummate an acquisition may result in negative publicity and adversely impact our relationships with third parties. We may become subject to legal proceedings relating to the acquisition and the integration of acquired businesses may not be successful. The integration of an acquired business involves significant challenges, including, among others: minimizing the disruption of our business, diversion of management's attention from daily operations and integrating the personnel of acquired businesses; incurring significant restructuring charges and amortization expense, assuming liabilities and ongoing lawsuits, potential impairment of acquired goodwill and other intangible assets, and increasing our expenses and working capital requirements; and implementing our management information systems, operating systems and internal controls over the acquired operations. These difficulties may be complicated by factors such as the size of the business or entity acquired, geographic distances and cultural differences, lack of experience operating in the geographic markets or industry sectors of the acquired business, the potential loss of key employees, vendors and other business partners of the businesses we acquire, the potential for deficiencies in internal controls at the acquired or combined business, performance problems with the acquired business' technology, exposure to unanticipated liabilities of the acquired business,

insufficient revenue to offset increased expenses associated with the acquisition, adverse tax consequences and our potential inability to achieve the growth prospects or synergies expected from any such acquisition.

Failure to manage and successfully integrate the acquisitions we make, or to improve margins of the acquired businesses and products, could materially harm our business, operating results and margins.

Any future acquisitions we make may require significant additional debt or equity financing, which, in the case of debt financing, would increase our leverage and potentially negatively affect our credit ratings, and in the case of an equity or equity-linked financing, would be dilutive to our existing shareholders. Any downgrades in our credit ratings could adversely affect our ability to borrow by resulting in more restrictive borrowing terms or increased borrowing costs. As a result, we may be unable to complete acquisitions or other strategic transactions in the future to the same extent as in the past, or at all. These and other factors could harm our ability to achieve anticipated levels of profitability of acquired businesses or realize other anticipated benefits of an acquisition, and could adversely affect our business, financial condition and results of operations. For example, in November 2020, we acquired our Buddy's business. If we do not successfully integrate that business or if it otherwise does not perform to our expectations, it could have a material adverse effect on our business, financial condition and results of operations.

From time to time, we may also seek to divest or wind down portions of our business that are not strategically important, both acquired or otherwise, or we may exit minority investments, each of which could materially affect our cash flows and results of operations. Any future dispositions we may make could involve risks and uncertainties, including our ability to sell such businesses on terms acceptable to us, or at all. In addition, any such dispositions could result in disruption to other parts of our business, potential loss of customers, exposure to unanticipated liabilities or result in ongoing obligations and liabilities to us following any such dispositions.

Failure to achieve and maintain effective internal controls could have a material adverse effect on our business.

The Company has certain material weaknesses in its internal control over financial reporting as of April 1, 2023.

- The Company lacks the expertise to account for complex account transactions.
- With regards to business combination and income taxes, the Company has lack of formal detail documentation of controls and evidence of management's related review process.
- The Company failed to maintain effective controls over (i) completeness and appropriate classification of new lease contracts (operating vs. finance) and (ii) appropriate presentation of supplemental non-cash information related to operating lease right-of-use assets at the lease inception on new or modified operating leases, that were entered into subsequent to the acquisition of Buddy's Furnishing Stores in fiscal year 2021 and during the first and second quarters of fiscal year 2022 and therefore, failed to appropriately account for and disclose supplemental non-cash information of certain leases under ASC 842, Lease.
- The Company failed to maintain effective controls over presentation of return of investments in the statement of cash flows as per ASC 230 that resulted in a restatement of prior period financial statement.
- With regards to information technology general control, the Company has lack of segregation of duties, formal documentation of control processes and related review in connection with logical security/access to relevant systems, proper password parameters, change management, and SOC reports, cyber security program.
- The Company failed to maintain effective control over timely reconciliation of notes payable as current vs non-current and related presentation and required disclosures.

Management has taken steps and has implemented changes to our internal controls to address these material weaknesses. The steps include (a) expanded consultations with third party specialists on complex accounting matters, financial reporting, and regulatory filings, (b) enhanced documentation to support a more precise review process, and (c) improved monitoring of the review process. Management continues to make improvements that address the identified control deficiencies. However, the identified material weaknesses could result in future material misstatements of the condensed consolidated financial statements that would not be prevented or detected.

Effective internal controls are necessary for us to provide reliable financial reports. If we cannot provide reliable financial reports, our brand and operating results could be harmed. Additionally, as a public company, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 so that our management can certify, on an annual basis, that our internal control over financial reporting is effective. We are also required to, among other things, establish and periodically evaluate procedures with respect to our disclosure controls and procedures. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. While we continue to evaluate and improve our internal controls, we cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Failure to achieve and maintain an effective internal control environment could cause investors to lose confidence in our reported financial information, which could have a material adverse effect on our ability to raise capital, and may also expose us to potential claims and losses. Additionally, any such failure could subject us to increased regulatory scrutiny, which could also have a material adverse effect on our business and our stock price.

General economic conditions, including increases in energy and commodity prices, that are largely out of our control, may adversely affect our financial condition and results of operations.

The demand for bebe products, Buddy's products and other equity investment products is influenced by national and local economic factors that may affect consumer spending or buying habits. Factors that could adversely affect the demand for our products and services include local and global recessionary economic cycles, higher interest rates, higher fuel and other energy costs, inflation, deflation, increases in commodity prices, higher levels of unemployment, the liquidity concerns at banks and other financial institutions, higher consumer debt levels, higher tax rates and other changes in tax laws. A decline in economic conditions could also result in limitations on the prices the Buddy's stores, the Joint Venture's and other equity investment's licensees can charge for products, either of which could adversely affect our business. We can provide no assurance that demand for our products and services will not be adversely affected by national or local economic conditions, thereby harming our business.

Disruptions in our supply chain and other factors affecting the distribution of our merchandise could adversely impact our business.

Any disruption in our supply chain, including as a result of the COVID-19 pandemic or the war in Ukraine, could result in our inability to meet our customers' expectations, higher costs, an inability to stock our stores, or longer lead time associated with distributing merchandise. Any such disruption within our supply chain network could also result in decreased net sales, increased costs and reduced profits.

Our business could be adversely impacted by unfavorable international political conditions.

Our operating results are, and will continue to be, affected by international social, political, legal and economic conditions. In particular, our business could be adversely impacted by instability or changes resulting in the disruption of trade with the countries in which our contractors, suppliers, licensees or customers are located, significant fluctuations in the value of the dollar against foreign currencies or restrictions on the transfer of funds, or additional trade restrictions imposed by the United States and other foreign governments. We can provide no assurance that our business will not be adversely affected by such international events.

In addition, trade restrictions, including increased tariffs or quotas, embargoes and customs restrictions could increase the cost or reduce the supply of merchandise available and adversely affect our retail business and our licensees' businesses. Our businesses also purchase a substantial amount of our raw materials and inventory from China, and our business and operating results may be affected by changes in the political, social or economic environment in China.

Our ability to conduct business could be negatively impacted by the effects of natural disasters, war, terrorism, public health concerns or other catastrophes.

We operate a corporate office in San Francisco, California and Buddy's franchise stores in twelve states in the southeast region of the United States. Any serious disruption at the corporate office or at our stores whether due to construction, relocation, fire, flood, earthquake, terrorist acts, natural disasters, pandemics or otherwise could harm our business. Natural disasters, extreme weather and public health concerns, including severe infectious diseases, could impact our ability to open and run our corporate office or our stores. In addition, our ability to continue to operate our business without significant interruption in the event of a disaster or other disruption depends, in part, on the ability of our information systems to operate in accordance with our disaster recovery and business continuity plans. Lower client traffic due to the effect of natural disasters or extreme weather, security concerns, war or the threat of war and public health concerns could result in decreased sales that could have a material adverse effect on our business. In addition, threat of terrorist attacks or actual terrorist events in the United States and world-wide could cause damage or disruption to international commerce and the global economy, disrupt the production, shipment or receipt of our merchandise or lead to lower client traffic. Our ability to mitigate the adverse impact of these events depends, in part, upon the effectiveness of our disaster preparedness and response planning as well as business continuity planning. However, we cannot be certain that our plans will be adequate or implemented properly in the event of an actual disaster or other catastrophic situation. We cannot guarantee that the amount of any hurricane, windstorm, earthquake, flood, business interruption or other casualty insurance we may maintain from time to time would cover any or all damages caused by any such event.

Failure to effectively manage our costs could have a material adverse effect on our profitability.

Certain elements of our cost structure are largely fixed in nature. Consumer spending remains uncertain, which makes it more challenging for us to maintain or increase our operating income in the retail rent-to-own business segment. The competitive environment in our industry and increasing price transparency means that the focus on achieving efficient operations is greater than ever. As a result, we must continuously focus on managing our cost structure. Failure to manage our overall cost of operations, labor and benefit rates, marketing expenses, operating leases, charge-offs due to customer stolen merchandise, other store expenses or indirect spending could materially adversely affect our profitability.

Our business may be negatively impacted by any failure to comply with regulatory requirements.

As a public company who owns and operates franchises, we are subject to numerous regulatory requirements. In addition, we are subject to numerous domestic and foreign laws and regulations affecting our business, including those related to labor, employment, worker health and safety, competition, privacy, consumer protection, credit cards, import/export and anti-corruption, including the Foreign Corrupt Practices Act and the Telephone Consumer Protection Act. Our employees, contractors, subcontractors, vendors and suppliers could take actions that violate these requirements and/or our compliance policies and procedures, which could have a material adverse effect on our reputation, financial condition and on the market price of our common stock. Regulatory developments regarding the use of “conflict minerals,” certain minerals originating from the Democratic Republic of Congo and adjoining countries, could affect the sourcing and availability of raw materials used by suppliers and subject the Joint Venture to costs associated with the relevant regulations, including for diligence pertaining to the presence of any conflict minerals used in our products, possible changes to products, processes or sources of our inputs and reporting requirements.

There are litigation and other claims against us from time to time, which could distract management from our business activities and could lead to adverse consequences to our business and financial condition.

We are involved from time to time with litigation and other claims against us. Often these cases can raise complex factual and legal issues, which are subject to risks and uncertainties and which could require significant management time. Although we do not currently believe that the outcome of any current litigation or claim against us will have a material adverse effect on our overall financial condition, we have, in the past, incurred unexpected expense in connection with litigation matters. In the future, adverse settlements, judgments or resolutions may negatively impact our business. Injunctions against us could have an adverse effect on our business by requiring us to do, or prohibiting us from engaging in, certain activities. We may in the future be the target of material litigation, which could result in substantial costs and divert our management's attention and resources.

Our operations are dependent on effective information management systems. Failure of these systems could negatively impact our business, financial condition and results of operations.

We utilize integrated information management systems. The efficient operation of our business is dependent on these systems to effectively manage our financial and operational data. The failure of our information management systems to

perform as designed due to bugs, crashes, internet failures and outages, operator error, or catastrophic events, and any associated loss of data or interruption of such information management systems for a significant period of time could disrupt our business. If the information management systems sustain repeated failures, we may not be able to manage our store operations, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to cybersecurity risks and may incur increasing costs in an effort to minimize those risks and to respond to cyber incidents.

If we experience a significant cyber incident or data breach or fail to detect and appropriately respond to a significant cyber incident or data breach, we or the Joint Venture could be exposed to government enforcement actions and private litigation, and our business could be adversely affected. For example, in November 2014, we detected suspicious activity on computers that operate the payment processing system for our stores, which appeared to be limited to data from payment cards swiped in the United States and its territories between November 8, 2014 and November 26, 2014. The data may have included cardholder name, account number, expiration date and verification codes, although we have no indication of fraudulent charges to date. We cannot assure that we will not suffer future breaches of the portion of our network that handles payment card data, with further payment card and client information being stolen. These sorts of breaches might cause our customers to lose confidence in our or the Joint Venture's ability to protect their personal information, which could cause them to stop shopping for our brands. The loss of confidence from a significant cyber incident or data breach involving our employees could also hurt our reputation and adversely affect our business and financial results.

We are responsible for maintaining the privacy of personally identifiable information of our customers.

Through our sales transactions and customer programs and other methods, we obtained personally identifiable information about our customers which is subject to federal, state and international privacy laws. These laws are constantly changing. If we fail to comply with these laws, we may be subject to fines, penalties or other adverse actions. Third parties may seek to access this information through improper means such as computer hacking, malware and viruses. Any incidents involving unauthorized access or improper use of our customers' personally identifiable information could damage our reputation and brand and result in legal or regulatory action against us.

Risks Related to Our Common Stock

Our concentrated stock ownership reduces the ability of other shareholders to influence corporate matters.

Because Manny Mashouf and B. Riley Financial, Inc. beneficially own a majority of the outstanding shares, other shareholders have limited ability to influence corporate matters.

As of April 1, 2023, Manny Mashouf, our CEO, and B. Riley Financial, Inc. beneficially owned approximately 33% and 40%, respectively, of the outstanding shares of our common stock. As a result, if they act together, they have the ability to control our management and affairs and substantially all matters submitted to our shareholders for approval, including the election and removal of directors and approval of any significant transaction. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, and could limit the price that certain investors might be willing to pay for shares of common stock, even if such a transaction would benefit other shareholders. In addition, they could also sell their shares at any time in open market transactions that comply with applicable restrictions on such shares, registered offerings or otherwise and such a sale could negatively impact our share price.

Certain stockholders and management have a substantial ownership stake, and their interests could conflict with the interests of our other stockholders.

As of April 1, 2023, B. Riley Financial, Inc. ("B. Riley") currently own shares of our common stock representing approximately 40% of the Company's outstanding common stock. As a result of substantial ownership of our stock, and B. Riley's participation on the Board with two board members, and a B. Riley employee serves as our Controller as an independent contractor, B. Riley currently has the ability to influence certain actions for day to day operations or those requiring stockholder approval, including increasing or decreasing the authorized share capital, the election of directors, declaration of dividends, the appointment of management, investments, business opportunities, and other policy decisions.

The interests of B. Riley may be different from the interests of our other stockholders. While any future transaction with B. Riley or other significant stockholders could benefit us, the interests of the B. Riley could at times conflict with the interests of other stockholders. Conflicts of interest may also arise between us and B. Riley or their affiliates, which may result in the conclusion of transactions on terms not determined by market forces. Any such conflicts of interest could adversely affect our business, financial condition and results of operations, and the trading price of our common stock. Moreover, the concentration of ownership may delay, deter or prevent acts that would be favored by other stockholders or deprive our stockholders of an opportunity to receive a premium for their shares of our common stock as part of a sale of us. Similarly, this concentration of stock ownership may adversely affect the trading price of our common stock because investors may perceive disadvantages in owning equity in a company with concentrated ownership.

Our stock price could fluctuate substantially for reasons outside of our control.

Our common stock is quoted on the OTC, which has experienced, and is likely to experience in the future, significant price and volume fluctuations, which could adversely affect our stock price without regard to our financial performance. In addition, we believe that factors such as quarterly fluctuations in our financial results and comparable sales; announcements by other furniture, apparel, accessory, music and gift item retailers; the trading volume of our stock; changes in estimates of our performance by securities analysts; litigation; overall economic and political conditions, including the global economic downturn; the condition of the financial markets, including the credit crisis; and other events or factors outside of our control could cause our stock price to fluctuate substantially.

If we sell shares of our common stock in the future, shareholders may experience immediate dilution and, as a result, our stock price may decline.

We may from time to time issue additional shares of common stock at a discount from the current trading price of our common stock. As a result, our shareholders would experience immediate dilution. In addition, as opportunities present themselves, we may enter into financing or similar arrangements in the future, including the issuance of debt securities, preferred stock or common stock. If we issue common stock or securities convertible into common stock, our common shareholders would experience additional dilution and, as a result, our stock price may decline.

Although we may desire to continue to pay dividends in the future, our financial condition, debt covenants, or California law may prohibit us from doing so.

The payment of dividends will be at the discretion of our Board of Directors and will depend, among other things, on our earnings, capital requirements, and financial condition. Our ability to pay dividends will also be subject to compliance with financial covenants that are contained in our credit facility and may be restricted by any future indebtedness that we incur or issuances of preferred stock. In addition, applicable law requires our Board of Directors to determine that we have adequate surplus prior to the declaration of dividends. Although we expect to pay a quarterly cash dividend to holders of our common stock, we have no obligation to do so, and our dividend policy may change at any time without notice to our stockholders. We cannot provide an assurance that we will continue to pay dividends at any specific level or at all.

Item 5. Legal Proceedings

The Company is involved and/or may become involved in lawsuits, claims and/or proceedings incident to the ordinary course of our business. The results of these lawsuits, claims and proceedings cannot be predicted with certainty. However, the Company believes that the ultimate resolution of these current matters will not have a material adverse effect on our condensed consolidated financial statements taken as a whole. The Company reviews the need for any loss contingency reserves and establish reserves when, in the opinion of management, it is probable that a matter would result in liability, and the amount can be reasonably estimated. In view of the inherent difficulty of predicting the outcome of these matters, it may not be possible to determine whether any loss is probable or to reasonably estimate the amount of the loss until the case is close to resolution, in which case no reserve is established until that time. Any claims against us could result in costly litigation, require significant amounts of management time and result in the diversion of significant operational resources.

Item 6. Default upon Senior Securities

None.

Item 7. Other Information

None.

Item 8. Exhibits

The following is a list of all contracts which the Company is a party to, and which currently can reasonably be regarded as material to a security holder of the Company as of the date of this Quarterly Report:

- 3.1 Certificate of Determination of Series A Junior Participating Preferred Stock of bebe stores, inc., submitted for filing with the Secretary of State of the State of California on January 12, 2018, incorporated by reference to the Report on Form 8-K filed by bebe stores, inc. with the United States Securities and Exchange Commission on January 16, 2018.
- 4.1 Termination Agreement, dated as of January 12, 2018, among bebe stores, inc., bebe management, inc., bebe stores (Canada), inc., bebe studio, inc., bebe studio realty, LLC, GACP Finance Co., LLC and B. Riley Financial, Inc., incorporated by reference to the Report on Form 8-K filed by bebe stores, inc. with the United States Securities and Exchange Commission on January 16, 2018.
- 10.1 Debt Conversion, Purchase and Sale Agreement, dated as of January 12, 2018, among bebe stores, inc., B. Riley Financial, Inc. and The Manny Mashouf Living Trust, incorporated by reference to the Report on Form 8-K filed by bebe stores, inc. with the United States Securities and Exchange Commission on January 16, 2018.
- 10.2 Investor Agreement, dated as of January 12, 2018, among bebe stores, inc. and the investors listed on Schedule A thereto, incorporated by reference to the Report on Form 8-K filed by bebe stores, inc. with the United States Securities and Exchange Commission on January 16, 2018.
- 10.4 Tax Benefit Preservation Plan, dated as of January 12, 2018, by and between bebe stores, inc. and Computershare Trust Company, N.A., incorporated by reference to the Report on Form 8-K filed by bebe stores, inc. with the United States Securities and Exchange Commission on January 16, 2018.
- 10.5 Amendment No. 1 to Tax Benefit Preservation Plan, dated as of January 8, 2019, by and between bebe stores, inc. and Computershare Trust Company, N.A.
- 10.6 Asset Purchase Agreement, dated November 10, 2020, by and among Franchise Group, Inc., Buddy's Newco, LLC, the Company, and the Company Stores LLC.
- 10.7 Form of Note, dated November 10, 2020
- 10.8 Subscription Agreement, dated November 10, 2020, by and between the Company and B. Riley Financial, Inc.
- 10.9 Credit Agreement, dated August 24, 2021, by and between the Company and Crystal Financial LLC D/B/A SLR Credit Solutions.
- 11.1 Sixth Amended & Restated Articles of Incorporation as of January 11, 2022
- 11.2 First Amendment to Credit Agreement, dated March 21, 2023, by and between the Company and Crystal Financial LLC D/B/A SLR Credit Solutions.

Item 9. Certifications

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Manny Mashouf, certify that:

1. I have reviewed this quarterly disclosure statement of bebe stores, inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the condensed consolidated financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: May 08, 2023

BY: /s/ Manny Mashouf
Manny Mashouf
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Marc So, certify that:

1. I have reviewed this quarterly disclosure statement of bebe stores, inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the condensed consolidated financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: May 08, 2023

BY: /s/ Marc So
Marc So
Chief Financial Officer

Execution Version

FIRST AMENDMENT TO CREDIT AGREEMENT

This **FIRST AMENDMENT TO CREDIT AGREEMENT**, dated as of March 21, 2023 (this "Amendment"), is entered into by and among the lenders identified on the signature pages hereto (each such lender, together with its successors and permitted assigns, is referred to hereinafter as a "Lender"), **CRYSTAL FINANCIAL LLC D/B/A SLR CREDIT SOLUTIONS**, a Delaware limited liability company, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "Administrative Agent"), **BEBE STORES, INC.**, a California corporation (the "Company"), **BB BAF LLC**, a Delaware limited liability company ("BB BAF"), and **BB BHF STORES LLC**, a Delaware limited liability company ("BB BHF") and, together with the Company, BB BAF, and any other entities which may become "Borrowers" hereafter, collectively, the "Borrowers"), and each of the Guarantors (as defined in the Credit Agreement referred to below) identified on the signature pages hereto.

WHEREAS, the Borrowers, the other Credit Parties (as defined in the Credit Agreement referred to below), the Lenders and the Administrative Agent entered into that certain Credit Agreement, dated as of August 24, 2021 (as amended, restated, amended and restated, extended, modified, supplemented or otherwise modified and in effect from time to time, the "Credit Agreement");

WHEREAS, the Borrowers have requested that the Lenders and the Administrative Agent amend certain provisions of the Credit Agreement;

WHEREAS, the Lenders and the Administrative Agent are willing to amend certain provisions of the Credit Agreement, subject to all of the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises, and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment are used herein as defined in the Credit Agreement as amended hereby.

2. Amendments to Credit Agreement.

(a) Composite Credit Agreement. The Credit Agreement is hereby amended to delete the bold, stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the bold, double-under lined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Credit Agreement attached as Annex A hereto.

(b) Exhibits to Credit Agreement. Each of Exhibit C and Exhibit H to the Credit Agreement is hereby amended and restated in its entirety to read as set forth in the new Exhibit C and Exhibit H, respectively, attached hereto as Annex B.

3. Representations, Warranties, Covenants and Acknowledgments.

(a) Each Credit Party represents and warrants to the Administrative Agent and the Lenders that, upon and after giving effect to this Amendment, (i) each of the representations and warranties made by such Credit Party under the Loan Documents are true and correct in all material respects (but without duplication of any materiality qualifications) on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier

date, in which case they shall be true and correct in all material respects (but without duplication of any materiality qualifications) as of such earlier date, (ii) it has the power and authority and is duly authorized to enter into and to deliver this Amendment and to perform all of its obligations under this Amendment, (iii) this Amendment has been duly executed and delivered by each Credit Party that is party hereto, (iv) this Amendment, the Credit Agreement and each of the other Loan Documents to which it is a party is the legally valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally and (v) the execution, delivery and performance of this Amendment in accordance with its terms does not and will not (A) violate any provision of federal, state, provincial, foreign or local law or regulation applicable to any Credit Party or its Subsidiaries or any order, judgment, or decree of any court or other Governmental Authority binding on any Credit Party or its Subsidiaries, (B) violate the Governing Documents of any Credit Party or its Subsidiaries, (C) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material agreement of any Credit Party or its Subsidiaries, (D) result in or require the creation or imposition of any Lien of any nature whatsoever upon any assets of any Credit Party, other than Permitted Liens, or (E) require any approval of any board of directors, member, manager, partner (or similar governing body) or any holder of equity interests of a Credit Party or any approval or consent of any Person under any material agreement of any Credit Party, other than consents or approvals that have been obtained and that are still in force and effect.

(b) Each Credit Party represents and warrants to the Administrative Agent and the Lenders that no Default or Event of Default shall exist after giving effect to this Amendment, or would result from giving effect to this Amendment.

(c) Each Credit Party (i) agrees that this Amendment is not intended to be, and is not, a novation of any of the Loan Documents or any of the Obligations thereunder and does hereby ratify, confirm and reaffirm each of the agreements, covenants and undertakings made by it under the Credit Agreement and each and every other Loan Document executed by it in connection therewith or pursuant thereto, in each case, as modified by this Amendment, as if such Credit Party were making said agreements, covenants and undertakings on the effective date hereof, except with respect to such agreements, covenants and undertakings which, by their express terms, are applicable only to a prior specified date, (ii) ratifies and confirms all of its Obligations to the Administrative Agent and the Lenders, and (iii) confirms that the Obligations are and remain secured pursuant to the Loan Documents and pursuant to all other instruments and documents executed and/or delivered by the Credit Parties, as security for the Obligations.

(d) Each Credit Party does hereby acknowledge and agree that, as of the date hereof, no known right of offset, defense, counterclaim, claim, causes of action or objection exists in favor of any Credit Party against the Administrative Agent or any Lender arising out of or with respect to (i) the Obligations, this Amendment, the Credit Agreement or any of the other Loan Documents, (ii) any other documents evidencing, securing or in any way relating to the foregoing, or (iii) the administration or funding of the Loans or the Obligations.

(e) All representations and warranties made in this Amendment shall survive the execution and delivery of this Amendment and no investigation by the Administrative Agent or the Lenders shall affect such representations or warranties or the right of the Administrative Agent and the Lenders to rely upon them.

4. Closing: Conditions Precedent. Each party hereto agrees that this Amendment shall be effective on the date on which each of the following conditions precedent has been fulfilled to the reasonable satisfaction of the Administrative Agent (such date being the “First Amendment Effective Date”):

(a) The Administrative Agent shall have received counterparts to this Amendment duly executed by the Credit Parties and the Lenders.

(b) The Administrative Agent shall have received the Amendment Fee (as defined below) in accordance with Section 5(a) below.

(c) Any consents or approvals required in connection with the effectiveness of this Amendment and the other Loan Documents shall have been obtained and shall be in full force and effect.

(d) The representations and warranties contained in Section 3 shall be true and correct as of the First Amendment Effective Date.

5. Fees and Expenses.

(a) The Credit Parties shall pay to the Administrative Agent (for the benefit of the Lenders) in cash an amendment fee in an amount equal to \$121,875.00 (the “Amendment Fee”), which Amendment Fee is fully earned, due and payable on the First Amendment Effective Date.

(b) Without limiting the generality of Section 10.04 of the Credit Agreement, the Borrowers agree to pay on demand, without duplication, all reasonable and documented out-of-pocket costs and expenses incurred by the Administrative Agent in connection with the preparation, execution, delivery and performance of this Amendment and all other documents, instruments and agreements entered into in connection herewith and in connection with any other transactions contemplated hereby, including, without limitation, the reasonable fees, charges and disbursements of legal counsel to the Administrative Agent.

6. Release. As a material inducement to the Administrative Agent and the Lenders entering into this Amendment each Credit Party, for itself and its respective successors and assigns, (a) does hereby remise, release, waive, relinquish, acquit, satisfy and forever discharge the Administrative Agent and each Lender and all of the respective past, present and future officers, directors, employees, agents, attorneys, representatives, participants, heirs, Affiliates, successors and assigns of the Administrative Agent and each Lender (collectively the “Discharged Parties” and each a “Discharged Party”), from any and all manner of debts, accountings, bonds, warranties, representations, covenants, promises, contracts, controversies, agreements, liabilities, obligations, expenses, damages, judgments, executions, actions, suits, claims, counterclaims, demands, defenses, setoffs, objections and causes of action of any nature whatsoever, whether at law or in equity, either now accrued or hereafter maturing and whether known or unknown, including, but not limited to, any and all claims which may be based on allegations of breach of contract, failure to lend, fraud, promissory estoppel, libel, slander, usury, negligence, misrepresentation, breach of fiduciary duty, bad faith, lender malpractice, undue influence, duress, tortious interference with contractual relations, interference with management, or misuse of control which such Credit Party now has or hereafter can, shall or may have by reason of any matter, cause, thing or event occurring on or prior the date of this Agreement, in each case, arising out of, in connection with or relating to (i) the Obligations, including, but not limited to, the administration or funding thereof, (ii) any of the Loan Documents or the indebtedness evidenced and secured thereby, and (iii) any other agreement or transaction between any Credit Party and any Discharged Party relating to or in connection with the Loan

Documents or the transactions contemplated therein; and (b) does hereby covenant and agree never to institute or cause to be instituted or continue prosecution of any suit or other form of action or proceeding of any kind or nature whatsoever against any Discharged Party, by reason of or in connection with any of the foregoing matters, claims or causes of action, provided, however, that the foregoing release and covenant not to sue shall not apply to any claims first arising after the date of this Amendment with respect to acts, occurrences or events after the date of this Amendment.

7. Additional Acknowledgement. Each Credit Party expressly acknowledges and agrees that the waivers, estoppels and releases in favor of the Administrative Agent and the Lenders contained in this Amendment shall not be construed as an admission of any wrongdoing, liability or culpability on the part of the Administrative Agent or any Lender, or as an admission by the Administrative Agent or any Lender of the existence of any claims by any Credit Party against the Administrative Agent or any Lender. Each Credit Party further acknowledges and agrees that, to the extent that any such claims exist, they are of a speculative nature so as to be incapable of objective valuation and that, to the extent that any such claims may exist and may have value, such value would constitute primarily “nuisance” value or “leverage” value in adversarial proceedings between any Credit Party and the Administrative Agent or any Lender. In any event, each Credit Party acknowledges and agrees that the value to such Credit Party of the covenants and agreements on the part of the Administrative Agent and each Lender contained in this Amendment substantially and materially exceeds any and all value of any kind or nature whatsoever of any claims or other liabilities waived or released by such Credit Party hereunder.

8. Conflict; Amendments; Covenants. In the event of any conflict between the provisions of the Loan Documents and this Amendment, the provisions of this Amendment shall govern, it being the intent of the parties hereto that this Amendment shall constitute an amendment and modification of the Credit Agreement.

9. No Waiver. Nothing contained in this Amendment shall extend to or affect in any way any of the rights or obligations of the Borrowers, the other Credit Parties and their respective affiliates and/or subsidiaries, as applicable, or the Administrative Agent’s and the Lenders’ obligations and rights and remedies under the Loan Documents and applicable law. Except as expressly set forth herein, all of the terms and provisions of the Credit Agreement and the other Loan Documents shall remain in full force and effect. This Amendment shall be binding upon the Borrowers, the other Credit Parties, any successors or assigns thereof, and any other guarantor or co-obligor of any of the Obligations.

10. Ratification. Each of the Credit Parties hereby ratifies and confirms all of the terms and conditions of, and all of the warranties and representations set forth in, each of the Loan Documents to which it is a party, and each of the Credit Parties acknowledges and agrees that each of the Loan Documents (including any schedules thereto and exhibits thereto), as amended by this Amendment, remains in full force and effect. Each of the Credit Parties hereby acknowledges, confirms and agrees that the Loan Documents, and any and all Collateral previously pledged to the Administrative Agent, for the benefit of the Secured Parties, pursuant thereto, shall continue to secure all Obligations (including the Revolving Credit Commitment Increase) of the Credit Parties at any time and from time to time outstanding under the Credit Agreement and the Loan Documents, as such Obligations have been, and may hereafter be, amended, restated, supplemented, increased or otherwise modified from time to time.

11. Existing Loans. Notwithstanding anything in the Credit Agreement to the contrary, all Interest Periods for Loans outstanding as of the date hereof that bear interest at the Eurodollar Rate (as defined in the Credit Agreement immediately prior to the effectiveness of this Amendment, the “Existing Loans”) shall terminate and end on the First Amendment Effective Date, and thereafter, all Existing Loans shall be Loans that bear interest based on Adjusted Term SOFR as determined in accordance with the Credit Agreement; provided that, notwithstanding anything to the contrary set forth in Section 3.04 of

the Credit Agreement, in no event shall the Borrowers be obligated to indemnify, defend, and hold Administrative Agent and the Lenders and their Participants harmless against any Breakage Costs incurred or suffered in connection with the termination of the Interest Periods for the Loans on the First Amendment Effective Date.

12. Miscellaneous.

(a) Each Credit Party agrees to take such further action as the Administrative Agent shall reasonably request in connection herewith to evidence the agreements herein contained.

(b) This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment constitutes the entire contract among the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Amendment.

(c) This Amendment shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto.

(d) THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW (OTHER THAN THE NEW YORK GENERAL OBLIGATIONS LAW §5-1401)).

(e) This Amendment may not be modified, altered or amended except by agreement in writing signed by all of the parties hereto. Each Credit Party acknowledges that it has consulted with counsel and with such other expert advisors as it deemed necessary in connection with the negotiation, execution and delivery of this Amendment. This Amendment shall be construed without regard to any presumption or rule requiring that it be construed against the party causing this Amendment or any part hereof to be drafted. Nothing in this Amendment shall be construed to alter the debtor-creditor relationship between the Borrowers, on the one hand, and the Administrative Agent and the Lenders, on the other. Wherever possible, each provision of this Amendment shall be interpreted in such manner as to be effective and valid under applicable law, but if any provisions of this Amendment shall be prohibited by or rendered invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Amendment. This Amendment is not intended as, nor shall it be construed to create, a partnership or joint venture relationship between or among any of the parties.

(f) This Amendment shall be deemed a Loan Document, and all obligations included in this Amendment (including, without limitation, all obligations for the payment of principal, interest, fees and other amounts and expenses) shall constitute Obligations under the Loan Documents and shall be secured by the Collateral as security for the Obligations. This Amendment together with the other Loan Documents embodies the entire understanding and agreement between the parties hereto and thereto with respect to the subject matter hereof and thereof and supersedes all prior agreements, understandings and inducements, whether express or implied, oral or written.

(g) This Amendment shall in all respects be subject to the confidentiality provisions of Section 10.07 of the Credit Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective duly authorized representatives as of the date first above written, and the Guarantors (i) join in the execution and delivery of this Amendment and give their consent to this Amendment, and to the execution, delivery and performance thereof by the Borrowers, (ii) agree to be bound by the terms of this Amendment, and (iii) waive any right (to notice or otherwise) owed, or defense otherwise available, to such Guarantor in respect of this Amendment or the execution, delivery or performance thereof by the Borrowers.

BORROWERS:

BEBE STORES, INC., a California corporation

By: _____
Name:
Title:

BB BAF LLC, a Delaware limited liability company

By: _____
Name:
Title:

BB BHF STORES LLC, a Delaware limited liability company

By: _____
Name:
Title:

GUARANTORS:

BEBE MANAGEMENT, INC., a Virginia corporation

By: _____
Name:
Title:

BEBE STORES (CANADA), INC., a California corporation

By: _____
Name:
Title:

BEBE STUDIO, INC., a California corporation

By: _____
Name:
Title:

BEBE STUDIO, REALTY, LLC, a California limited liability company

By: _____
Name:
Title:

ADMINISTRATIVE AGENT:

**CRYSTAL FINANCIAL LLC D/B/A SLR
CREDIT SOLUTIONS**

By: _____
Name:
Title:

LENDER:

CRYSTAL FINANCIAL SPV LLC, as a Lender

By: _____
Name:
Title:

EXHIBIT A TO FIRST AMENDMENT TO CREDIT AGREEMENT

ANNEX A

CREDIT AGREEMENT

Dated as of August 24, 2021

by and among

BEBE STORES, INC.,
as a Borrower and the Borrower Representative

The Other Credit Parties Party Hereto,

CRYSTAL FINANCIAL LLC D/B/A SLR CREDIT SOLUTIONS
and the other Lenders Party Hereto,

and

CRYSTAL FINANCIAL LLC D/B/A SLR CREDIT SOLUTIONS,
as Administrative Agent, with

CRYSTAL FINANCIAL LLC D/B/A SLR CREDIT SOLUTIONS,
as Sole Lead Arranger and Sole Bookrunner

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Exhibit C	Form of Compliance Certificate
Exhibit D	Form of Assignment and Assumption
Exhibit E	Form of Borrowing Base Certificate
Exhibit F	Form of Prepayment Notice
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Exhibit H	Form of Permitted Acquisition/Restricted Payment Certificate

CREDIT AGREEMENT

This **CREDIT AGREEMENT** (this “Agreement”) is entered into as of August 24, 2021, among:

- (a) **BEBE STORES, INC.**, a California corporation (the “Company”), as a Borrower (as defined below) and as the Borrower Representative (as defined in Section 2.17) for the other Borrowers (as defined below) party hereto;
- (b) the other Credit Parties party hereto;
- (c) **CRYSTAL FINANCIAL LLC D/B/A SLR CREDIT SOLUTIONS** and each other Lender from time to time party hereto; and
- (d) **CRYSTAL FINANCIAL LLC D/B/A SLR CREDIT SOLUTIONS**, as Administrative Agent (as defined below)

RECITALS:

WHEREAS, the Borrowers have requested that the Lenders provide certain extensions of credit, and the Lenders are willing to do so on the terms and conditions set forth herein;

WHEREAS, the Borrowers and the other Credit Parties desire to secure all of their Obligations under the Loan Documents by granting to the Administrative Agent, for the benefit of the Secured Parties, a security interest in and lien upon substantially all of their property;

WHEREAS, subject to the terms hereof, each Credit Party is willing to guaranty all of the Obligations of each other Credit Party and to grant to the Administrative Agent, for the benefit of the Secured Parties, a security interest in and lien upon substantially all of its property;

WHEREAS, the Credit Parties are members of a group of related entities through common ownership, the success of any of which is dependent in part on the success of the other members of such group; and

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

DEFINITIONS AND ACCOUNTING TERMS

Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

“Acceptable Appraisal” means, with respect to an appraisal of Inventory, Intellectual Property, and Contract Receivables, as the context may require, the most recent appraisal of such property received by the Administrative Agent from an Appraiser, for which the scope and methodology (including, to the extent relevant, any sampling procedure employed by such appraisal company) are reasonably satisfactory to the Administrative Agent in the Administrative Agent’s Permitted Discretion.

“Account Debtor” means the obligor on any Contract Receivable.

“Acquisition” means any transaction or series of related transactions resulting, directly or indirectly, in: (a) the acquisition by any Person of (i) all or substantially all of the assets of another

Person or (ii) all or substantially all of any business line, unit or division of another Person, (b) the acquisition by any Person (i) of in excess of 50% of the Capital Stock of any other Person, or (ii) otherwise causing any other Person to become a subsidiary of such Person, or (c) a merger, amalgamation consolidation, or any other combination of any Person with another Person (other than a Person that is a Credit Party) in which a Credit Party or any of its Subsidiaries is the surviving Person.

“Act” has the meaning specified in Section 10.15.

“Adjusted Term SOFR” means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; provided that if Adjusted Term SOFR as so determined shall ever be less than 1.00%, then Adjusted Term SOFR shall be deemed to be 1.00% for purposes of this Agreement.

“Adjustment Date” means, (a) as to the first Adjustment Date, the date that is the later of (i) 12- month anniversary of the Closing Date and (ii) the first day of the Fiscal Quarter immediately following the Fiscal Quarter end date for which the Leverage Ratio for the Measurement Period ending on the last day of such Fiscal Quarter is less than or equal to 1.50:1.00 (as evidenced by a Compliance Certificate), and (b) thereafter, the first day of each Fiscal Quarter following such date.

“Administrative Agent” means SLR, acting as administrative agent for the Secured Parties, or any successor appointed in accordance with this Agreement.

“Administrative Agent’s Office” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify the Borrowers and the Lenders.

“Administrative Questionnaire” means an administrative questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agency Account Agreement” means any account control agreement, lockbox control agreement, blocked account agreement or other similar agreement entered into by a Credit Party, the Administrative Agent and the applicable financial institution, in form and substance reasonably satisfactory to the Administrative Agent.

“Agency Fee” has the meaning specified in Section 2.07(b).

“Aggregate Commitments” means, as at any date of determination thereof, the aggregate of the Commitments of all of the Lenders, as reduced from time to time pursuant to the terms and conditions hereof. As of the Closing Date, the Aggregate Commitments are \$35,000,000.

“Agreement” has the meaning specified in the introductory paragraph hereto.

“Anti-Corruption Laws” means Laws relating to anti-bribery or anti-corruption (governmental or commercial), including, without limitation, Laws that prohibit the corrupt payment, offer, promise, receipt, request or authorization of the payment or transfer of anything of value (including gifts or entertainment), directly or indirectly, including the U.S. Foreign Corrupt Practices Act of 1977, the United Kingdom Bribery Act of 2010, each as amended, any Law enacted in connection with, or arising

under, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and any other Law of any foreign or domestic jurisdiction of similar effect or that relates to bribery or corruption.

“Applicable Delayed Draw Term Percentage” means with respect to any Lender at any time, such Lender’s Applicable Percentage in respect of the Delayed Draw Term Loan Facility at such time.

“Applicable Percentage” means (a) in respect of the Closing Date Term Loan Facility, with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Closing Date Term Loan Facility represented by (i) on or prior to the Closing Date, such Lender’s Closing Date Term Loan Commitment at such time and (ii) thereafter, the Outstanding Amount of such Lender’s Closing Date Term Loans at such time, and (b) with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Delayed Draw Term Loan Facility represented by (i) at any time during the Delayed Draw Term Loan Availability Period, such Lender’s Delayed Draw Term Loan Commitment at such time and (ii) thereafter, the Outstanding Amount of such Lender’s Delayed Draw Term Loans at such time. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Applicable Rate” means,

(a) from and after the Closing Date but immediately prior to the First Amendment Effective Date, for each period commencing on an Adjustment Date through the date immediately preceding the next Adjustment Date, the percentage per annum in the table set forth below applicable to the Term Loans, corresponding to Leverage Ratio (as determined on each Adjustment Date based on the immediately preceding Fiscal Quarter) set forth in the table below.

Level	Leverage Ratio	Applicable Rate
1	Greater than 1.50:1.00	5.50%
2	Less than or equal to 1.50:1.00	5.25%

Notwithstanding anything to the contrary set forth herein, the Applicable Rate for the period commencing on the Closing Date and ending on the date that is the later of (x) 12-month anniversary of the Closing Date and (y) the last day of the Fiscal Quarter for which the Leverage Ratio for the Measurement Period ending on such date is less than or equal to 1.50:1.00 (as evidenced by a Compliance Certificate), shall be set at Level 1 specified in the table set forth above.

(b) from and after the First Amendment Effective Date, for each period commencing on an Adjustment Date through the date immediately preceding the next Adjustment Date, (x) if the Consolidated Fixed Charge Coverage Ratio (as determined on each Adjustment Date based on the immediately preceding Fiscal Quarter) is less than 1.10:1.00, 6.00% and (y) if the Consolidated Fixed Charge Coverage Ratio (as determined on each Adjustment Date based on the immediately preceding Fiscal Quarter) is equal to or greater than 1.10:1.00, the percentage per annum in the table set forth below applicable to the Term Loans, corresponding to Leverage Ratio (as determined on each

Adjustment Date based on the immediately preceding Fiscal Quarter) set forth in the table below.

Level	Leverage Ratio	Applicable Rate
1	Greater than 1.50:1.00	5.50%
2	Less than or equal to 1.50:1.00	5.25%

In the event that (x) an Event of Default has occurred and is continuing or (y) the Administrative Agent is unable to determine the Applicable Rate due to the failure of the Borrowers to deliver a Compliance Certificate or other information necessary for the calculation of any amount included as a component of such Compliance Certificate or for the calculation of Leverage Ratio, then, at the Administrative Agent's election, effective as of the applicable Adjustment Date and through the date immediately preceding the next Adjustment Date, the Applicable Rate shall conclusively be presumed to equal Level 1 set forth above specified in the table set forth above until the Applicable Rate can be determined in accordance with the terms hereof and no Event of Default has occurred and is continuing.

In the event that any Compliance Certificate or component information is inaccurate, and such inaccuracy, if corrected, would have led to the imposition of a higher Applicable Rate for any period than the Applicable Rate actually applied for such period, then (i) the Borrower Representative shall deliver, within one (1) Business Day following delivery of such inaccurate Compliance Certificate, to the Administrative Agent a corrected Compliance Certificate for such period, (ii) the Applicable Rate shall be determined based on the corrected Compliance Certificate for such period, and (iii) the Borrower Representative shall, concurrently with the delivery of such corrected Compliance Certificate, pay to the Administrative Agent (for the account of the Lenders that hold the Commitments at the time such payment is received, regardless of whether those Lenders held the Commitments during the relevant period) the accrued additional interest owing as a result of such increased Applicable Rate for such period. This paragraph shall not limit the rights of the Administrative Agent or the Lenders with respect to Section 2.06(b) and Article VIII hereof, and shall survive the termination of this Agreement.

“Appraiser” means an appraisal firm or firms reasonably acceptable to the Administrative Agent; provided that, so long as no Specified Event of Default has occurred and is continuing, Appraiser shall not include Gordon Brothers or Hilco Valuation Services.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Approved Jurisdiction” means, with respect to the governing law of any Contract of an Account Debtor, the governing law of the State in which such Account Debtor primarily resides.

“Arranger” means SLR, in its capacity as sole lead arranger and sole book runner.

“Assignee Group” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit D or any other form approved by the Administrative Agent.

“Attributable Indebtedness” means, on any date, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP (subject to Section 1.03(b)), and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP (subject to Section 1.03(b)) if such lease were accounted for as a capital lease.

“Audited Financial Statements” means the audited consolidated balance sheets of the Company and its Subsidiaries for the fiscal year most recently ended prior to the Closing Date, and the related consolidated statements of income or operations, shareholders’ equity and cash flows for such fiscal year of the Company and its Subsidiaries, including the notes thereto.

“Back-Up Servicer” means any Person mutually acceptable to the Borrower Representative and the Administrative Agent, or any other Person becoming the Back-Up Servicer in accordance with the terms of this Agreement.

“Back-Up Servicing Fee” means the fee payable to the Back-Up Servicer from time to time under the Back-Up Servicing Agreement.

“Back-Up Servicing Agreement” shall mean an agreement with respect to alternate servicing of collections and related services for Contract Receivables, in form and substance reasonably satisfactory to the Administrative Agent, by and among the Borrowers, the Back-Up Servicer, the Servicer, and the Administrative Agent.

“Bankruptcy Code” means Title 11 of the United States Code as now and hereinafter in effect and any successors to such statutes.

“Base Rate” means for any day a fluctuating rate per annum equal to the highest of: (a) one percent (1.00%); (b) the Federal Funds Rate plus one half (1/2) of one percent (1%); and (c) the rate last quoted by The Wall Street Journal as the “Prime Rate” in the United States or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the FRB in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the “bank prime loan” rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as reasonably determined by the Administrative Agent) or any similar release by the FRB (as reasonably determined by the Administrative Agent). Any change in the Base Rate due to a change in any of the foregoing shall take effect at the opening of business on the day specified in the public announcement of such change.

“BB AF” means bb AF Stores, LLC, a Delaware limited liability company.

“BB BAF” means bb BAF Inc., a Delaware corporation.

“BB BHF” means bb BHF Stores LLC, a Delaware limited liability company.

“BB Brand Holdings” means BB Brand Holdings LLC, a Delaware limited liability company.

“BB Brand Holdings LLC Agreement” means that certain Amended and Restated Limited Liability Company Operating Agreement of BB Brand Holdings, dated as of June 8, 2016, as amended by

that certain First Amendment, dated as of October 26, 2020, and as the same may be amended or modified to the extent permitted by this Agreement.

“BB IP Advance Rate” means (a) on or prior to September 30, 2022, 70%, (b) from and after October 1, 2022 through and including December 31, 2022, 68.75%, (c) from and after January 1, 2023 through and including March 31, 2023, 67.50%, (d) from and after April 1, 2023 through and including June 30, 2023, 66.25%, (e) from and after July 1, 2023 through and including September 30, 2023, 65.00%, (f) from and after October 1, 2023 through and including December 31, 2023, 63.75%, (g) from and after January 1, 2024 through and including March 31, 2024, 62.50%, (h) from and after April 1, 2024 through and including June 30, 2024, 61.25%, and (i) from July 1, 2024 and thereafter, 60.0%.

“BB Net Orderly Liquidation Value” means, as of any date of determination, the product of the Company’s total percentage (on a fully diluted basis) of the Capital Stock of BB Brand Holdings owned, directly or indirectly, by the Company multiplied by Net Orderly Liquidation Value with respect to the Intellectual Property of BB Brand Holdings.

“Beneficial Ownership Certification”: a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation”: 31 C.F.R. § 1010.230.

“BKST Brand Holdings” means BKST Brand Management LLC, a New York limited liability company.

“BKST Brand Holdings LLC Agreement” means that certain Operating Agreement of BKST Brand Holdings, dated as of October 19, 2018, as amended by that certain First Amendment, dated as of October 26, 2020, and as the same may be amended or modified to the extent permitted by this Agreement.

“BKST IP Advance Rate” means (a) on or prior to September 30, 2022, 45.0%, (b) from and after October 1, 2022 through and including December 31, 2022, 42.50%, (c) from and after January 1, 2023 through and including March 31, 2023, 40.00%, (d) from and after April 1, 2023 through and including June 30, 2023, 37.50%, (e) from and after July 1, 2023 through and including September 30, 2023, 35.0 %, (f) from and after October 1, 2023 through and including December 31, 2023, 32.50%, (g) from and after January 1, 2024 through and including March 31, 2024, 30.00%, (h) from and after April 1, 2024 through and including June 30, 2024, 27.50%, and (i) from July 1, 2024 and thereafter, 25.00%.

“BKST Net Orderly Liquidation Value” means, as of any date of determination, the product of the Company’s total percentage (on a fully diluted basis) of the Capital Stock of BKST Brand Holdings owned, directly or indirectly, by the Company multiplied by Net Orderly Liquidation Value with respect to the Intellectual Property of BKST Brand Holdings.

“BMI” means bebe management, inc., a Virginia corporation.

“Borrowers” means the Company, BB BAF, BB BHF, together with any Person that complies with Section 6.12 and becomes a “Borrower” (a) with respect to any wholly-owned Subsidiary of any Borrower, as designated in a written notice by the Borrower Representative to the Administrative Agent, subject to each Lender’s satisfaction of all documentation and other information that such Lender requests in order to comply with its obligations under applicable “know your customer” and anti-money laundering rules and regulations, and any other applicable laws and (b) otherwise, with the consent of the Administrative Agent in its sole and absolute discretion.

“Borrower Representative” means the Company in its capacity as borrower agent pursuant to Section 2.17.

“Borrowing” means a Closing Date Term Borrowing or a Delayed Draw Term Borrowing, as the context may require.

“Borrowing Base” means, as reflected in the most recent Borrowing Base Certificate delivered in accordance with this Agreement, an amount in Dollars equal to the sum of:

100% of the Net Orderly Liquidation Value (identified in the most recent Acceptable Appraisal) of the Lease Portfolio Value of the Eligible Contract Receivables at such date; *plus*

100% of the Net Orderly Liquidation Value (identified in the most recent Acceptable Appraisal) of the cost of Eligible Inventory at such date; *plus*

the product of the BB IP Advance Rate multiplied by the BB Net Orderly Liquidation Value (identified in the most recent Acceptable Appraisal) of the Eligible BB Intellectual Property at such date; *plus*

the lesser of (i) the product of BKST IP Advance Rate multiplied by the BKST Net Orderly Liquidation Value (identified in the most recent Acceptable Appraisal) of the Eligible BKST Intellectual Property at such date, and (ii) \$3,000,000; provided, however, if BKST Brand Holdings incurs any Indebtedness in excess of \$500,000, any Intellectual Property of BKST Brand Holdings is, or becomes subject to a Lien securing Indebtedness in excess of \$500,000 in the aggregate, or BKST Brand Holdings sells, disposes or transfers any Intellectual Property owned by BKST Brand Holdings, and such incurrence of Indebtedness or Lien, or sale, disposition or transfer would be adverse to the rights or interests of the Administrative Agent and/or Lenders in the Administrative Agent’s reasonable discretion, this clause (d) shall be deemed to be \$0 and all BKST Intellectual Property shall be deemed not to be Eligible BKST Intellectual Property; *plus*

100% of Reserved Cash; *minus*

Reserves that are (i) in effect as of the Closing Date as set forth on the Borrowing Base Certificate in effect on the Closing Date, and (ii) established after the Closing Date in accordance with Section 2.18 hereof.

“Borrowing Base Certificate” means the certificate in substantially the form of Exhibit E hereto or in such other form reasonably acceptable to the Administrative Agent, signed by a Financial Officer of the Borrower Representative and delivered to the Administrative Agent and the Lenders pursuant to Sections 4.01(c), 6.04(c), or any other provision hereof.

“Borrowing Request Notice” means a notice of a Borrowing, which, if in writing, shall be substantially in the form of Exhibit A.

“Breakage Costs” has the meaning specified in Section 3.04.

“BSCI” means bebe stores (Canada), inc., a California corporation.

“BSI” means bebe studio, inc., a California corporation.

“BSR” means bebe studio realty, LLC, a California corporation.

“Buddy’s” means Buddy’s Franchising and Licensing, LLC, a Florida limited liability company.

“Buddy’s Minor Acquisition” means an Acquisition of no more than five (5) Buddy’s retail unit locations in any single transaction, and so long as (a) such Acquisition complies with clauses (d)(i), (ii), (iv), (vii), (viii),(x), (xi), (xii), (xiv), and (xv) of the definition of “Permitted Acquisition”, and (b) at least fifteen (15) Business Days’ prior to any such Acquisition, the Company provides Administrative Agent with a detailed four wall store profitability/contribution analysis (including a detail description of the assumptions and pertinent lease information) in a form, scope and detail reasonably satisfactory to Administrative Agent.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located.

“Capital Stock” means any and all shares, limited liability company interests, partnership interests, other interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

“Capitalized Leases” means leases under which any Credit Party is the lessee or obligor, the discounted future rental payment obligations under which are required to be capitalized on the balance sheet of the lessee or obligor in accordance with GAAP (subject to Section 1.03(b)) and the amount of Indebtedness represented by such obligations shall be the Attributable Indebtedness in respect thereof.

“Cash Equivalents” means any of the following types of Investments, to the extent owned by a Credit Party or Subsidiary thereof:

(a) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency thereof maturing within one year from the date of acquisition thereof;

(b) commercial paper maturing no more than 270 days from the date of creation thereof and having the highest or next highest rating obtainable from either Standard & Poor’s Ratings Group or Moody’s Investors Service, Inc. determined at the time of investment;

(c) certificates of deposit, banker’s acceptances and time deposits maturing no more than 180 days from the date of creation thereof issued or guaranteed by, or placed with, and demand deposit and money market deposit accounts issued or offered by, (i) any Lender or (ii) any commercial bank, that at the time of investment, (x) has total assets in excess of \$250,000,000, (y) a senior unsecured rating of “A” or better by a nationally recognized rating agency and (z) is organized under the laws of the United States of America, any state thereof or is the principal banking subsidiary of a bank holding company organized under the laws of the United States or any state thereof; and

(d) money market mutual funds that invest solely in one or more of the investments described in clauses (a) through (c) above.

“Cash Release Conditions” has the meaning specified in Section 2.03(b).

“Casualty Event” means, with respect to any property (including any interest in property) of any Credit Party, any loss of, damage to, or condemnation or other taking of, such property for which any Credit Party receives insurance proceeds, proceeds of a condemnation award or other compensation.

“CERCLA” has the meaning specified in the definition of “Environmental Laws”.

“Change in Law” means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means an event or series of events by which:

(a) the Specified Holders shall cease to own and control legally and beneficially (free and clear of all Liens), either directly or indirectly, Capital Stock in the Company representing more than 35.0% of the combined voting power of all of Capital Stock entitled to vote for members of the board of directors or equivalent governing body of the Company on a fully-diluted basis (and taking into account all such Capital Stock that the Specified Holders have the right to acquire pursuant to any option right);

the Specified Holders and the Individual Holder, on a combined basis, shall cease to own and control legally and beneficially (free and clear of all Liens), either directly or indirectly, Capital Stock in the Company representing more than 51.0% of the combined voting power of all of Capital Stock entitled to vote for members of the board of directors or equivalent governing body of the Company on a fully-diluted basis (and taking into account all such Capital Stock that the Specified Holders have the right to acquire pursuant to any option right);

any Person or two or more Persons, other than the Specified Holders acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation thereof, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of any Credit Party, or control over the Capital Stock of the Company to vote for members of the board of directors or equivalent governing body of the Company on a fully-diluted basis (and taking into account all such securities that such Person or group has the right to acquire pursuant to any option right) representing 20.0% or more of the combined voting power of such Capital Stock;

the Company shall cease to directly own and control legally and beneficially 50.000000001% of the Capital Stock of BB Brand Holdings (free and clear of all Liens other than Liens in favor of the Administrative Agent granted under the Security Documents, Liens arising by operation of law which are permitted by Section 7.03 and subordinated Liens permitted under Section 7.03(xii));

the Company shall cease to directly own and control legally and beneficially 28.53% of the Capital Stock of BKST Brand Holdings (free and clear of all Liens other than Liens in favor of the Administrative Agent granted under the Security Documents, Liens arising by operation of law which are permitted by Section 7.03 and subordinated Liens permitted under Section 7.03(xii)), subject to any dispositions or transfers required under the BKST Brand Holding LLC Agreement as in effect on the Closing Date; provided that, concurrently with such disposition or transfer, the proceeds of such dispositions or transfers received by a Credit Party are applied to prepay the Obligations in accordance with Section 2.03(c) and the BKST Intellectual Property shall no longer be included in the calculation of the Borrowing Base;

Except as permitted by Section 7.05, any Credit Party or any Subsidiary of any Credit Party shall cease to directly own and control legally and beneficially 100% of the Capital Stock of each of its Subsidiaries in existence on the date hereof or acquired or formed after the date hereof, free and clear of all Liens other than Liens in favor of the Administrative Agent granted under the Security Documents, Liens arising by operation of law which are permitted by Section 7.03 and subordinated Liens permitted under Section 7.03(xii); or

Any sale of all or substantially all of the property or assets of the Company and its Subsidiaries other than in a sale or transfer to another Credit Party.

“Closing Date” means August 24, 2021.

“Closing Date Term Borrowing” means a borrowing consisting of simultaneous Closing Date Term Loans made by each of the Lenders pursuant to Section 2.01(a).

“Closing Date Term Loan” means an advance made by any Lender under the Closing Date Term Loan Facility.

“Closing Date Term Loan Commitment” means, as to each Lender, its obligation to make Closing Date Term Loans to the Borrowers on the Closing Date pursuant to Section 2.01(a) in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 with respect to the Closing Date Term Loans. As of the Closing Date, the Closing Date Term Loan Commitments are \$25,000,000.

“Closing Date Term Loan Credit Exposure” means, as to any Lender at any time, the aggregate Outstanding Amount at such time of its Closing Date Term Loans.

“Closing Date Term Loan Facility” means, at any time, (a) on the Closing Date, the aggregate amount of the Closing Date Term Loan Commitments at such time and (b) thereafter, the aggregate principal amount of all Closing Date Term Loans of all Lenders outstanding at such time.

“Closing Date Term Loan Note” means a promissory note made by the Borrowers in favor of a Lender evidencing the Closing Date Term Loans made by such Lender, substantially in the form of Exhibit B-1.

“Closing Fee” has the meaning specified in Section 2.07(a).

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” means all of the property, rights and interests of the Credit Parties that are or are intended to be subject to the Liens created by the Security Documents. Collateral shall include Reserved Cash.

“Collection Account” has the meaning specified in Section 6.16(b).

“Collections” means (a) all lease or other payments (including any prepayments), premiums, or fees collected on or in connection with the Contract Receivables (whether in the form of cash, ACH payments, checks, notes, instruments, and other items of payment), (b) all proceeds from the sale or other disposition of any Contract Receivables or Inventory, whether to a third party or an Affiliate of any Borrower, and (c) all other proceeds of the Contract Receivables or Inventory received by the Borrowers, the Servicer, or the Back-Up Servicer, including, but not limited to, judgment awards or settlements, late charges, and refinancing proceeds.

“Commitment” means a Closing Date Term Loan Commitment or a Delayed Draw Term Loan Commitment, as the context may require.

“Committed Loan” means a Closing Date Term Loan or a Delayed Draw Term Loan, as the context may require.

“Compliance Certificate” means a certificate substantially in the form of Exhibit C.

“Concentration Account” has the meaning specified in Section 6.16(a).

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated or consolidated” means, with reference to any term defined herein, shall mean that term as applied to the accounts of the Credit Parties, consolidated in accordance with GAAP.

“Consolidated Capital Expenditures” means, with respect to the Company and its Subsidiaries on a Consolidated basis, for any period the sum of (without duplication) all expenditures (whether paid in cash or accrued as liabilities) by the Company or any Subsidiary during such period for items that would be classified as “property, plant or equipment” or comparable items on the Consolidated balance sheet of the Company and its Subsidiaries in accordance with GAAP. For purposes of calculating the Consolidated Fixed Charge Coverage Ratio, the following Consolidated Capital Expenditures shall be excluded: (a) any such expenditures to the extent financed (i) from insurance proceeds (or other similar recoveries) resulting from Casualty Event paid for or reimbursed by the applicable insurance company within one hundred eighty (180) days of the receipt thereof so long as such insurance proceeds are used to replace any and all property which was the subject of such Casualty Event, (ii) from Extraordinary Receipts constituting awards of compensation arising from the taking by eminent domain or condemnation or similar proceedings within one hundred eighty (180) days of the receipt thereof, (iii) from the proceeds of any disposition permitted hereunder or by the substantially concurrent trade-in of existing property, plant or equipment within one hundred eighty (180) days after the date of such asset disposition or (iv) from proceeds of equity issuances or capital contributions, and (b) the purchase consideration or other amounts paid during such period in respect of Permitted Acquisitions. Notwithstanding the foregoing, it is understood and agreed that the Consolidated Capital Expenditures for each of the Fiscal Quarters below is as follows:

Fiscal Quarter Ending	Consolidated Capital Expenditures
June 30, 2020	\$11,427.55
September 30, 2020	\$0
December 31, 2020	\$0
March 31, 2021	\$0

“Consolidated EBITDA” means, with respect to the Company and its Subsidiaries, on a consolidated basis, for any period, without duplication, an amount equal to (a) Consolidated Net Income for such period plus (b) the sum of, without duplication, (i) any provision for federal, state, local or foreign taxes based on income, (ii) Consolidated Interest Expense, (iii) depreciation and amortization expense in respect of all assets other than rent-to-own Inventory, (iv) transaction fees, costs and expenses incurred in connection with Permitted Acquisitions, and the disposition of assets to the extent permitted by clauses (b)(i), (b)(ii) and (b)(iii) of Section 7.05; provided that unless the consent of the Administrative Agent is obtained, the aggregate amount of add-backs pursuant to this clause (iv) shall not exceed

\$1,000,000 in any four (4) fiscal quarter period or \$3,000,000 during the term of this Agreement, (v) extraordinary, unusual or non-recurring charges to the extent agreed in writing by the Administrative Agent; (vi) fees, costs and expenses incurred in connection with the closing of the transactions under the Loan Documents on the Closing Date in an aggregate amount not to exceed \$1,250,000, (vii) losses and expenses from (or incurred in connection with) discontinued operations and other divested investments to the extent agreed in writing by the Administrative Agent, and minus (iv) any extraordinary gains, in each case, to the extent included in the calculation of Consolidated Net Income of the Credit Parties for such period in accordance with GAAP. Notwithstanding the foregoing, it is understood and agreed that the Consolidated EBITDA for each of the Fiscal Quarters below is as follows:

Fiscal Quarter Ending	Consolidated EBITDA
September 30, 2020	\$3,409,498.45
December 31, 2020	\$4,052,854.19
March 31, 2021	\$4,319,957.51
June 30, 2021	\$4,386,307.32

“Consolidated Fixed Charge Coverage Ratio” means the ratio, determined on a Consolidated basis for the Company and its Subsidiaries for the applicable Measurement Period, of (a) (i) Consolidated EBITDA, *minus* (ii) cash Consolidated Capital Expenditures made during such Measurement Period that are not financed, *minus* (iii) all cash add-backs included in the calculation of Consolidated EBITDA during such Measurement Period to (b) Consolidated Fixed Charges.

“Consolidated Fixed Charges” means, for any period, for the Company and its Subsidiaries on a Consolidated basis, the sum of, without duplication, (a) Consolidated Interest Expense paid in cash during such period, (b) all principal repayments made in cash in respect of Consolidated Funded Indebtedness during such period, (c) all Restricted Payments (other than Restricted Payments made by a Credit Party to

another Credit Party) made in cash during such period, and (d) the aggregate amount of federal, state, local and foreign income taxes paid in cash, in each case, of or by the Company and its Subsidiaries for the most recently completed Measurement Period. Notwithstanding the foregoing, until twelve (12) full Fiscal Months have elapsed following the Closing Date, the calculation of Consolidated Fixed Charges for any period ending following the Closing Date shall be determined by (x) dividing the aggregate amount of Consolidated Fixed Charges from the Closing Date through the last date of such period by the number of days in such period and (y) multiplying such result by 365.

“Consolidated Funded Indebtedness” means, as of any date of determination, for the Company and its Subsidiaries on a Consolidated basis, the sum of (a) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including Obligations hereunder) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (b) all purchase money Indebtedness, (c) all direct obligations arising under standby and commercial letters of credit (excluding the undrawn amount thereof), bankers’ acceptances, bank guaranties (excluding the amounts available thereunder as to which demand for payment has not yet been made), surety bonds (excluding the amounts available thereunder as to which demand for payment has not yet been made) and similar instruments, (d) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business), (e) Attributable Indebtedness, (f) all obligations to purchase, redeem, retire, defease or otherwise make any payment prior to the Maturity Date in respect of any Capital Stock or any warrant, right or option to acquire such Capital Stock, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (g) without duplication, all Guarantees with respect to outstanding Indebtedness of the types specified in clauses (a) through (f) above of Persons other than the Company or any Subsidiary, and (h) all Indebtedness of the types referred to in clauses (a) through (g) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Company or a Subsidiary is a general partner or joint venturer, to the extent such Indebtedness is recourse to the Company or such Subsidiary.

“Consolidated Interest Expense” means, for any period, for the Company and its Subsidiaries on a consolidated basis, the sum of (a) all interest, premium payments, debt discount, fees, charges and related expenses of the Company and its Subsidiaries in connection with borrowed money (including capitalized cash interest) or in connection with the deferred purchase price of assets to the extent treated as interest in accordance with GAAP, and (b) the portion of rent expense of the Company and its Subsidiaries with respect to such period under capital leases that is treated as interest in accordance with GAAP (subject to Section 1.03(b)).

“Consolidated Net Income” means, for any period, an amount equal to the net income (or loss) of the Company and its Subsidiaries on a consolidated basis for such period determined in conformity with GAAP; provided, that the following shall be excluded without duplication in determining Consolidated Net Income for such period:

(i) the income (or loss) of any Person in which any other Person (other than any Credit Party) has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to such Credit Party by such Person during such period;

(ii) the income (or loss) of any Subsidiary of the Company that is not a Credit Party to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by operation of the terms of its organizational documents or any contractual obligations or pursuant to any Law applicable to that Subsidiary, except that any equity of any Credit Party in any net loss of such Subsidiary for such period shall be included in determining Consolidated Net Income.

“Contract” means all of a Borrower’s now owned and hereafter acquired consumer credit agreements, accounts, lease contracts, instruments, notes, documents, chattel paper, and all other forms of obligations owing to such Borrower and any collateral for any of the foregoing relating to Inventory leased to such Borrower’s customers, including all rights under any and all Contract Security Documents and leased Inventory returned to or repossessed by such Borrower.

“Contract Compliance Requirements” means all applicable Laws, rules and regulations established from time to time by any local, state or federal agency governing consumer matters applicable to Contracts, including but not limited to Texas law and the federal Equal Credit Opportunity Act, Electronic Funds Transfer Act, Gramm Leach Bliley Act, Fair Credit Reporting Act, Servicemembers Civil Relief Act, Military Lending Act, CAN-SPAM Act, Electronic Signatures in Global and National Commerce Act, Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Federal Trade Commission Act, Telephone Consumer Protection Act, the Truth in Lending Act and any regulations related thereto including regulations promulgated by the Bureau of Consumer Financial Protection and the Federal Trade Commission.

“Contract Receivable” means a Contract between a Borrower and an Account Debtor, substantially in a form approved by the Administrative Agent as of the Closing Date (provided that (x) such forms may be modified so long as such modifications are not adverse to the Lenders, unless required by applicable Law, and (y) the Administrative Agent shall have received copies of any modified forms (with a description of the reason for any modifications undertaken)), wherein the Account Debtor promises to make scheduled payments under the applicable Contract to a Borrower with a frequency of no less than once each calendar month.

“Contract Security Documents” means all security agreements, chattel mortgages, deeds of trust, mortgages or other security instruments, guaranties, sureties and agreements of every type and nature securing the obligations of Account Debtors under Contracts.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Credit Parties” means the Borrowers and the other Guarantors.

“Cure Amount” has the meaning specified in Section 7.12(c).

“Cure Expiration Date” has the meaning specified in Section 7.12(c).

“Cure Notice” has the meaning specified in Section 7.12(c).

“DDTL Funding Date” has the meaning specified in Section 2.07(e).

“Debtor Relief Laws” means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, winding-up, administration or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means when used with respect to Obligations, an interest rate or rate equal to the interest rate or rate otherwise applicable thereto (and if no rate is specified, a rate per annum equal to the Adjusted Term SOFR) plus 2.00% per annum.

“Defaulting Lender” means, subject to Section 2.14(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrowers in writing that such failure is the result of such Lender’s good faith determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied and the Required Lenders have not advised the Administrative Agent that such condition has been met, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, (b) has notified the Borrowers and the Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied) and the Required Lenders have not advised the Administrative Agent that such condition has been met, (c) has failed, within three (3) Business Days after written request by the Administrative Agent, to confirm in writing to the Administrative Agent that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Capital Stock in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any or more of clauses (a) through (d) above, and of the effective date of such status, shall be conclusive and binding absent manifest error and such Lender shall be deemed to be a Defaulting Lender as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to the Borrower Representative and each Lender promptly following such determination.

“Delayed Draw Term Borrowing” means a borrowing consisting of simultaneous Delayed Draw Term Loans made by each of the Lenders pursuant to Section 2.01(b).

“Delayed Draw Term Loan” means an advance made by any Lender under the Delayed Draw Term Loan Facility.

“Delayed Draw Term Loan Availability Period” means, in respect of the Delayed Draw Term Facility, the period from and including the Closing Date to the earlier of (i) the date that is eighteen (18)

months after the Closing Date, and (ii) the date of termination of the Delayed Draw Term Loan Commitments of the respective Lenders to make Delayed Draw Term Loans pursuant to Section 8.02.

“Delayed Draw Term Loan Commitments” means, as to each Lender, its obligation to make Delayed Draw Term Loans to the Borrowers during the Delayed Draw Term Loan Availability Period pursuant to Section 2.01(b) in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 with respect to the Delayed Draw Term Loans. As of the Closing Date, the Delayed Draw Term Loan Commitments are \$10,000,000; provided, however, (i) on March 31, 2022, the Delayed Draw Term Loan Commitments shall automatically reduce to \$7,500,000, (ii) on June 30, 2022, the Delayed Draw Term Loan Commitments shall automatically reduce to \$5,000,000, (iii) on September 30, 2022, the Delayed Draw Term Loan Commitments shall automatically reduce to \$2,500,000, and (iv) on December 31, 2022, the Delayed Draw Term Loan Commitments shall automatically reduce to \$0 (for the avoidance of doubt, the Delayed Term Loan Commitments shall automatically reduce to an amount equal to \$0 at the termination of the Delayed Draw Term Loan Availability Period).

“Delayed Draw Term Loan Credit Exposure” means, as to any Lender at any time, the aggregate Outstanding Amount at such time of its Delayed Draw Term Loans.

“Delayed Draw Term Loan Facility” means, at any time, (a) at any time during the Delayed Draw Term Loan Availability Period in respect of such Delayed Draw Term Loan Facility, the *sum of* (i) the aggregate amount of the Delayed Draw Term Loan Commitments at such time, and (ii) the aggregate Outstanding Amount of the Delayed Draw Term Loans of all Lenders outstanding at such time, and (b) thereafter, the aggregate Outstanding Amount of the Delayed Draw Term Loans of all Lenders outstanding at such time.

“Delayed Draw Term Loan Funding Fee” has the meaning specified in Section 2.07(e).

“Delayed Draw Term Loan Note” means a promissory note made by the Borrowers in favor of a Lender evidencing the Delayed Draw Term Loans made by such Lender, substantially in the form of Exhibit B-2.

“Designated Jurisdiction” means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

“Determination Date” means the First Amendment Effective Date and the first Business Day of each calendar month thereafter.

“Development Agreement” means that certain Development Agreement, dated as of November 10, 2020, by and between BB BHF and Buddy’s, as amended by that certain Addendum No. 1 to Development Agreement, dated November 10, 2020, and as further by that certain Addendum No. 2 to Development Agreement, dated April 22, 2021.

“Disqualified Stock” means any Capital Stock which, by its terms (or by the terms of any security or other Capital Stock into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition, (a) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is one hundred and eighty (180) days following the latest final maturity date of any of the Obligations (excluding any provisions requiring redemption upon a “change of control” or similar event; provided that such “change of control” or similar event results in the prior payment in full in cash of the Obligations (other than contingent indemnification obligations to the extent no claim giving rise thereto

has been asserted), the termination of all commitments to lend hereunder and the termination of this Agreement), (b) is convertible into or exchangeable for (i) debt securities or (ii) any Capital Stock referred to in (a) above, in each case, at any time on or prior to the date that is one hundred and eighty (180) days following the latest final maturity date of any of the Obligations, or (c) entitles the holder thereof to receive scheduled dividends or distributions in cash prior to the time that the Obligations (other than contingent indemnification obligations to the extent no claim giving rise thereto has been asserted) are paid in full in cash, the commitments to lend hereunder are terminated and the termination of this Agreement has occurred.

“Dollar” and “\$” mean lawful money of the United States.

“Early Termination Premium” means an early termination fee that the Borrowers shall pay to the applicable Lenders concurrently with the payment of Closing Date Term Loans and/or Delayed Draw Term Loans, as applicable, payable as follows:

(a) if as a result of acceleration, whether voluntary or mandatory or otherwise (but excluding (x) a commitment reduction in accordance with the definition of the Delayed Draw Term Loan Commitments and amortization payments made in accordance with Section 2.05(b) and (y) voluntary prepayments made in accordance with Section 2.03(a) solely with proceeds of operating cash flows of the Credit Parties in the ordinary course of business) in an amount equal to (i) 3.00% of the principal amount of the Loans paid or Delayed Draw Term Loan Commitments reduced to the extent such payment or reduction occurs on or before the one-year anniversary of the First Amendment Effective Date, (ii) 2.00% of the principal amount of the Loans paid or Delayed Draw Term Loan Commitments reduced to the extent such payment or reduction occurs after the one-year anniversary of the First Amendment Effective Date but on or before the two-year anniversary of the First Amendment Effective Date, (iii) 1.00% of the principal amount of the Loans paid or Delayed Draw Term Loan Commitments reduced to the extent such payment or reduction occurs after the two-year anniversary of the First Amendment Effective Date but on or before the three-year anniversary of the First Amendment Effective Date, and (iv) 0.00% of the principal amount of the Loans paid or Delayed Draw Term Loan Commitments reduced to the extent such payment or reduction occurs after the three-year anniversary of the First Amendment Effective Date; or

(b) if, as a result of voluntary prepayments made in accordance with Section 2.03(a) solely with proceeds of operating cash flows of the Credit Parties in the ordinary course of business in an amount equal to (i) 3.00% of the principal amount of the Loans paid or Delayed Draw Term Loan Commitments reduced to the extent such payment or reduction occurs on or before the one-year anniversary of the Closing Date, (ii) 2.00% of the principal amount of the Loans paid or Delayed Draw Term Loan Commitments reduced to the extent such payment or reduction occurs after the one-year anniversary of the Closing Date but on or before the two-year anniversary of the Closing Date, (iii) 1.00% of the principal amount of the Loans paid or Delayed Draw Term Loan Commitments reduced to the extent such payment or reduction occurs after the two-year anniversary of the Closing Date but on or before the three-year anniversary of the Closing Date, and (iv) 0.00% of the principal amount of the Loans paid or Delayed Draw Term Loan Commitments reduced to the extent such payment or reduction occurs after the three-year anniversary of the Closing Date.

“Early Termination Premium Trigger Event” means:

(a) any prepayment by any Credit Party of all, or any part, of the principal balance of any Term Loan for any reason (including, but not limited to, any optional prepayment or

mandatory prepayment, and any refinancing thereof), any full or partial termination by the Borrowers of the Delayed Draw Term Loan Commitments, and whether before or after (i) the occurrence of an Event of Default, or (ii) the commencement or any institution of any Insolvency Proceeding (but in any case excluding a commitment reduction in accordance with the definition of the Delayed Draw Term Loan Commitments and amortization payments made in accordance with Section 2.05(b));

(b) the acceleration of the Obligations for any reason, including, but not limited to, acceleration in accordance with Section 8.02, including as a result of the commencement or any institution of any Insolvency Proceeding;

(c) the satisfaction, release, payment, restructuring, reorganization, replacement, reinstatement, defeasance or compromise of any of the Obligations in any Insolvency Proceeding, foreclosure (whether by power of judicial proceeding or otherwise) or deed in lieu of foreclosure or the making of a distribution of any kind in any Insolvency Proceeding to the Administrative Agent, for the account of the Lenders in full or partial satisfaction of the Obligations; or

(d) the termination of this Agreement for any reason.

Solely for the purposes of the definition of the term Early Termination Premium, and for no other purpose, if an Early Termination Premium Trigger Event occurs under clause (a)(ii), (b), (c) or (d) above, the entire outstanding principal amount of the Term Loans shall be deemed to have been prepaid and the entire amount of the Delayed Draw Term Loan Commitments will be deemed to have been terminated, in each case on the date on which such Early Termination Premium Trigger Event occurs.

“Electronic Medium” means the electronic medium through which notices and other communications are sent (including e-mail) pursuant to procedures approved by the Administrative Agent and otherwise in accordance with Section 10.02(b).

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 10.06(b)(iii) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)).

“Eligible BB Intellectual Property” means Eligible Intellectual Property owned by BB Brand Holdings.

“Eligible BKST Intellectual Property” means Eligible Intellectual Property owned by BKST Brand Holdings, unless BKST Brand Holdings incurs any Indebtedness in excess of \$500,000, any Intellectual Property of BKST Brand Holdings is, or becomes, subject to a Lien securing Indebtedness in excess of \$500,000 in the aggregate, or BKST Brand Holdings sells, disposes or transfers any Intellectual Property owned by BKST Brand Holdings, and such incurrence of Indebtedness or Lien, or sale, disposition or transfer would be adverse to the rights or interests of the Administrative Agent and/or Lenders as determined in the reasonable discretion of the Administrative Agent, and in the event of any of the foregoing, such Intellectual Property shall no longer be Eligible Intellectual Property.

“Eligible Contract Receivable” means a Contract Receivable created by, and continues to be owned by, a Borrower in the ordinary course of its business, that arises out of a consumer furniture lease made by a Borrower, that complies with each of the representations and warranties respecting Eligible Contract Receivables made in the Loan Documents, and that is reflected in the most recent Borrowing Base Certificate delivered to the Administrative Agent, subject to adjustment from time to time as set forth in Section 2.18. Without limiting the generality of the foregoing but subject to adjustment from time to time as set forth in Section 2.18, Eligible Contract Receivables shall not include the following:

- (a) Any Contract Receivable for which the Account Debtor has rescinded the Contract or has notified a Borrower that the Account Debtor intends to rescind the Contract;
- (b) Any Contract Receivable that has a payment owing thereunder which is more than sixty (60) days past due or has a payment default relating to a first payment owing thereunder;
- (c) Any Contract Receivable due from an Account Debtor that is an Affiliate of any Credit Party;
- (d) Any Contract Receivable with respect to which payment is conditional;
- (e) Any Contract Receivable that is being disputed by the Account Debtor, is subject to a right of setoff, defense or is subject to a claim or counter-claim by the Account Debtor against a Borrower or any Affiliate of a Borrower, but only to the extent of the amount of such setoff right, defense, claim or counter-claim;
- (f) Any Contract Receivable that has payments that are not due in monthly or more frequent installments;
- (g) Any Contract Receivable that has an original term of greater than twenty-four (24) months;
- (h) Any Contract Receivable that does not have a minimum annual lease rate (excluding insurance charges) equal to the rate(s) set out in the Underwriting and Servicing Guidelines approved by the Administrative Agent or, if not specified in the Underwriting and Servicing Guidelines, as otherwise approved by the Administrative Agent in its sole discretion;
- (i) Any Contract Receivable by an Account Debtor subject to a Contract that is not governed by the law of an Approved Jurisdiction at the time of lease origination unless otherwise approved by the Administrative Agent;
- (j) Any Contract Receivable for which the documents and instruments (including, without limitation, any Contract evidencing such Contract Receivable, or the origination thereof, (i) do not comply in all material respects with all applicable Laws (including, without limitation, the Contract Compliance Requirements), (ii) cannot be enforced in accordance with their terms or (iii) for which the cancellation or rescission periods related thereto (if applicable) have not expired;
- (k) Any Contract Receivable for which the form of credit or lease application, and all other documents and instruments corresponding to such Contract Receivable are not in form and content acceptable to the Administrative Agent in its Permitted Discretion;
- (l) Any Contract Receivable owing by an Account Debtor that is engaged in any litigation with a Borrower;
- (m) Any Contract Receivable with respect to which a Borrower does not have good and marketable title and the right to grant a Lien on, or pledge, assign and deliver, such Contract Receivable to the Administrative Agent (other than to the extent any prohibition would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408, or 9-409 of the UCC) free from all Liens or claims whatsoever (other than in favor of the Administrative Agent, Liens arising by

operation of law which are permitted by Section 7.03 and subordinated Liens permitted under Section 7.03(xii)), or any Contract Receivable with respect to the related leased Inventory is subject to a Lien in favor of any Person other than the Administrative Agent, Liens arising by operation of law which are permitted by Section 7.03 and subordinated Liens permitted under Section 7.03(xii);

(n) Any Contract Receivable that has not been administered in material compliance with all applicable Laws, now or hereafter in effect;

(o) (i) Any Contract Receivable that is not evidenced by a payment agreement which has been executed by the Account Debtor or (ii) any Contract Receivable for which the Servicer or the Back-Up Servicer, as applicable, does not maintain complete copies of all documents evidencing such Contract Receivable;

(p) Any Contract Receivable that has not been originated in accordance with the Underwriting and Servicing Guidelines;

(q) Any Contract Receivable that (i) is not genuine; (ii) the Portfolio Documents evidencing such Contracts Receivable are evidenced by more than one original counterpart; or (iii) a party other than the Borrowers, the Servicer, the Back-Up Servicer, or the Administrative Agent is in actual or constructive possession of, or in control (including "control" under Section 9-105 of the UCC) of, any original Portfolio Documents with respect to such Contract Receivable;

(r) Any Contract Receivable that does not represent an undisputed, bona fide transaction created by the leasing of Inventory by a Borrower in the ordinary course of business and completed in accordance with the terms and provisions contained in the related Portfolio Documents;

(s) Any Contract Receivable in which the Administrative Agent does not have a first priority perfected Lien covering such Contract Receivable, or any Contract Receivable with respect to which Administrative Agent does not have a first priority perfected Lien on the related leased Inventory;

(t) Any Contract Receivable that is not payable in Dollars;

(u) Any Contract Receivable that is not in full force and effect or does not represent a legal, valid and binding obligation of the Account Debtor;

(v) Any Contract Receivable and the Portfolio Documents evidencing such Contract Receivable if signed with a digital or electronic signature that does not comply with the Uniform Electronic Transaction Act or, as applicable to the jurisdiction governing such Contract Receivable, the Electronic Signatures in Global and National Commerce Act (E-Sign Act), including all consumer consent and other applicable provisions thereof;

(w) [reserved];

(x) Any Contract Receivable if the perfection or the validity of the Administrative Agent's security interest in such Contract Receivable, or the Administrative Agent's or the Administrative Agent's right or ability to obtain direct payment of the proceeds of such Contract

Receivable, is governed by any federal, state, or local statutory requirements other than those of the UCC;

(y) [reserved];

(z) Contract Receivables originated from a single retail location that constitute more than ten percent (10.0%) of the Borrowing Base (as of any date of determination) (but the portion of the Contract Receivables originated from any such retail location not in excess of the foregoing percentage may be deemed Eligible Contract Receivables);;

(aa) Contract Receivables arising from the lease or sale of goods, other than furniture and furniture-related items, household appliances and electronics and other retail consumer items listed on Buddy's website or historically sold by Buddy's; or

(bb) Any Contract Receivable with respect to which the Inventory which secures such Contract Receivable has been repossessed by a Borrower or returned by the Account Debtor to a Borrower; or

(cc) Any Contract Receivable for which the underlying Contract does not strictly comply with all of a Borrower's warranties and representations contained herein.

"Eligible Inventory" means, with respect to the Borrowers, Inventory held for rent in the ordinary course of business reflected in the most recent Borrowing Base Certificate delivered by the Borrower Representative to the Administrative Agent owned by the Borrowers subject to adjustment from time to time as set forth in Section 2.18. Without limiting the generality of the foregoing but subject to adjustment from time to time as set forth in Section 2.18, no Inventory shall be Eligible Inventory if:

(a) it is not in saleable condition;

(b) [reserved];

(c) it consists of supplies, packing materials, shipping materials, spare parts, samples, labels, bags, display equipment, custom items, tooling, replacement parts, display items, trim labels, cuttings, or bill and hold goods;

(d) it is not finished goods Inventory;

(e) it is located at any site if the aggregate book value of Inventory at such location is less than \$50,000;

(f) it does not meet all standards imposed by any governmental agency or authority, including, without limitation, the Fair Labor Standards Act;

(g) it consists of Hazardous Materials or Inventory that can be transported or sold only with licenses that are not readily available;

(h) it does not conform in all material respects to the representations and warranties set forth in the Loan Documents, including the representations and warranties with respect to insurance contained in Section 5.11, but without any duplication of materiality qualifications;

(i) it is not at all times subject to the Administrative Agent's duly perfected, first priority security interest and no other Lien (including, without limitation, (i) the rights of a purchaser that has made progress payments, (ii) the rights of a surety that has issued a bond to assure a Borrower's performance with respect to that Inventory and (iii) Liens arising by operation of law under Article 2 of the UCC in favor of a reclaiming seller of goods or buyer of goods) other than Liens arising by operation of law permitted under Section 7.03 and subordinated Liens permitted under Section 7.03(xii);

(j) it is located outside the United States;

(k) it is located at a consumer location;

(l) it is placed on consignment or is in transit;

(m) it is to be returned to the vendor or marked for return to the vendor;

(n) it is (i) not located on premises owned, leased or rented by a Borrower, or (ii) stored at a Specified Collateral Location under clause (ii) of the definition thereof unless (A) a reasonably satisfactory Lien Waiver has been delivered to the Administrative Agent, or (B) Reserves consisting of a Rent and Charges Reserve in the Permitted Discretion of the Administrative Agent for such location have been established with respect thereto;

(o) it is covered by a negotiable document of title, unless such original document has been delivered to the Administrative Agent with all necessary endorsements, free and clear of all Liens except those in favor of the Administrative Agent and the Lenders;

(p) it consists of goods which have been returned by customers (other than returns that have been restocked and can be re-sold or re-rented in the ordinary course of business without discount or other price adjustment);

(q) it is not of a type held for sale or lease in the ordinary course of business of such Borrower;

(r) it is not covered by casualty insurance maintained in accordance with section 6.07;

(s) (i) it is subject to any Intellectual Property License with any third party which would require any consent or approval of such third party for the sale, rental or disposition of that Inventory (which consent or approval has not been obtained), (ii) it is subject to the payment of any monies to any third party upon such sale, rent or disposition unless Reserves reasonably satisfactory to the Administrative Agent has been established with respect thereto, or (iii) it may not be sold without or infringement of the intellectual property rights of third parties;

(t) it is subject to a promotional offer of the supplier thereof that would reduce the sale or rental price other than to the extent the Administrative Agent has imposed a Reserve in its Permitted Discretion; or

(u) it was acquired in connection with an Acquisition after the Closing Date (other than Kentucky Acquisition), until the completion of an Acceptable Appraisal of such Inventory, in each case, reasonably satisfactory to Administrative Agent.

“Eligible Intellectual Property” means, with respect to the Borrowers, Intellectual Property owned by BB Brand Holdings and BKST Brand Holdings reflected in the most recent Borrowing Base Certificate delivered by the Borrower Representative to the Administrative Agent subject to adjustment from time to time as set forth in Section 2.18. Without limiting the generality of the foregoing but subject to adjustment from time to time as set forth in Section 2.18, no Intellectual Property shall be Eligible Intellectual Property unless:

(a) (i) BB Brand Holdings has good and valid title to Intellectual Property owned by BB Brand Holdings and (ii) BKST Brand Holdings has good and valid title to Intellectual Property owned by BKST Brand Holdings;

(b) if such Intellectual Property owned by BB Brand Holdings and BKST Brand Holdings is registered, then such Intellectual Property shall be validly registered with the PTO or the U.S. Copyright Office, as applicable, or such other equivalent foreign filing or registration office as applicable;

(c) Administrative Agent shall have received evidence that all actions that the Administrative Agent may reasonably deem necessary in its Permitted Discretion in order to create a valid, perfected and enforceable first-priority Lien on the Capital Stock of BB Brand Holdings and BKST Brand Holdings owned by the Company under applicable Law in favor of the Administrative Agent has been taken, and the Borrowers will, or cause BB Brand Holdings and BKST Brand Holdings, as applicable, to, take all steps necessary to ensure such Intellectual Property owned by BB Brand Holdings and BKST Brand Holdings, as applicable, is not be subject to any Lien (other than Liens arising by operation of law of the type permitted in Section 7.03 and subordinated Liens permitted under Section 7.03(xii)); and

(d) With respect to any Intellectual Property owned by BB Brand Holdings and/or BKST Brand Holdings which was not included in the most-recent Acceptable Appraisal received by the Administrative Agent under this Agreement or over which the Administrative Agent has not completed its legal and business due diligence in its Permitted Discretion, the Administrative Agent (i) shall have received an Acceptable Appraisal of such Intellectual Property in form and substance, and from Appraisers, acceptable to the Administrative Agent in its Permitted Discretion and (ii) shall have completed such legal and business due diligence that is required in Administrative Agent’s Permitted Discretion, and with the results of such due diligence satisfactory to the Administrative Agent in its Permitted Discretion; provided, however, that any such appraisals or legal or business due diligence shall be at the sole expense of the Borrowers and shall not be subject to (and shall not be included in) the limitations set forth in Section 6.15 on the number of appraisals or commercial field examinations for which the Administrative Agent is entitled to be reimbursed in any period.

“Enhanced Collateral Reporting Period” means a period commencing on the date Liquidity shall have been less than \$3,500,000 for five (5) consecutive Business Days and continuing until the date Liquidity shall have been equal to or greater than \$3,500,000 for thirty (30) consecutive calendar days; provided, that an Enhanced Collateral Reporting Period shall be deemed to be in effect immediately upon the occurrence and during the continuance of any Specified Event of Default.

“Environmental Laws” means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any Hazardous Materials into the environment, including those related to discharges to waste or public systems and including without limitation, those arising under the Resource

Conservation and Recovery Act (“RCRA”), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended (“CERCLA”) and the Superfund Amendments and Reauthorization Act of 1986 (“SARA”).

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Borrower, any other Credit Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Environmental Permits” means any, approval, identification number, license or other authorization required under any Environmental Law.

“E-Office Agreement” means that certain Accounting Services Agreement, dated as of November 20, 2020, by and between BB BHF and E-Office Solutions, LLC.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with any Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of any Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower or any ERISA Affiliate.

“Event of Default” has the meaning specified in Section 8.01.

“Excluded Accounts” means any (a) deposit account or securities account specially and exclusively used in the ordinary course of business for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any Credit Party’s salaried employees, which accounts are funded only in the ordinary course of business and having a balance not materially in excess of amounts necessary to fulfill payroll obligations that are then currently owing, (b) tax accounts, pension fund accounts, 401(k) accounts and trust accounts, (c) deposit accounts that are not zero balance accounts that no less frequently than once per every five (5) Business Days transfer amounts in excess of \$2,000 contained therein to a deposit account subject to an Agency Account Agreement; provided that such

deposit accounts shall have a balance of less than (i) \$50,000 for each such deposit account at any time and (ii) \$150,000 at any time in the aggregate for all such deposit accounts, (d) deposit accounts that are zero balance accounts, or (e) securities accounts and commodities accounts having a balance of less than (i) \$25,000 for each such account at any time and having and (ii) \$50,000 at any time in the aggregate for all such accounts.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, excise Taxes or similar Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Taxes (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender or any other Recipient of a payment hereunder, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Recipient on the date such Recipient becomes a party to this Agreement or of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by any Borrower under Section 10.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01(a)(ii) or (c), amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with Section 3.01(e) and (d) any U.S. federal withholding Taxes imposed pursuant to FATCA.

“Executive Services Agreement” means that certain Executive Services Agreement, dated as of April 24, 2018, by and between the Company and B. Riley Principal Investments LLC.

“Exigent Circumstances” means an event or circumstance that materially and imminently threatens the ability of Administrative Agent to address risks which affect the Collateral or its value or the enforceability, perfection or priority of the Administrative Agent’s security interest in the Collateral.

“Extraordinary Receipt” means any cash received by or paid to or for the account of any Credit Party not in the ordinary course of business, including, tax refunds, pension plan reversions, proceeds of insurance, eminent domain or condemnation awards and similar proceedings (and payments in lieu thereof), indemnity payments (including, without limitation, in connection with any Acquisition) and any purchase price adjustments (including, without limitation, in connection with any Acquisition).

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one one-hundredth (1/100) of one percent (1%)) charged to major financial institutions reasonably acceptable to the Administrative Agent on such day on such transactions as determined by the Administrative Agent.

“Financial Officer” means, with respect to any Person, its chief financial officer, treasurer, controller or assistant controller or other officer acceptable to the Administrative Agent.

“First Amendment Effective Date” shall mean March 21, 2023.

“Fiscal Month” means any fiscal month of any Fiscal Year, which month shall generally end on the last day of each calendar month in accordance with the fiscal accounting calendar of each Borrower and its Subsidiaries.

“Fiscal Quarter” means each period of three months, commencing on the first day of a Fiscal Year.

“Fiscal Year” means the fiscal year of each Borrower and its Subsidiaries for accounting and tax purposes, ending on the first Saturday after June 30th.

“Foreign Lender” means any Lender that is organized under the Laws of a jurisdiction other than that in which any Borrower is resident for tax purposes. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Plan” means any employee benefit plan or arrangement (a) maintained or contributed to by any Credit Party or Subsidiary that is not subject to the laws of the United States; or (b) mandated by a government other than the United States for employees of any Credit Party or Subsidiary.

“Franchise Agreement” means, collectively, (a) each Franchise Agreement, dated as of November 10, 2020, between Buddy’s and bb BHF, (b) each Addendum to Franchise Agreement, dated as of November 10, 2020, between Buddy’s and bb BHF, (c) each Technology Agreement, dated as of November 10, 2020, between Buddy’s and a Credit Party, (d) that certain Development Agreement, (e) each Franchise Agreement Comfort Letter, dated as of the Closing Date, and (f) each other Franchise Agreement Comfort Letter, Franchise Agreement, addendum to Franchise Agreement, Technology Agreement, and Development Agreement entered into by a Credit Party with Buddy’s and the Administrative Agent, as applicable, on or after the Closing Date, in each case of clauses (a) through (d), together with any amendments, supplements, or other modifications thereto entered into and in effect as of the Closing Date, and in each case as the same may be amended, amended and restated, restated, supplemented, modified or otherwise in effect from time to time as permitted pursuant to Section 7.09(c).

“Franchise Agreement Comfort Letter” means each letter agreement regarding the Franchise Agreements, dated as of the Closing Date, by and among Buddy’s, BB BHF, and the Administrative Agent, and each other letter agreement regarding the Franchise Agreement entered into after the Closing Date, by and among Buddy’s, BB BHF, and the Administrative Agent, in form and substance reasonably satisfactory to Administrative Agent.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the

United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“GAEBB” means GAEBB Group B.V., a private company with limited liability organized under the laws of the Netherlands having its principal place of business at Kerkstraat 31, 5384 KA Heesch, the Netherland.

“Governing Documents” means, with respect to any Person, its certificate or articles of incorporation, certificate of change of name (if any), certificate of formation, or, as the case may be, certificate of limited partnership, its by-laws, memorandum and articles of association, operating agreement or, as the case may be, partnership agreement or other constitutive documents and all shareholder agreements, voting trusts and similar arrangements applicable to any of its Capital Stock.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra- national bodies such as the European Union or the European Central Bank).

“Granting Lender” has the meaning specified in Section 10.06(g).

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guarantees” means, collectively, (a) the Guaranty dated as of the Closing Date given by the Guarantors in favor of the Administrative Agent, and (b) any other guaranty in form and substance reasonably satisfactory to the Administrative Agent and executed by any Guarantor in favor of the Administrative Agent and the other Secured Parties in respect of the Obligations.

“Guarantors” means the Borrowers, each other Person party to any of the Guarantees as a guarantor thereunder and each other Person, if any, that executes a guaranty or other similar agreement in favor of the Administrative Agent in connection with the transactions contemplated by this Agreement and the other Loan Documents. As of the Closing Date, in addition to each Borrower, the Guarantors are (a) BMI, (b) BSCI, (c) BSI, and (d) BSR.

“Guaranty” means that certain (i) Guaranty dated as of the Closing Date, entered into by the Guarantors and the Administrative Agent and (ii) any other guarantee granted by any Credit Party as required by Section 6.12 which shall be in form and substance reasonably satisfactory to the Administrative Agent.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (b) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds and similar instruments;
- (c) net obligations of such Person under any Swap Contract;
- (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business), including, without limitation, purchase price adjustments, earn out obligations, and similar obligations that are recognized as a liability on the balance sheet of such Person in accordance with GAAP;
- (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) all Attributable Indebtedness;
- (g) all obligations of such Person prior to the date that is 180 days after the Maturity Date to purchase, redeem, retire, defease or otherwise make any payment in respect of any Capital Stock in such Person or any other Person, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, other than as permitted under Sections 7.01 or 7.04;
- (h) all Disqualified Stock; and
- (i) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person or unless such Person does not have liability for such obligations of a joint venture or partnership. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Capitalized Lease

or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payments hereunder or any other Loan Documents and (b) to the extent not otherwise described in clause (a) herein, Other Taxes.

“Indemnitees” has the meaning specified in Section 10.04(b).

“Individual Holder” means Manny Mashouf.

“Information” has the meaning specified in Section 10.07.

“Insolvency Proceeding” means, collectively, any corporate action, legal proceedings or other step taken or commenced by or against any Person under any provision of the Bankruptcy Code or under any Debtor Relief Law.

“Intellectual Property” has the meaning provided therefor in the Security Agreement.

“Intellectual Property License” has the meaning provided therefor in the Security Agreement.

“Intercompany Note” means a promissory note evidencing intercompany Indebtedness between and among the Credit Parties.

“Interest Payment Date” means, as to any Loan, (i) the first Business Day of each calendar month, (ii) on any date of prepayment, with respect to the principal amount of Loans being prepaid, and (iii) the Maturity Date. For purposes of clarity, Interest Payment Date relates to payment of interest on account of the prior Interest Period ended immediately prior to such Interest Payment Date.

“Interest Period” means, as to each Loan, the period commencing on the first day of each calendar month and ending on the last day of such calendar month.

“Inventory” means all goods held for sale or rent in which any Credit Party now has or hereafter acquires title to.

“Inventory Reserve” means the Rent and Charges Reserve and such other reserves as may be established from time to time by the Administrative Agent in its Permitted Discretion against Eligible Inventory, including without limitation, on account of (a) the salability of such Eligible Inventory, (b) factors that negatively affect the market value or Net Orderly Liquidation Value of such Eligible Inventory, (c) shrinkage, (d) obsolete and/or excess Inventory, (e) taxes and other liabilities secured by Liens upon Eligible Inventory that are or may reasonably be expected to become senior to the Administrative Agent’s Lien, and (f) other costs, expenses and amounts that the Administrative Agent and the Secured Parties may incur or be required to pay to realize upon Eligible Inventory, to the extent not already factored into the calculation of Net Orderly Liquidation Value.

“Investment” means, all expenditures made and all liabilities incurred (contingently or otherwise) for the Acquisition or Indebtedness of, or for loans, advances or capital contributions to, or in respect of any Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or interest in, another Person. In determining the aggregate amount of Investments outstanding at any particular time:

(a) the amount of any Investment represented by a guaranty shall be taken at not less than the principal amount of the obligations guaranteed and still outstanding; (b) there shall be deducted in respect of each

such Investment any amount received as a return of capital thereon; and (c) there shall not be deducted from the aggregate amount of Investments any decrease in the value, write-downs or write-offs with respect thereof.

“IP Security Agreement” means collectively, (i) the Intellectual Property Security Agreement dated as of the Closing Date, made by each Credit Party thereto in favor of the Administrative Agent, on behalf of itself and the other Secured Parties and (ii) each other intellectual property security agreement, patent security agreement, trademark security agreement and copyright security agreement required to be delivered pursuant to Section 6.12 in form and substance reasonably satisfactory to the Administrative Agent.

“IRS” means the United States Internal Revenue Service.\

“Kentucky Acquisition” means the acquisition of certain real property lease agreements and assets owned by Franchise Group, Inc. and Buddy’s NewCo, LLC by the Administrative Borrower and BB BHF in accordance with the terms of the Kentucky Acquisition Documents and so long as:

(a) The Administrative Agent shall have received copies of the Kentucky Acquisition Documents, together with a certificate of a member of the Senior Management of the Borrower Representative certifying each such Kentucky Acquisition Document as being a true, correct, and complete copy thereof.

(b) The Administrative Agent shall have evidence in form and substance satisfactory to it that the Kentucky Acquisition contemplated under the Kentucky Acquisition Agreement shall have been consummated on or prior to the date that is ten (10) Business Days after the Closing Date in accordance with the terms of the Kentucky Acquisition Documents and all applicable requirements of Law for an aggregate consideration of not more than \$5,500,000.

(c) The Kentucky Acquisition Agreement (including schedules, exhibits and annexes thereto), and all other Kentucky Acquisition Documents shall be substantially in the form of the documentation delivered to the Administrative Agent prior to the Closing Date (other than for any amendments, waivers or modifications thereto that are not materially adverse to the Lenders or the Credit Parties).

(d) The conditions set forth in clauses (d)(ii) and (d)(xiv) of the definition of Permitted Acquisitions have been satisfied.

(e) To the extent not already provided, the Borrowers shall deliver to the Administrative Agent an updated Borrowing Base Certificate after giving effect to such acquisition.

“Kentucky Acquisition Agreement” means that certain Asset Purchase Agreement, dated within 10 Business Days of the Closing Date by and among Franchise Group, Inc., Buddy’s NewCo, LLC, the Administrative Borrower, and BB BHF.

“Kentucky Acquisition Documents” means, collectively, the Kentucky Acquisition Agreement, and all other documents, agreements, and/or instruments executed and/or delivered in connection therewith.

“Laws” means, collectively, all international, foreign, Federal, state, provincial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or

authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lease Portfolio Value” means, as of any date of determination and respect to the Eligible Contract Receivables, the amount of total remaining payments under such Eligible Contract Receivables.

“Lender” means (a) at any time on or prior to the Closing Date, any lender that has a Closing Date Term Loan Commitment and/or a Delayed Draw Term Loan Commitment at such time, (b) at any time after the Closing Date, any lender that holds Closing Date Term Loans at such time, (c) at any time during the Delayed Draw Term Loan Availability Period, any lender that has a Delayed Draw Term Loan Commitment or that holds Delayed Draw Term Loans at such time, and (d) at any time after the Delayed Draw Term Loan Availability Period, any lender that holds Delayed Draw Term Loans at such time

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrowers and the Administrative Agent.

“Leverage Ratio” means, at any date of determination, the ratio of (a) all Consolidated Funded Indebtedness at such date to (b) Consolidated EBITDA for the most recently completed Measurement Period, in each case of the Company and its Subsidiaries.

“Lien” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing) and the filing of, or agreement to authorize, any financing statement under the UCC or comparable law of any jurisdiction.

“Lien Waiver” means an agreement, in form and substance reasonably satisfactory to the Administrative Agent by which, unless otherwise agreed by the Administrative Agent in its sole discretion, (a) for any Collateral located on an owned premises subject to a mortgage or deed of trust in favor of a Person other than the Administrative Agent, the mortgagee or beneficiary, as applicable, waives or subordinates any Lien it may have on the Collateral, and agrees to permit the Administrative Agent to enter upon the premises and remove the Collateral as permitted hereunder or to use the premises to store or dispose of the Collateral, (b) for any Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on the Collateral, and agrees to permit the Administrative Agent to enter upon the premises and remove the Collateral as permitted hereunder or to use the premises to store or dispose of the Collateral; (c) for any Collateral held by a warehouseman, processor, shipper, freight forwarder, freight carrier, customs broker or similar Person, such Person waives or subordinates any Lien it may have on the Collateral, agrees to hold any documents in its possession relating to the Collateral as agent for the Administrative Agent, and agrees to deliver the Collateral to Administrative Agent upon request; (d) for any Collateral held by a repairman, mechanic, bailee, carrier or other third party, such Person acknowledges the Administrative Agent’s Lien, waives or subordinates any Lien it may have on the Collateral, and agrees to deliver the Collateral to the Administrative Agent upon request; and (e) for any Collateral subject to an Intellectual Property License, the applicable licensor grants to the Administrative Agent the right, vis-à-vis such licensor, to enforce the Administrative Agent’s Liens with respect to the Collateral, including the right to dispose of it with the benefit of the intellectual property, whether or not a default exists under any applicable license.

“Line Cap” means, as of any date of determination, the lesser of (a) the Total Outstandings at such time and (b) the Borrowing Base as of such date of determination.

“Liquidity” means, at any time of determination, an amount equal to the sum of (a) Overall Excess Availability as of such time plus (b) cash and Cash Equivalents (other than Reserved Cash) of the Company and its Subsidiaries as of such time to the extent (i) such cash and Cash Equivalents would not appear (or would not be required to appear) as “restricted” on the consolidated balance sheet of the Company (other than in favor of the Administrative Agent), (ii) is generally available for use by the Credit Parties and (iii) is subject to a first priority perfected Lien in favor of the Administrative Agent pursuant to an Agency Account Agreement, plus (c) from and after the First Amendment Effective Date and through and including December 31, 2023, solely for the purposes of (i) compliance with the Liquidity covenant set forth in Section 7.12(b) and (ii) determination of an Enhanced Collateral Reporting Period, the lesser of (A) \$2,500,000 and (B) the product of 15% multiplied by the aggregate amount of Suppressed Availability. For the avoidance of doubt, the foregoing clause (c) shall only apply from and after the First Amendment Effective Date and through and including December 31, 2023.

“Loan” means an extension of credit by a Lender to any Borrower under Article II in the form of a Closing Date Term Loan, a Delayed Draw Term Loan, or Protective Advance.

“Loan Account” has the meaning specified in Section 2.16(a).

“Loan Documents” means this Agreement, each Note, each Security Document, the Guaranty, each Borrowing Base Certificate, each Compliance Certificate, the Back-Up Servicing Agreement, the Servicing Agreement, each Franchise Agreement Comfort Letter, and each other agreement, document or instrument executed and delivered by any Credit Party in favor of any of the Secured Parties in connection with any Loan Document, whether or not specifically mentioned herein or therein.

“Material Adverse Effect” means a material adverse change in, or a material adverse effect on, the (a) operations, business, assets, properties, or condition (financial or otherwise) of the Credit Parties and their Subsidiaries, taken as a whole; (b) the rights and remedies of the Administrative Agent or any Lender under any Loan Document, or of the ability of the Credit Parties, taken as a whole, to perform its obligations under the Loan Document; or (c) (i) the legality, validity, binding effect or enforceability against any Credit Party of any Loan Documents to which it is a party, (ii) the perfection or priority of any lien granted to the Administrative Agent under the Loan Documents. Without limiting the requirement under Section 4.01(k) that the Prior Credit Agreement shall have been terminated prior to, or concurrently upon, the occurrence of the Closing Date, the existence of a default or event of default under the Prior Credit Agreement shall not be a Material Adverse Effect.

“Material Agreements” means (a) each document or agreement set forth on Schedule 1.01-A, as amended or modified to the extent permitted by this Agreement and (b) each other document or agreement to which a Credit Party is a party, the termination of which would be reasonably likely to result in a Material Adverse Effect.

“Maturity Date” means August 24, 2026.

“Maximum Rate” has the meaning specified in Section 10.09.

“Measurement Period” means, at any date of determination, the most recently completed trailing twelve month period of the Company and its Subsidiaries for which financial statements have or should have been delivered in accordance with Section 6.04(a) or 6.04(b).

“Monthly Servicing Report” means each monthly report prepared by the Servicer or the Back-Up Servicer in accordance with the Back-Up Servicing Agreement, respectively, in form and substance reasonably acceptable to the Administrative Agent.

“Mortgages” means each mortgage or deed of trust with respect to Real Estate executed and delivered to the Administrative Agent, in each case, in form and substance reasonably satisfactory to the Administrative Agent.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Multiple Employer Plan” means a Plan which has two or more contributing sponsors (including the Borrower or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“Net Cash Proceeds” means, with respect to any event or transaction described in Sections 2.03(c) through (f), the cash proceeds received in respect of such event or transaction, including (a) any cash received in respect of any non-cash proceeds (including, without limitation, the monetization of notes receivables), but only as and when received or (b) in the case of a Casualty Event, insurance proceeds, proceeds of a condemnation award or other compensation payments, in each case, net of the sum of (w) all reasonable actual fees and out-of-pocket expenses (including underwriting discounts and commissions, appraisals, and brokerage, legal, advisory, banking, title and recording tax expenses and commissions) paid by any Credit Party or a Subsidiary to third parties (other than Affiliates) in connection with such event (but excluding amounts payable hereunder), (x) transfer or similar taxes, (y) reserves for indemnities, until such reserves are no longer needed, and (z) in the case of a sale or other disposition of an asset described Sections 2.03(c) and (d), the amount of all payments required to be made by any Credit Party (or to establish an escrow for the repayment of) on any Indebtedness by the terms thereof (other than the Obligations) secured by such asset to the extent the lien in favor of the holder of such Indebtedness is permitted by Section 7.03(a)(viii); provided that such payments made shall not exceed the amount of cash proceed received by such Credit Party or the aggregate amount of such Indebtedness.

“Net Orderly Liquidation Value” means, with respect to any Contract Receivable, Inventory or Intellectual Property, as applicable, the net appraised orderly liquidation value (expressed as a percentage) of such Contract Receivable, Inventory or Intellectual Property, as applicable, net of liquidation expenses, costs of sale, operating expenses and retrieval and related costs, as determined from time to time by the Administrative Agent in its Permitted Discretion by reference to the applicable Acceptable Appraisal.

“Non-Consenting Lender” means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 10.01, and (b) has been approved by the Required Lenders.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Note” means a Term Loan Note.

“Obligations” means all advances to, and debts, liabilities, and obligations of, any Credit Party arising under any Loan Document or otherwise with respect to any Loan (including, without limitation,

the Early Termination Premium), whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees (including, without limitation, the Early Termination Premium) that accrue after the commencement by or against any Credit Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Taxes (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document.

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing, or similar taxes, charges or levies that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such taxes, charges or levies that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 10.13).

“Outstanding Amount” means, with respect to the Closing Date Term Loans, the Delayed Draw Term Loans, and Protective Advances on any date, the aggregate outstanding principal amount thereof after giving effect to any Borrowings and any prepayments or repayments of the Closing Date Term Loans, the Delayed Draw Term Loans, or Protective Advances occurring on such date.

“Overall Excess Availability” means, as of any date of determination, an amount equal to the result of (a) the lesser of (i) the amount of the Aggregate Commitments and (ii) the Borrowing Base, *less* (b) Total Outstandings.

“Participant” has the meaning specified in Section 10.06(d).

“Participant Register” has the meaning specified in Section 10.06(d).

“Payment Conditions” means with respect to any transaction specified in this Agreement for which Payment Conditions are required to be satisfied, the satisfaction of each of the following conditions: (a) no Event of Default shall exist before or immediately after giving effect to the consummation of such transaction, and (b) the Credit Parties shall have demonstrated to the satisfaction of the Administrative Agent that (i) the Consolidated Fixed Charge Coverage Ratio as of the most recently completed Measurement Period is not less than 1.10:1.00 on a pro forma basis after giving effect to such transaction or payment, as applicable; provided, however, solely with respect to any Restricted Payment made from the period commencing on April 1, 2023 and ending on June 30, 2023, the Consolidated Fixed Charge Coverage Ratio as of the most recently completed Measurement Period is not less than 1.00:1.00 on a pro forma basis after giving effect to such Restricted Payment, and (ii) the Credit Parties shall be in compliance with Section 7.12(b) on a pro forma basis after giving effect to such transaction or Restricted Payment, as applicable; provided, however, for purposes of the foregoing clause (b)(ii), compliance with Section 7.12(b) shall be calculated without giving effect to clause (c) contained in the definition of Liquidity. In connection with any such transaction, the Borrower Representative shall deliver to the

Administrative Agent a certificate of a Financial Officer of the Borrower Representative in the form attached hereto as Exhibit H as to the compliance of the Payment Conditions with respect to such transaction at least one (1) Business Day prior to consummating such transaction.

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by any Borrower and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“Perfection Certificates” means, collectively, (i) the Perfection Certificate delivered by the Credit Parties to the Administrative Agent on the Closing Date and (ii) each other Perfection Certificate from time to time delivered by the Credit Parties following the Closing Date to the Administrative Agent and in form and substance reasonably acceptable to the Administrative Agent in accordance with this Agreement.

“Permitted Acquisition” means:

- (a) The Kentucky Acquisition;
- (b) [Intentionally Omitted];
- (c) Each Buddy’s Minor Acquisition; and
- (d) an Acquisition by a Credit Party that satisfies each of the following conditions:
 - (i) the Administrative Agent shall receive at least fifteen (15) Business Days’ prior written notice of such proposed Acquisition, which notice shall include a reasonably detailed description of such proposed Acquisition;
 - (ii) at or prior to the closing thereof, the Administrative Agent shall have a perfected first priority Lien in all assets and Capital Stock of the Target subject to no Liens other than Permitted Liens, and the Credit Parties and, if applicable, the Target shall have complied with Section 6.12 and shall have executed such documents and taken such actions as may be reasonably required by the Administrative Agent in connection therewith;
 - (iii) concurrently with delivery of the notice referred to in clause (a) above, the Administrative Agent shall have received a pro forma Consolidated balance sheet and pro forma profit (loss) statement relating to the Target and its Subsidiaries, based on the most recent financial statements then available;

(iv) on or prior to the closing date thereof, the Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent, copies of the acquisition agreement and related agreements and instruments, and all opinions, certificates, lien search results and other documents reasonably requested by the Administrative Agent, in each case (other than with respect to the acquisition agreement), to the extent executed or delivered in connection with such Acquisition;

(v) the Administrative Agent shall have received a copy of the proposed capital structure after giving effect to such proposed Acquisition;

(vi) the Administrative Agent shall receive, not less than fifteen (15) Business Days' prior to the consummation of such Acquisition, a due diligence package, containing such due diligence information, materials and reports as the Administrative Agent may reasonably request with respect to such Acquisition and the applicable Target, in each case to the extent such materials have been received by the Credit Parties in connection with such Acquisition;

(vii) such Acquisition shall only involve assets located in the United States and comprising a business, or those assets of a business, of the type engaged in by a Borrower as of the Closing Date (or a line of business that is reasonably related thereto), and which business would not subject the Administrative Agent or any Lender to regulatory or third party approvals in connection with the exercise of its rights and remedies under this Agreement or any other Loan Documents other than approvals applicable to the exercise of such rights and remedies with respect to a Borrower prior to such Acquisition;

(viii) the Administrative Agent shall be satisfied with the results of a field exam, inventory appraisal, Contract Receivable appraisal, and Intellectual Property appraisal conducted at the Credit Parties' expense, prior to the inclusion of any assets of the Target in the Borrowing Base;

(ix) if the total consideration paid or payable for such Acquisition is equal to or greater than \$10,000,000, the Administrative Agent shall receive a financial due diligence report prepared by a nationally or regionally recognized accounting firm reasonably acceptable to the Administrative Agent with respect to the applicable Target;

(x) each of the Payment Conditions shall have been satisfied;

(xi) such Acquisition shall not be hostile and the board of directors or similar governing body of the Target shall have approved such proposed Acquisition;

(xii) the total consideration paid or payable (including without limitation, all transaction costs, assumed Indebtedness and liabilities incurred, assumed or reflected on a Consolidated balance sheet of the Company and its Subsidiaries after giving effect to such acquisition, and the maximum amount of all deferred payments, including earn-outs) for all Permitted Acquisitions consummated during the term of this Agreement (other than the Kentucky

Acquisition) shall not exceed \$30,000,000 in the aggregate for all such Permitted Acquisitions unless agreed to in advance by the Administrative Agent;

(xiii) Consolidated EBITDA (calculated on a pro forma basis in a manner reasonably acceptable to the Administrative Agent) of or attributable to the Target, for the most recent trailing twelve-month period for which financial statements of or related to the Target are available, shall not be less than \$0.00;

(xiv) all material consents, permits and approvals (governmental or otherwise) required for the consummation of such Acquisition shall have been duly obtained, are final and non-appealable, and are in full force and effect, and such Acquisition shall be consummated in accordance with the applicable acquisition documents and applicable Law; and

(xv) concurrently with consummation of such proposed Acquisition, Borrower Representative shall have delivered to the Administrative Agent a certificate (in form and substance satisfactory to the Administrative Agent) stating that the foregoing conditions have been satisfied.

“Permitted Discretion” means a determination made in good faith and in the exercise of reasonable (from the perspective of a secured asset-based lender) business judgment.

“Permitted Liens” means those Liens permitted by Section 7.03.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of any Borrower or any ERISA Affiliate or any such Plan to which any Borrower or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“Pledge Agreements” means, collectively, (a) the Pledge Agreement dated as of the Closing Date, by and among the Credit Parties and the Administrative Agent and (b) any other pledge agreement granted by any Credit Party as required by Section 6.12 which shall be in form and substance reasonably satisfactory to the Administrative Agent.

“Portfolio Documents” means collectively any lease agreement, which shall include (if required by applicable Law) any cost of credit disclosure statement, if not contained in the lease agreement, and any other agreement or document (including, without limitation, any Contract) executed and delivered by an Account Debtor to or for the benefit of a Borrower or any subsequent transferee thereof.

“Prepayment Notice” means the certificate in substantially the form of Exhibit F hereto, or in such other form reasonably acceptable to the Administrative Agent, to be signed by a Financial Officer of the Borrower Representative and delivered to the Administrative Agent and the Lenders pursuant to Section 2.03 hereof.

“Prior Credit Agreement” means, collectively, that certain Note Purchase Agreement, dated as of November 30, 2020, by and among certain of the Credit Parties, the purchasers from time to time party thereto, and Milfam CI LLC Series F, a Delaware series limited liability company, as administrative agent and collateral for the purchasers, as the same may have been or be amended, modified, restated, or supplemented and in effect from time to time immediately prior to the date hereof.

“Protective Advances” has the meaning specified in Section 2.15.

“PTO” means the United States Patent and Trademark Office (or any equivalent office).

“RCRA” has the meaning specified in the definition of “Environmental Laws”.

“Real Estate” means all real property at any time owned or leased (as lessee or sublessee) by any Credit Party.

“Receivables Reserves” means such reserves as may be established from time to time by the Administrative Agent in its Permitted Discretion against Eligible Contract Receivables, including without limitation, on account of (a) the collectability of such Eligible Contract Receivables as a result of the dilution thereof, (b) taxes and other liabilities secured by Liens upon Eligible Contract Receivables, that are or may reasonably be expected to become senior to the Administrative Agent’s Lien, (c) goods and services taxes and sales taxes payable or to be remitted or withheld that are or may reasonably be expected to become senior to the Administrative Agent’s Lien or result in a constructive trust or similar encumbrance and (d) other costs, expenses and amounts that the Administrative Agent and/or the Secured Parties may incur or be required to pay to realize upon Eligible Contract Receivables (including, without limitation, with respect to any increases in the Borrowers’ charge-offs, any adverse changes in recovery rates) or adverse changes to the Underwriting and Servicing Guidelines.

“Recipient” means the Administrative Agent, any Lender, or any other recipient of any payment to be made by or on account of any obligation of any Credit Party hereunder.

“Register” has the meaning specified in Section 10.06(c).

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers and advisors of such Person and of such Person’s Affiliates.

“Rent and Charges Reserve” means the aggregate of (a) all past due rent and other amounts owing by a Credit Party to any landlord, mortgagee or beneficiary under a mortgage or deed of trust, warehouseman, processor, repairman, mechanic, shipper, broker or other similar Persons who possess any Collateral or could assert a Lien on any Collateral to the extent such Lien would have priority over Administrative Agent’s Lien; and (b) a reserve in respect of rent and other charges (including, without limitation, with respect to any locations containing any material files or records relating to the Contract Receivables) that could be payable to any such Person in the case of amounts owing to a lessor, bailee or other Person in respect of any Specified Collateral Location with Collateral in excess of \$25,000 to the extent such rent and charges would have priority over Administrative Agent’s Lien, in each case in an amount not to exceed a reserve of two months of rent and charge plus any delinquent amounts owed; and (c) other amounts reasonably determined by the Administrative Agent in the case of all such other Persons who possess any Collateral or could assert a Lien on any Collateral to the extent such Lien would have priority over Administrative Agent’s Lien, unless, in each case under this definition, such Person has executed a Lien Waiver.

“Relevant Governmental Body” means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30-day notice period has been waived.

“Required Lenders” means, as of any date of determination, Lenders having or holding more than 50% of the Total Credit Exposure; provided, that at any time there are two (2) or more non-Affiliate Lenders, “Required Lenders” must include at least two (2) Lenders. The Total Credit Exposure of any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Reserved Cash” means cash held in the Reserved Cash Account.

“Reserved Cash Account” means a segregated blocked deposit account reasonably acceptable to the Administrative Agent in the name and sole dominion and control of the Administrative Agent for the deposit of Reserved Cash.

“Reserved Cash Release Notice” means a notice requesting release of Reserved Cash, which shall be substantially in the form of Exhibit J.

“Reserves” means, subject to adjustment from time to time as set forth in Section 2.18, the sum (without duplication) of (a) Receivables Reserves, (b) Inventory Reserves, (c) fees payable to the Servicer or Back-Up Servicer not to exceed three (3) months of fees, (d) fees and amounts reasonably expected to be due by the Administrative Agent in connection with any applicable Franchise Agreement not to exceed three (3) months of fees, and (e) such additional reserves, in amounts and with respect to such matters (whether or not constituting a Default or Event of Default), as the Administrative Agent in its Permitted Discretion may elect to impose from time to time, in each case whether before or during the continuance of a Default or Event of Default, in each case subject to Section 2.18. For the avoidance of doubt, any Liens on Collateral included in the Borrowing Base that arise by operation of law of the type permitted in Section 7.03 may be subject to Reserves

“Restricted Payment” means any (a) dividend or other distribution (whether in cash, securities or other property) with respect to any Capital Stock of any Credit Party or any Subsidiary, (b) any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Capital Stock, or on account of any return of capital to the stockholders, partners or members (or the equivalent Person thereof) of any Credit Party or any Subsidiary and (c) any management, advisory, consulting, or similar fees paid to any Affiliate of any Credit Party (other than the Company and its Subsidiaries).

“Sanction(s)” means any international economic sanction administered or enforced by OFAC, the United Nations Security Council, the European Union or any member state of the European Union, the governmental institutions and agencies of the United Kingdom (including, without limitation, Her Majesty’s Treasury of the United Kingdom) or other relevant sanctions authority.

“Sanctioned Country” means a country subject to a sanctions program identified on the list maintained by OFAC and available at, or as otherwise published from time to time.

“Sanctioned Person” means (a) a Person named on the list of “Specially Designated Nationals and Blocked Persons” maintained by OFAC available at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time, (b) a Person named on the lists maintained by the United Nations Security Council available at http://www.un.org/sc/committees/list_compend.shtml, or as otherwise published from time to time, (c) a Person named on the lists maintained by the European Union available at http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm, or as otherwise published from time to time, (d) a

Person named on the lists maintained by Her Majesty's Treasury available at http://www.hm-treasury.gov.uk/fin_sanctions_index.htm, or as otherwise published from time to time, or (e) (i) an agency of the government of a Sanctioned Country, (ii) an organization controlled by a Sanctioned Country, or (iii) a person resident in a Sanctioned Country, to the extent subject to a sanctions program administered by OFAC.

“SARA” has the meaning specified in the definition of “Environmental Laws”.

“Secured Parties” means, collectively, the Administrative Agent, the Lenders, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.05 and the other Persons the Obligations owing to which are or are purported to be secured by the Collateral under the terms of the Security Documents.

“Security Agreements” means, collectively, (i) that certain Security Agreement dated as of the Closing Date, entered into by the Credit Parties and the Administrative Agent, and (ii) any other security agreement granted by any Credit Party as required by Section 6.12 which shall be in form and substance reasonably satisfactory to the Administrative Agent.

“Security Documents” means the Guarantees, the Security Agreements, the IP Security Agreement, the Pledge Agreements, the Mortgages, the Agency Account Agreements and all other guarantees, security agreements, intellectual property security agreements, pledge agreements, mortgages, deeds of trust, control agreements, instruments and documents, including without limitation Uniform Commercial Code financing statements and other equivalent registrations and personal property security filings with respect to any other applicable jurisdiction, control agreements, required to be executed or delivered pursuant to, or in connection with, this Agreement or any other Loan Document to secure the repayment of the Obligations, all in form and substance reasonably acceptable to the Administrative Agent.

“Senior Management” means with respect to the any of the Credit Parties or any of its Subsidiaries, its chairman, president, Financial Officer, chief executive officer, chief operating officer, directors or general counsel.

“Servicer” means, initially, the Company or any other Person that becomes the servicer in accordance with the terms of this Agreement.

“Servicer Default” shall mean an “Event of Default” as defined in the Servicing Agreement.

“Servicing Agreement” shall mean any servicing agreement that exists as of, or may be entered into after, the Closing Date, in form and substance satisfactory to the Administrative Agent, by and among the Borrowers, the Servicer, and the Administrative Agent.

“Servicing Fee” means the fee payable to the Servicer (other than the Borrowers or any Affiliate of the Borrowers) from time to time under the Servicing Agreement.

“SLR” means Crystal Financial LLC d/b/a SLR and its successors and permitted assigns.

“SLR Entity” shall mean SLR or any of its Affiliates.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the Term SOFR Administrator.

“Solvent” and “Solvency” mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“SPC” has the meaning specified in Section 10.06(g).

“Specified Collateral Location” means any (i) any fee owned real property of any Credit Party subject to a mortgage or deed of trust for the benefit of a third party other than the Administrative Agent, (ii) locations leased by a Credit Party located in Alabama, Delaware, the District of Columbia, Iowa, Florida, Kentucky, New Jersey, Pennsylvania, Texas, Washington, West Virginia, or Virginia, in each case to the extent the laws of such States provide landlords with Liens securing rent that may be senior to the Administrative Agent’s Liens, (iii) chief executive office, distribution center, warehouse, shipping center, plant, factory, or other similar location leased by a Credit Party (or operated by a third party logistics company or other bailee) and (iv) location of any of the Credit Party’s vendors, in each case, where Collateral is located.

“Specified Equity Contribution” has the meaning specified in Section 7.12(c).

“Specified Event of Default” means any Event of Default occurring and continuing under any of Sections 8.01(a), (b) (without giving effect to the grace period contained therein with respect to Section 6.04(c), (d)(ii), (e), (j), (o), or (p)).

“Specified Holders” means B. Riley Investments LLC and each of its Affiliates.

“Specified Restricted Payment” means any dividend with respect to any Capital Stock of the Company.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Company. For all purposes of this Agreement and the other Loan Documents, in no event shall BB Brand Holdings be deemed to be a Subsidiary of the Company so long as Company owns less than 51% of the Capital Stock of BB Brand Holdings and cannot vote for a majority of the board of the managers.

“Suppressed Availability” means, as of any date of determination, the result (so long as it is a positive number) of (a) the Borrowing Base as of such date, minus (b) the Total Outstandings as of such date; *provided* that if the result of the foregoing is a negative number, then Suppressed Availability is zero.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and

(b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Target” means the Capital Stock in a Person, or the business, division, product line or portion of the assets of a Person, acquired in an Acquisition.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term Loan” means a Closing Date Term Loan or a Delayed Draw Term Loan, as the context may require.

“Term Loan Facility” means, collectively, the Closing Date Term Loan Facility and the Delayed Draw Term Loan Facility.

“Term Loan Note” means a Closing Date Term Loan Note or a Delayed Draw Term Loan Note, as the context may require.

“Term SOFR” means for any Determination Date, the Term SOFR Reference Rate for a tenor of three (3) months on the day (such day, the “Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Determination Date, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (New York City time) on any Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator, then Term SOFR will be the Term SOFR

Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator.

“Term SOFR Adjustment” means, for a period equal to three (3) months, 0.26161% per annum.

“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Threshold Amount” means \$2,500,000.

“Total Closing Date Term Loan Outstandings” means, without duplication, the aggregate Outstanding Amount of all Closing Date Term Loans.

“Total Credit Exposure” means, as to any Lender at any time, the unused outstanding Commitments of such Lender, the Delayed Draw Term Loan Credit Exposure of such Lender at such time, and the Closing Date Term Loan Credit Exposure of such Lender at such time.

“Total Delayed Draw Term Loan Outstandings” means, without duplication, the aggregate Outstanding Amount of all Delayed Draw Term Loans.

“Total Outstandings” means, without duplication, the sum of (a) the Total Closing Date Term Loan Outstandings and (b) the Total Delayed Draw Term Loan Outstandings.

“Trade Date” has the meaning specified in Section 10.06(b)(i).

“Underwriting and Servicing Guidelines” shall mean a Borrower’s underwriting and servicing guidelines and policies, copies of which were delivered to the Administrative Agent on or before the Closing Date.

“Uniform Commercial Code” or “UCC” means the Uniform Commercial Code as in effect in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “Uniform Commercial Code” or “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

“United States” and “U.S.” mean the United States of America.

“Unused DDTL Facility Fee” has the meaning specified in Section 2.07(a).

“Unused Delayed Draw Term Loan Facility Amount” means the daily average unused amount of the Delayed Draw Term Loan Commitments then in effect, subject to adjustment as provided in Section 2.14.

“U.S. Government Securities Business Day” means any Business Day, except any Business Day on which any of the Securities Industry and Financial Markets Association, the New York Stock

Exchange or the Federal Reserve Bank of New York is not open for business because such day is a legal holiday under the federal laws of the United States or the laws of the State of New York, as applicable.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 3.01(e)(ii)(B)(III).

Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Governing Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.”

Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

Accounting Terms.

Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Credit Parties and their Subsidiaries shall be deemed to be carried at

100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded. For the avoidance of doubt, (i) notwithstanding any term in GAAP now or hereafter existing that would require lease obligations that would be treated as operating leases historically by the Credit Parties to be classified and accounted for as capital leases or otherwise reflected on the Credit Parties' consolidated balance sheet, such obligations shall continue to be excluded from the definition of Indebtedness and (ii) any lease that was entered into after the date of this Agreement that would have been considered an operating lease under GAAP in effect as of the Closing Date shall be treated as an operating lease for all purposes under this Agreement and obligations in respect thereof shall be excluded from the definition of Indebtedness.

Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio, negative covenant or requirement set forth in any Loan Document, and either the Borrowers or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio, negative covenant or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrowers shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio, covenant or requirement made before and after giving effect to such change in GAAP.

Rounding. Any financial ratios required to be maintained by any of the Credit Parties pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

Rates. Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to the continuation of, administration of, submission of, calculation of or any other matter related to the Base Rate, Adjusted Term SOFR, Term SOFR, any component definition thereof or rates referred to in the definition thereof or any alternative, successor or replacement rate thereto, including whether the composition or characteristics of any such alternative, successor or replacement rate will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as the Base Rate, Adjusted Term SOFR or Term SOFR prior to its discontinuance or unavailability. Administrative Agent and its affiliates or other related entities may engage in transactions that affect the calculation of the Base Rate, Adjusted Term SOFR, Term SOFR, any alternative, successor or replacement rate or any relevant adjustments thereto, in each case, in a manner adverse to the Borrowers (provided that, for the avoidance of doubt, nothing in this sentence shall modify or supersede the express terms of this Agreement and the other Loan Documents). Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Base Rate, Adjusted Term SOFR or Term SOFR, in each case pursuant to the terms of this Agreement, and shall have no liability to any Credit Party, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

THE COMMITMENTS AND LOANS

Loans.

Closing Date Term Loans. Subject to the terms and conditions set forth herein and in reliance upon the representations and warranties of the Credit Parties contained herein, each Lender severally agrees to make a single loan to the Borrowers on the Closing Date in an aggregate amount equal to the lesser of (i) the amount of such Lender's Closing Date Term Loan Commitment, or (ii) such Lender's Applicable Percentage of the Borrowing Base; provided however that after giving effect to any Closing Date Term Borrowing, the Total Outstandings shall not exceed the Borrowing Base. Amounts borrowed under this Section 2.01(a) and repaid may not be reborrowed.

Delayed Draw Term Loan. During the Delayed Draw Term Loan Availability Period, but subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the Credit Parties contained herein, each Lender having a Delayed Draw Term Loan Commitment severally and not jointly agrees to make its Applicable Percentage of Delayed Draw Term Loans as requested by Borrowers in one or more drawings during the Delayed Draw Term Loan Availability Period in an aggregate amount not to exceed at any time outstanding the lesser of (i) the amount of such Lender's Delayed Draw Term Loan Commitment, or (ii) such Lender's Applicable Delayed Draw Term Percentage of (A) the Borrowing Base (based upon the Borrowing Base Certificate delivered by the Borrower Representative to the Administrative

Agent on the date of such Borrowing) less (B) the Total Outstandings; provided, however, that after giving effect to any Delayed Draw Term Borrowing, the Total Outstandings shall not exceed Overall Excess Availability. Amounts borrowed under this Section 2.01(b) and repaid may not be reborrowed. No Delayed Draw Term Loan shall be funded unless the following terms and conditions are satisfied or waived in writing by the Administrative Agent in its sole discretion with each Delayed Draw Term Borrowing:

each of the conditions set forth in Section 4.02 shall have been satisfied as of, and on, the DDTL Funding Date of the Delayed Draw Term Loan;

the Borrowers shall have provided to the Administrative Agent with a current Borrowing Base Certificate prepared as of a date acceptable to the Administrative Agent reflecting the funding of the Delayed Draw Term Loan and, on the DDTL Funding Date of the Delayed Draw Term Loan, after giving effect thereto, the Total Outstandings shall not exceed Overall Excess Availability;

the Credit Parties shall be in compliance with Section 7.12 on a pro forma basis after giving effect to such Delayed Draw Term Borrowing;

the Administrative Agent, on behalf of the applicable Lenders, shall have received the applicable Delayed Draw Term Loan Funding Fee on the applicable DDTL Funding Date;

if requested by a Lender, Borrowers shall deliver promissory note(s) (or a restated promissory note) to such Lender, evidencing its Term Loans (including the Delayed Draw Term Loan made by such Lender); and

the proceeds of the Delayed Draw Term Loans are used for the purposes described in Section 6.11.

The request by the Borrowers and acceptance by the Borrowers of the proceeds of the Delayed Draw Term Loan shall be deemed to constitute, as of the date of the funding of the Delayed Draw Term Loan, (i) a representation and warranty by the Borrowers that the conditions in this Section 2.01(b) are satisfied and (ii) a reaffirmation by each Credit Party of the granting and continuance of the Administrative Agent's Liens, on behalf of itself and the Secured Parties, pursuant to the Loan Documents.

Upon each Lender's making of each Delayed Draw Term Loan on the applicable DDTL Funding Date thereof, the Delayed Draw Term Loan Commitment of such Lender shall automatically be reduced by an amount commensurate with the amount of the Delayed Draw Term Loan made on such DDTL Funding Date.

Borrowings of Committed Loans.

Each Borrowing shall be made upon the Borrower Representative's irrevocable notice to the Administrative Agent via a Borrowing Request Notice appropriately completed and signed by a member of Senior Management of the Borrower Representative, which may be given by any Electronic Medium. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. Eastern time five (5) Business Days prior to the requested date of any Borrowing. Each Borrowing Request Notice shall specify (i) the Borrower requesting such Borrowing and (ii)

the requested date of the Borrowing (which shall be a Business Day) and the principal amount of Committed Loans to be borrowed. Only the Borrowing Request Notice relating to Loans on the Closing Date shall request the making of the Closing Date Term Loan. The Borrower Representative may not submit more than one (1) Borrowing Request Notice for Delayed Draw Term Loans during any week except with the consent of the Administrative Agent in its sole discretion. Each Borrowing of any Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$100,000 in excess thereof.

Following receipt of a Borrowing Request Notice, the Administrative Agent shall (i) promptly notify each Lender of the amount of its Applicable Delayed Draw Term Percentage of the applicable Delayed Draw Term Loans and (ii) on the Closing Date, promptly notify each Lender of the amount of its Applicable Percentage of the applicable Closing Date Term Loans. For each Borrowing, each Lender shall make the amount of its Committed Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 3:00 p.m. Eastern time (or such later time as may be agreed upon by a Lender and the Administrative Agent) on the Business Day specified in the applicable Borrowing Request Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Borrowing, Section 4.01), the Administrative Agent shall make all funds so received available to the applicable Borrower in like funds as received by the Administrative Agent by transfer of such funds (such transfer to be initiated no later than 6:00 p.m. Eastern time) in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower Representative.

Prepayments; Repayments.

Voluntary Prepayments of Term Loans. The Borrower Representative may, upon notice to the Administrative Agent pursuant to a Prepayment Notice, at any time or from time to time voluntarily prepay Term Loans in whole or in part; provided that (i) the Delayed Draw Term Loan Commitment shall have been terminated in full, (ii) the Borrowers shall pay each Lender its Applicable Percentage of the Early Termination Premium, if applicable, on the amount prepaid concurrently with such prepayment, (iii) such notice must be received by the Administrative Agent not later than 2:00 p.m. Eastern time three (3) Business Days prior to any such date of prepayment and (iv) any prepayment of Term Loans shall be in a principal amount of \$500,000 or a whole multiple of \$500,000 in excess thereof; or, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment of the Term Loans to be prepaid. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such notice is given by the Borrower Representative, the Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Loan shall be accompanied by the applicable Early Termination Premium, all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.04.

Negative Overall Excess Availability; Application of Reserved Cash; Release of Reserved Cash. Subject to Section 2.15, if for any reason at any time, Overall Excess Availability is less than \$0, (i) the Borrowers shall immediately provide additional Reserved Cash to the Reserved Cash Account in such amount that would eliminate such deficiency completely and (ii) the Administrative Agent, in its sole discretion, may transfer Reserved Cash remaining in the Reserved Cash Account to repay the Obligations. Each such repayment described in this clause (b) shall be applied in accordance with the application of payments specified in Section 2.05(c). On any day that the Borrowing Base less Total Outstandings is greater than zero dollars

(\$0), subject to the conditions listed herein, the Borrowers may request that the Administrative Agent release Reserved Cash to the Borrowers in an amount not to exceed the lesser of (A) the amount of the then existing Reserved Cash Account, and (B) the difference between (1) an amount equal to one hundred percent (100%) of the then existing Borrowing Base (calculated on a *pro forma* basis after giving effect to such proposed release of Reserved Cash), less (2) the Total Outstandings (to the extent such difference under this clause (B) is a positive number). Each request to release Reserved Cash shall be made upon the Borrower Representative's irrevocable notice to the Administrative Agent via a Reserved Cash Release Notice appropriately completed and signed by a member of Senior Management of the Borrower Representative, which may be given by any Electronic Medium. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. Eastern time on the requested date of such release of Reserved Cash. Any such request to release Reserved Cash shall be subject to the following conditions precedent (the "Cash Release Conditions"): (I) no Default or Event of Default shall have occurred or be existing on the date of the release of any Reserved Cash; (II) concurrently with such request, the Borrowers shall deliver to the Administrative Agent, an updated Borrowing Base Certificate, which shall set forth the Borrowing Base based on the balances as of the close of business on the prior Saturday and calculated on a *pro forma* basis after giving effect to such proposed release of Reserved Cash, and (III) such request shall specify the amount of Reserved Cash that the Borrower Representative is requesting be released, and shall be accompanied by the calculations and such other information that Administrative Agent shall reasonably request to confirm compliance with the terms of this paragraph. Upon satisfaction of the Cash Release Conditions, the Administrative Agent shall arrange for the release of the requested Reserved Cash to the Borrowers' operating account. The provisions of this Section 2.03(b) shall not be deemed a waiver in any respect of the Event of Default resulting from Overall Excess Availability that is less than zero dollars (\$0).

Asset Dispositions. Immediately upon receipt by any Credit Party of Net Cash Proceeds of an amount in excess of \$100,000 from any asset disposition of Collateral (excluding dispositions of Inventory in the ordinary course of business and dispositions permitted pursuant to clauses (b)(iv) and (b)(vii) of Section 7.05), the Borrowers shall prepay the Obligations in an aggregate amount equal to the sum of (i) 100% of such Net Cash Proceeds so received plus (ii) the applicable Early Termination Premium (such prepayments shall be directed to the Collection Account and applied in accordance with the application of payments specified in Section 2.05(c)); provided that so long as no Event of Default shall have occurred and is continuing, at the election of the Borrower Representative, any Credit Party may reinvest all or any portion of such Net Cash Proceeds in assets used or useful in the business of any other Credit Party within one-hundred eighty (180) days after the date of such asset disposition (or such longer period of time as agreed in writing by the Administrative Agent's in its sole discretion), the consummation of such reinvestment to be certified by the Borrowers in writing to the Administrative Agent within such period, as extended hereunder; provided, however, that any Net Cash Proceeds not so reinvested within such period shall be immediately applied to the prepayment of the Obligations as set forth in Section 2.05(c).

Casualty Events and Extraordinary Receipts. Immediately upon receipt by any Credit Party of Net Cash Proceeds from any Casualty Event with respect to Collateral or any Extraordinary Receipts, in each case, of an amount in excess of \$100,000 (provided, however, if an Event of Default has occurred and is continuing, all such Net Cash Proceeds or Extraordinary Receipts shall be subject to the terms of this clause (d)), the Borrowers shall prepay the Obligations in an amount equal to the sum of (i) 100% of (A) Net Cash Proceeds received by any Credit Party from Casualty Events with respect to Collateral and (B) all Extraordinary Receipts plus (ii) the applicable Early Termination Premium (in each case, such prepayments shall be

directed to the Collection Account and applied in accordance with the application of payments specified in Section 2.05(c); provided that so long as no Event of Default shall have occurred and is continuing, at the election of the Borrower Representative, any Credit Party may reinvest all or any portion of such Net Cash Proceeds in assets used or useful in the business of any other Credit Party within one-hundred eighty (180) days after the date of such Casualty Event or receipt of such Extraordinary Receipt (or such longer period of time as agreed in writing by the Administrative Agent's in its sole discretion) (the consummation of such reinvestment to be certified by the Borrowers in writing to the Administrative Agent within such period); provided, however, that any Net Cash Proceeds not so reinvested within such period shall be immediately applied to the prepayment of the Obligations as set forth in Section 2.05(c).

Issuance of Equity.

Immediately upon the sale or issuance by any Credit Party or any Subsidiaries (other than any sale or issuance to a Credit Party) of any its Capital Stock (other than issuances that result in a Specified Equity Contribution or, so long as no Event of Default shall have occurred or be continuing, the proceeds of which are used to fund Consolidated Capital Expenditures or Permitted Acquisitions or are Investments permitted pursuant to Section 7.01(k)), the Borrowers shall prepay the Obligations in an amount equal to the sum of (i) 100% of such Net Cash Proceeds so received plus (ii) the applicable Early Termination Premium (such prepayments shall be directed to the Collection Account and applied in accordance with the application of payments specified in Section 2.05(c)).

Immediately upon the sale or issuance by any Credit Party or any Subsidiaries (other than any sale or issuance to a Credit Party) of any its Capital Stock that results in a Specified Equity Contribution (other than in connection with a Specified Equity Contribution with respect to Section 7.12(b)), the Borrowers shall prepay the Term Loans ratably among the holders thereof in an amount equal to the sum of (i) 100% of such Net Cash Proceeds so received plus (ii) the applicable Early Termination Premium (such prepayments shall be directed to the Collection Account and applied in accordance with the application of payments specified in Section 2.05(c)).

Incurrence of Indebtedness. Immediately upon the incurrence or issuance by any Credit Party or any of its Subsidiaries of any Indebtedness (other than Indebtedness permitted pursuant to Section 7.02), the Borrowers shall prepay the Obligations in an amount equal to the sum of (i) 100% of such Net Cash Proceeds so received plus (ii) the applicable Early Termination Premium (such prepayments shall be directed to the Collection Account and applied in accordance with the application of payments specified in Section 8.03).

Termination or Reduction of Commitments.

Closing Date Term Loan Facility. The aggregate Closing Date Term Loan Commitments of the Lenders on the Closing Date shall be automatically and permanently reduced to zero upon the making of the Closing Date Term Loans on the Closing Date.

Delayed Draw Term Loan Facility. The Borrowers may, upon notice to the Administrative Agent from the Borrower Representative, terminate the Delayed Draw Term Loan Commitments, or from time to time permanently reduce the Delayed Draw Term Loan

Commitments; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. three (3) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$1,000,000 or any whole multiple of \$1,000,000 in excess thereof, and (iii) the Borrowers shall pay the applicable Early Termination Premium in connection with such termination or reduction as set forth in Section 2.07(d). The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Delayed Draw Term Loan Commitments. Any reduction of the Delayed Draw Term Loan Commitments shall be applied to the Delayed Draw Term Loan Commitment of each Lender according to its Applicable Delayed Draw Term Percentage. All fees accrued until the effective date of any termination of the Delayed Draw Term Loan Commitments, together with the applicable Early Termination Premium, shall be paid on the effective date of such termination.

Repayment of Loans.

Maturity. In addition to the repayment of the Loans pursuant to Section 2.03, the Borrowers shall repay to the Lenders on the Maturity Date, (i) the aggregate principal amount of the Closing Date Term Loans on such date, together with all other Obligations in respect thereof, (ii) the aggregate principal amount of Delayed Draw Term Loans outstanding on such date, together with all other Obligations in respect thereof, and (iii) all other Obligations. Each of the Borrowers hereby unconditionally promises to pay to the Administrative Agent the then unpaid amount of each Protective Advance on the earlier of the Maturity Date and demand by the Administrative Agent.

Amortization of Term Loans. Commencing on September 30, 2022, and on each calendar quarter end thereafter, (i) with respect to the Closing Date Term Loan Facility, the Borrowers shall repay to the Lenders an amount equal to the product of 1.25% multiplied by the aggregate Closing Date Term Loan funded as of the Closing Date on each such date to reduce the aggregate principal amount of all Closing Date Term Loans then outstanding, and (ii) with respect to the Delayed Draw Term Loan Facility, the Borrowers shall repay to the Lenders an amount equal to the product of 1.25% multiplied by the aggregate amount of the Delayed Draw Term Loans drawn on each applicable DDTL Funding Date to reduce the aggregate principal amount of all Delayed Draw Term Loans then outstanding.

Application of Payments. Subject to clause (d) below, all funds transferred on account of the payment of the Obligations shall be applied to the Obligations as follows:

First, if the Servicer is a Person other than one of the Borrowers or an Affiliate of one of the Borrowers and so long as no Servicer Default has occurred and is continuing, to pay to the Servicer the accrued Servicing Fee under and as defined in the Servicing Agreement to the extent such Servicing Fee is then due and payable;

Second, to pay to the Back-Up Servicer the accrued Back-Up Servicing Fee under and defined in the Back-Up Servicing Agreement to the extent such Back-Up Servicing Fee is then due and payable;

Third, to pay outstanding Protective Advances funded by the Administrative Agent;

Fourth, to pay Obligations owing to the Administrative Agent and Lenders constituting (a) indemnities and expenses then due and payable under this Agreement and the other Loan Documents and (b) the fees then due and payable under Section 2.07(b), ratably among such Persons in proportion to the respective amounts described in this clause payable to them;

Fifth, to pay Obligations constituting accrued and unpaid interest and fees (including without limitation, the Early Termination Premium) due and payable to, the Lenders by the Borrowers under this Agreement and the other Loan Documents ratably among them in proportion to the respective amounts described in this clause Fifth payable to them;

Sixth, to repay principal on the Term Loans ratably among the holders thereof in proportion to the respective amounts described in this clause Sixth payable to them; and

Eighth, thereafter to the Borrowers' operating account.

All payments applied to the Loans pursuant to this Section 2.05(c) shall (x) be applied to the Loans owing to the Lenders in accordance with their respective Applicable Percentages, (y) be subject to any applicable Early Termination Premium, and (z) be accompanied by accrued interest to the extent required by Section 2.06 and Breakage Costs to the extent required by Section 3.04. The Administrative Agent reserves the right at any time to repay the outstanding Obligations with any or all of the Reserved Cash or funds held in the Reserved Cash Account. Notwithstanding the foregoing, any prepayment of the principal balance of the Term Loan with funds constituting Reserved Cash shall be subject to the Early Termination Premium and shall be applied to the principal balance of the Term Loans based on the Pro Rata Share of each Lender (for the avoidance of doubt, the remittance of additional Reserved Cash pursuant to Section 2.03(b) above shall not be deemed a prepayment for the purposes of Section 2.03(b) unless and until such Reserved Cash is applied to prepay the Term Loans).

Following the occurrence and during the continuance of an Event of Default, the Administrative Agent may (and at the direction of the Required Lenders, shall) apply all funds transferred and credited to the Collection Account (or otherwise on account of the payment of the Obligations) to the Obligations in accordance with Section 8.03.

Interest.

Subject to the provisions of subsection (b) below, each Term Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Adjusted Term SOFR for such Interest Period plus the Applicable Rate.

Following the occurrence and during the continuance of an Event of Default, the Obligations shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws unless otherwise agreed to and negotiated by the Administrative Agent and the Borrower Representative; provided, however, if the Credit Parties have exercised their equity cure rights pursuant to Section 7.12(c) below as a result of an Event of Default under Section 7.12, then an Event of Default shall be deemed not to have occurred for purposes of this clause (b).

Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest accruing at the

Default Rate shall be due and payable on demand by the Administrative Agent. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

Fees.

The Borrowers shall pay to the Administrative Agent, for the ratable benefit of the Lenders (including SLR and its Affiliates), a one-time closing fee (the “Closing Fee”) in an aggregate amount equal to \$450,000. The Closing Fee shall be fully earned and due and payable in full upon the Closing Date.

The Borrowers shall pay an aggregate annual agency fee (the “Agency Fee”) of \$35,000 to the Administrative Agent, for the ratable benefit of the Administrative Agent and its Affiliates, in advance on the Closing Date and on each anniversary thereof, until the Obligations have been paid and satisfied in full. The Agency Fee shall be fully earned upon becoming due and payable.

The Borrowers shall pay to the Administrative Agent for the account of the Lenders in accordance with their Applicable Delayed Draw Term Percentages, an unused facility fee (the “Unused DDTL Facility Fee”) equal to 0.50% times the Unused Delayed Draw Term Loan Facility Amount for the applicable calendar month for which such Unused DDTL Facility Fee is due. The Unused DDTL Facility Fee shall accrue at all times on and following the Closing Date so long as the Delayed Draw Term Loan Commitments are outstanding, including at any time during which one or more of the conditions in Section 4.02 is not met, and shall be due and payable monthly in arrears on the first day of each calendar month, commencing with the first such date to occur after the Closing Date, and on the last day of the Delayed Draw Term Loan Availability Period. The Unused DDTL Facility Fee shall be calculated monthly in arrears. All such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

Upon the occurrence of an Early Termination Premium Trigger Event, the Borrowers agree to pay to the Administrative Agent, for the ratable benefit of the Lenders, the Early Termination Premium. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, it is understood and agreed that if the Obligations are accelerated as a result of the occurrence and continuance of any Event of Default (including by operation of law or otherwise), the Early Termination Premium, if any, determined as of the date of acceleration, will also be due and payable and will be treated and deemed as though the Term Loans were prepaid and the Delayed Draw Term Loan Commitments were terminated as of such date and shall constitute part of the Obligations for all purposes herein. Any Early Termination Premium payable in accordance with this Section 2.07(d) shall be presumed to be equal to the liquidated damages sustained by the Lenders as the result of the occurrence of the Early Termination Premium Trigger Event, and each of the Credit Parties agree that it is reasonable under the circumstances currently existing. The Early Termination Premium shall also be payable in the event the Obligations (and/or this Agreement) are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure or by any other means. EACH OF THE CREDIT PARTIES EXPRESSLY WAIVES THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING APPLICABLE FEE IN CONNECTION WITH ANY SUCH ACCELERATION. Each of Credit Party expressly agrees that (A) the Early Termination Premium is reasonable and is the product of an arm’s length transaction between sophisticated business people, ably represented by counsel, (B) the Early Termination Premium shall be payable notwithstanding the then prevailing market rates at the time payment is made, (C) there

has been a course of conduct between the Lenders and the Credit Parties giving specific consideration in this transaction for such agreement to pay the Early Termination Premium, (D) the Credit Parties shall be estopped hereafter from claiming differently than as agreed to in this Section 2.07(d), (E) the agreement of the Credit Parties to pay the Early Termination Premium is a material inducement to the Lenders to provide the Commitments and make the Loans, and (F) the Early Termination Premium represents a good faith, reasonable estimate and calculation of the lost profits or damages of the Lenders and that it would be impractical and extremely difficult to ascertain the actual amount of damages to the Lenders or profits lost by the Lenders as a result of any such Early Termination Premium Trigger Event.

The Borrowers shall pay to the Administrative Agent, for the account of the Lenders (including SLR and its Affiliates), a fee (the “Delayed Draw Term Loan Funding Fee”) in an aggregate amount equal to 0.75% of the principal amount of each Delayed Draw Term Loan borrowed pursuant to Section 2.01(b), which Delayed Draw Term Loan Funding Fee with respect to each such Delayed Draw Term Loan shall be due and payable in full on the applicable funding date (the “DDTL Funding Date”) of such Delayed Draw Term Loan. Each such Delayed Draw Term Loan Funding Fee shall be fully earned when paid and payable in full upon each applicable DDTL Funding Date, and shall not be refundable for any reason whatsoever.

Each Borrower’s obligation to pay the foregoing fees described in this Section 2.07 will not be subject to counterclaim or setoff for, or be otherwise affected by, any claim or dispute such Borrower may have. All of the fees described above in this Section 2.07 shall be nonrefundable for any reason whatsoever and shall be in addition to any other fees, costs and expenses payable pursuant to this Agreement and the other Loan Documents.

Computation of Interest and Fees. All computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.10(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

12 Evidence of Debt. The Loans made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Loans made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrowers shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender’s Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

13 Payments Generally; Administrative Agent’s Clawback.

General. All payments to be made by the Borrowers shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly

provided herein, all payments by the Borrowers hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 3:00

p.m. Eastern time on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 3:00 p.m. Eastern time shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrowers shall come due on a day other than a Business Day, payment shall be made on the next following Business Day (unless otherwise provided herein), and such extension of time shall be reflected in computing interest or fees, as the case may be.

(i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrowers severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Adjusted Term SOFR Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, and (B) in the case of a payment to be made by the Borrowers, the interest rate applicable to such Loans made. If the Borrowers and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrowers the amount of such interest paid by the Borrowers for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Committed Loan included in such Borrowing. Any payment by the Borrowers shall be without prejudice to any claim the Borrowers may have against a Lender that shall have failed to make such payment to the Administrative Agent.

Payments by Borrowers; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrowers prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Adjusted Term SOFR Rate and a rate determined by the

Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrowers with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrowers by the Administrative Agent because the conditions to the applicable Loans set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds promptly (in like funds as received from such Lender) to such Lender, without interest.

Obligations of Lenders Several. The obligations of each of the Lenders hereunder to make Closing Date Term Loans and Delayed Draw Term Loans, and to make payments pursuant to Section 10.04(c) are several and not joint. The failure of any Lender to make any Committed Loan, to fund any such participation or to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Committed Loan, to purchase its participation or to make its payment under Section 10.04(c).

Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Committed Loans made by it, resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Committed Loans or participations and accrued interest thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Committed Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Committed Loans and other amounts owing them, provided that:

if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

the provisions of this Section shall not be construed to apply to (x) any payment made by the Borrowers pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Committed Loans to any assignee or participant, other than to the Borrowers or any Subsidiary of the Borrowers (as to which the provisions of this Section shall apply).

The Borrowers consent to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrowers in the amount of such participation.

Collateral and Guarantees.

Collateral. The Loans and the other Obligations shall be secured by valid, first priority, perfected and enforceable Liens in favor of the Administrative Agent, for the benefit of the holders of the Obligations, in all of the Collateral subject to Permitted Liens and the terms of this Agreement and the Security Documents.

Guarantees. Payment of the Loans and the other Obligations shall be unconditionally guaranteed by each Guarantor subject to the terms of the Guarantees.

Reserved Cash. The Borrowers hereby grant to (and subject to the control of) the Administrative Agent, for the benefit of the Administrative Agent and the Lenders, and agree to maintain, a first priority security interest in all Reserved Cash, the Reserved Cash Account and all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the Obligations. If at any time the Administrative Agent determines that Reserved Cash is subject to any right or claim of any Person (other than the Administrative Agent as herein provided), the Borrowers will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Reserved Cash in an amount sufficient to eliminate any deficiency in accordance with Section 2.03(b). All Reserved Cash shall be maintained in the Reserved Cash Account. The Borrowers shall pay on demand therefor from time to time all customary account opening, activity and other administrative fees and charges in connection with the maintenance and disbursement of Reserved Cash.

14 Defaulting Lenders.

Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and Section 10.01.

Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 10.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, as the Borrowers may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent and the Borrowers, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future

funding obligations with respect to Loans under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fifth*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrowers as a result of any judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Commitments hereunder. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

Defaulting Lender Cure. If the Borrowers and the Administrative Agent agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Committed Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

Protective Advances.

The Administrative Agent shall be authorized, in its discretion, at any time, after the occurrence of and during the continuation of an Event of Default to make loans, disbursements and advances ("Protective Advances") to the Borrowers, on behalf of all Lenders, that the Administrative Agent, in its Permitted Discretion, deems are necessary or desirable (i) to preserve or protect any Collateral or the Borrowers' business operations, (ii) to enhance the collectability or repayment of the Obligations, or (iii) to pay any other amount chargeable to or required to be paid by the Credit Parties pursuant to the terms of this Agreement, including payments of principal, interest, fees, premiums (including, without limitation, any Early Termination Premium), reimbursable expenses (including costs, fees and expenses as described in Section 10.04) and other sums payable under the Loan Documents, or any fees, costs and expenses due and owing to any Servicer or Back-Up Servicer. All Protective Advances shall bear interest at the Default Rate. All Protective Advances shall be Obligations secured by the Collateral and shall be payable by the Borrowers on demand by the Administrative Agent. Any funding of Protective

Advances shall not constitute a waiver by the Administrative Agent or the Lenders of any Event of Default. In no event shall the Borrowers or any other Credit Party be deemed to be a beneficiary of this Section nor authorized to enforce any of its terms.

Upon the making of a Protective Advance by the Administrative Agent (whether before or after the occurrence of a Default or Event of Default), each Lender shall be deemed, without further action by any party hereto, to have unconditionally and irrevocably purchased from the Administrative Agent without recourse or warranty, an undivided interest and participation in such Protective Advance in proportion to its Applicable Percentage. Each Lender shall transfer (a "Transfer") the amount of such Lender's Applicable Percentage of the outstanding principal amount of the applicable Protective Advance with respect to such purchased interest and participation promptly when requested to the Administrative Agent, to such account of the Administrative Agent as the Administrative Agent may designate, but in any case not later than 3:00 p.m., Eastern time, on the Business Day notified (if notice is provided by the Administrative Agent prior to 12:00 p.m. Eastern time, and otherwise on the immediately following Business Day (the "Transfer Date"). Transfers may occur during the existence of a Default or Event of Default. If any such amount is not transferred to the Administrative Agent by any Lender on such Transfer Date, the Administrative Agent shall be entitled to recover such amount on demand from such Lender together with interest thereon, for each day from and including the Transfer Date to but excluding the date of payment to the Administrative Agent, at the Adjusted Term SOFR Rate. From and after the date, if any, on which any Lender is required to fund, and funds, its participation in any Protective Advance purchased hereunder, the Administrative Agent shall promptly distribute to such Lender, such Lender's Applicable Percentage of all payments of principal and interest and all proceeds of Collateral received by the Administrative Agent in respect of such Protective Advance.

Loan Account.

The Administrative Agent shall maintain in accordance with its usual and customary practices an account or accounts ("Loan Account") evidencing the Indebtedness of the Borrowers resulting from each Loan from time to time. Any failure of the Administrative Agent to record anything in the Loan Account, or any error in doing so, shall not limit or otherwise affect the obligation of the Borrowers to pay any amount owing hereunder.

Entries made in the Loan Account shall constitute presumptive evidence of the information contained therein. If any information contained in the Loan Account is provided to or inspected by any Person, then such information shall be conclusive and binding on such Person for all purposes absent manifest error, except to the extent such Person notifies the Administrative Agent in writing within thirty (30) days after receipt or inspection that specific information is subject to dispute.

The Administrative Agent is authorized to, and at its sole election, after the occurrence of and during the continuation of an Event of Default, charge to the Loan balance on behalf of the Borrowers and cause to be paid all fees, expenses, charges, costs and interest and principal, other than principal of the Committed Loans, owing by the Borrowers under this Agreement or any of the other Loan Documents, even if the amount of such charges would cause Overall Excess Availability to be less than \$0. At the Administrative Agent's option and to the extent permitted by law, any charges so made shall constitute part of the Loans hereunder. The Administrative Agent shall provide reasonable notice to the Borrower Representative of any such charges.

Borrower Representative. Each Credit Party hereby designates the Company, as its representative and agent on its behalf for the purposes of issuing Borrowing Request Notices, giving instructions with respect to the disbursement of the proceeds of the Loans, selecting interest rate options, delivering financial statements and other financial information, delivering Borrowing Base Certificates and Compliance Certificates, giving and receiving all other notices, communications and consents hereunder or under any of the other Loan Documents, executing Loan Documents and taking all other actions (including in respect of compliance with covenants) on behalf of any Credit Party under the Loan Documents. The Borrower Representative hereby accepts such appointment. The Administrative Agent and each Lender may regard any notice or other communication pursuant to any Loan Document from the Borrower Representative as a notice or communication from all Credit Parties, and may give any notice or communication required or permitted to be given to any Credit Party hereunder to the Borrower Representative on behalf of such Credit Party or Credit Parties. Each Credit Party agrees that each notice, election, representation and warranty, covenant, agreement and undertaking made on its behalf by the Borrower Representative shall be deemed for all purposes to have been made by such Credit Party and shall be binding upon and enforceable against such Credit Party to the same extent as if the same had been made directly by such Credit Party.

15 Reserves and Eligibility Criteria. The Administrative Agent may, from time to time in the exercise of its Permitted Discretion, (a) establish, modify or eliminate Reserves and (b) adjust the eligibility criteria or establish new eligibility criteria with respect to components of the Borrowing Base. It is understood and agreed that Reserves or eligibility criteria applicable to the calculation of the Borrowing Base shall not duplicate any other Reserve or such eligibility criteria that are otherwise addressed or excluded through existing Reserves or such eligibility criteria. Absent Exigent Circumstances, the Administrative Agent shall provide the Borrower Representative three (3) Business Days' prior notice of the imposition or increase of a Reserve.

TAXES, YIELD PROTECTION AND ILLEGALITY

Taxes.

Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

Any and all payments by or on account of any obligation of any Credit Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or a Credit Party, then the Administrative Agent or such Credit Party shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

If any Credit Party or the Administrative Agent shall be required by the Code to withhold or deduct any Taxes, including both United States Federal backup withholding and withholding taxes, from any payment, then (A) the Administrative Agent shall withhold or make such deductions as are determined by the Administrative Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Code, and (C) to the

extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Credit Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

If any Credit Party or the Administrative Agent shall be required by any applicable Laws other than the Code to withhold or deduct any Taxes from any payment, then (A) such Credit Party or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) such Credit Party or the Administrative Agent, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Credit Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

Payment of Other Taxes by the Borrowers. Without limiting the provisions of subsection (a) above, the Borrowers shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse the Administrative Agent for the payment of, any Other Taxes.

Tax Indemnifications.

The Borrowers shall, and do hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower Representative by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error. Each of the Borrowers shall, and do hereby, jointly and severally indemnify the Administrative Agent, and shall make payment in respect thereof within ten (10) days after demand therefor, for any amount which a Lender for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 3.01(c)(ii) below.

Each Lender shall, and does hereby, severally indemnify, and shall make payment in respect thereof within 10 days after demand therefor, (x) the Administrative Agent against any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified the

Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), (y) the Administrative Agent and the Credit Parties, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.06(d) relating to the maintenance of a Participant Register and (z) the Administrative Agent and the Credit Parties, as applicable, against any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent or a Credit Party in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender, as the case may be, under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrowers or by the Administrative Agent to a Governmental Authority as provided in this Section 3.01, the Borrowers shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

Status of Lenders; Tax Documentation.

Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrowers and the Administrative Agent, at the time or times reasonably requested by the Borrowers or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrowers or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrowers or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(e)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment, such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

Without limiting the generality of the foregoing, in the event that any Borrower is a U.S. Person,

any Lender that is a U.S. Person shall deliver to the Borrowers and the Administrative Agent on or prior to the date on which such Lender becomes a

Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax (or any substantively comparable subsequent versions thereof or successors thereto);

any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), whichever of the following is applicable:

in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or W-8BEN-E (or any substantively comparable subsequent versions thereof or successors thereto) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or W-8BEN-E (or any substantively comparable subsequent versions thereof or successors thereto) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

executed copies of IRS Form W-8ECI (or any substantively comparable subsequent versions thereof or successors thereto);

in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 871(h) or 881(c) of the Code a certificate substantially in the form of Exhibit G (a “U.S. Tax Compliance Certificate”), as applicable and duly executed copies of IRS Form W-8BEN or W-8BEN-E (or any substantively comparable subsequent versions thereof or successors thereto); or

to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY (or any substantively comparable subsequent versions thereof or successors thereto), accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E (or any substantively comparable subsequent versions thereof or successors thereto), a U.S. Tax Compliance Certificate in the form of Exhibit G-2 or Exhibit G-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate

in the form of Exhibit G-4 on behalf of each such direct and indirect partner;

any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed originals of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrowers or the Administrative Agent to determine the withholding or deduction required to be made; and

if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrowers and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrowers or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrowers or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrowers and the Administrative Agent in writing of its legal inability to do so.

Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender, or have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender, as the case may be. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Credit Party or with respect to which any Credit Party has paid additional amounts pursuant to this Section 3.01, it shall pay to the Credit Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Credit Party under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Credit Party, upon the request of the Recipient, agrees to repay the amount paid over to the Credit Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to the Credit

Party pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Credit Party or any other Person.

Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

Inability to Determine Rates; Illegality

If the Administrative Agent determines (which determination shall be conclusive absent manifest error) in connection with any request for a Loan that (a) adequate and reasonable means do not exist for determining Adjusted Term SOFR or (b) Adjusted Term SOFR (or such replacement convention) with respect to a proposed Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower Agent and each Lender. Thereafter, the obligation of the Lenders to make or maintain Loans at an interest rate based on Adjusted Term SOFR (or such replacement convention) shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice and during such time, all such outstanding Loans shall bear interest at the Base Rate plus Applicable Rate plus 1.00% per annum (or at the Default Rate in accordance with Section 2.06(b)). Upon receipt of such notice, the Borrowers may revoke any pending request for a Borrowing of Loans bearing interest at Adjusted Term SOFR (or such replacement convention) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Loans bearing interest at the Base Rate plus Applicable Rate plus 1.00% per annum (or at the Default Rate in accordance with Section 2.06(b)) in the amount specified therein.

If any Lender reasonably determines that any Law has made it unlawful, or that any Governmental Authority has asserted in writing that it is unlawful, for any Lender or its applicable Lending Office to perform any of its obligations hereunder or make, maintain, fund or charge interest with respect to any Loan, or to determine or charge interest rates, in each case, based upon Adjusted Term SOFR, or to give effect to its obligations as contemplated hereby with respect to such Loan, then, on notice thereof by such Lender to the Borrower Agent through the Administrative Agent, any obligation of such Lender to issue, make, maintain, fund or charge interest with respect to any such Loan or continue Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower Agent that the circumstances giving rise to such determination no longer exist. Until such circumstances giving rise to the determination no longer exist, as set forth in a written notice provided by such Lender to the Administrative Agent and the Borrower Agent, all outstanding Loans of such Lender and Loans thereafter made by such Lender shall bear interest at the Base Rate plus Applicable Rate plus 1.00% per annum (or at the Default Rate in accordance with Section 2.06(b)) in the amount specified therein, anything to the contrary herein or in any other Loan Document.

Increased Costs.

Increased Costs Generally. If any Change in Law shall:

impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;

subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

impose on any Lender any other condition (other than any condition related to Taxes), cost or expense affecting this Agreement or Loans made by such Lender or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender, by an amount that such Lender deems to be material, of making or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender, by an amount that such Lender deems to be material, or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by such Lender, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), by an amount that such Lender deems to be material, then from time to time the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrowers shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's right to demand such compensation, provided that the Borrowers shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

Compensation for Losses. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrowers shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of (a) any payment or prepayment of any Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, or automatic, by reason of acceleration or otherwise); (b) any failure by any Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay or borrow any Loan on the date or in the amount notified by the Borrower Representative or (c) any assignment of a Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrowers pursuant to Section 10.13, including any loss of anticipated profits but including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained (all of such losses, costs or expenses, together with any administrative fees referred to in the following sentence, are referred to herein collectively as the “Breakage Costs”). The Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing. For purposes of calculating amounts payable by the Borrowers to the Lenders under this Section 3.04, each Lender shall be deemed to have funded each Loan made by such Lender through a matching deposit for a comparable amount and for a comparable period, whether or not such Loan was in fact so funded.

16 Mitigation Obligations; Replacement of Lenders.

Designation of a Different Lending Office. If any Lender requests compensation under Section 3.03, or requires any Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.03, then at the request of the Borrower Representative such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.03, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.03, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender as the case may be (it being understood that the Borrowers shall be given a reasonable opportunity to reimburse such costs or expenses). The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

Replacement of Lenders. If any Lender requests compensation under Section 3.03, or if the Borrowers are required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.05(a), the Borrowers may replace such Lender in accordance with Section 10.13.

Survival. All of the Borrowers’ obligations under this Article III shall survive termination of the Aggregate Commitments and repayment of all other Obligations hereunder and resignation of the Administrative Agent.

CONDITIONS PRECEDENT TO LOANS

Conditions to the Closing Date. The obligation of each Lender to make its initial Loans hereunder is subject to satisfaction of the following conditions precedent (unless otherwise identified in Section 6.21) to the Administrative Agent and the Arranger’s satisfaction:

The Administrative Agent and the Arranger's receipt of the following, each of which shall be originals or facsimile or other electronic image transmission (e.g., "PDF" or "TIF" via electronic mail) (followed promptly by originals) unless otherwise specified, each properly executed by a member of the Senior Management of the signing Credit Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance reasonably satisfactory to the Administrative Agent and the Arranger:

(A) executed counterparts of this Agreement, sufficient in number for distribution to the Administrative Agent, each Lender and the Borrowers and (B) executed counterparts of each Security Document, and the Guaranty sufficient in number for distribution to the Administrative Agent, the Arranger and the Borrowers, and an executed Note for each Lender who requests a Note;

an officer's certificate of each Credit Party executing a Loan Document, (A) certifying and attaching true, correct and complete copies of: (1) the certificate of formation, certificate of incorporation, articles of incorporation (or such equivalent thereof) of such Credit Party, and, where applicable, certified as of a recent date from the Secretary of State (or applicable Governmental Authority) of the jurisdiction in which such Credit Party is incorporated or formed, (2) the by-laws, limited liability company agreement, articles of association, partnership agreement or other applicable Governing Document of such Credit Party, and (3) the resolutions or votes of the board of directors or board of managers or partners (or equivalent thereof) of such Credit Party, authorizing such Credit Party's entry into the Loan Documents to which it is a party; and (B) certifying the incumbency of members of the Senior Management of such Credit Party authorized to act in connection with this Agreement and the other Loan Documents to which such Credit Party is a party and providing a specimen signature of such members of the Senior Management of such Credit Party who will be signing Loan Documents on the Closing Date and thereafter;

such documents and certifications as the Administrative Agent and the Arranger may require to evidence that each Credit Party executing a Loan Document is validly existing, in good standing and qualified to engage in business in its jurisdiction of incorporation or formation, as applicable;

favorable legal opinions of counsel to the Credit Parties addressed to the Administrative Agent and each Lender, as to matters concerning the Credit Parties and the Loan Documents as the Administrative Agent or the Arranger may reasonably request.

a certificate of a member of the Senior Management of the Borrower Representative:

(A) certifying that (1) the conditions specified in Sections 4.02(a), (b), (c) and (d) have been satisfied, (2) there has been no event or circumstance since July 4, 2020 that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, and (3) all consents, licenses, and approvals required in connection with the execution, delivery and performance by each Credit Party and the validity against each Credit Party of the Loan Documents to which such Credit Party is a party have been obtained

(including, without limitation, from the Specified Holders and the Individual Holders), including any consents, licenses, and approvals and/or amendments necessary under any document or instrument evidencing any Indebtedness of any Credit Party;

(B) certifying that each of the conditions specified in this Section 4.01 have been satisfied;

(C) certifying as to the Solvency of the Credit Parties and their Subsidiaries, on a consolidated basis, immediately after giving effect to the Loans hereunder and the other transactions contemplated hereby occurring on the Closing Date; and

(D) certifying and attaching true, correct and complete copies of all Franchise Agreements (other than the Franchise Agreement Comfort Letters).

executed counterparts of each Franchise Agreement Comfort Letter, sufficient in number for distribution to the Administrative Agent, each Lender, Buddy's and the Borrowers.

The Administrative Agent and the Arranger shall have received duly executed Agency Account Agreements, signed by each of the applicable parties thereto, for each deposit account or securities account required to be subject to an Agency Account Agreement pursuant to the terms of Section 6.16 hereof.

The Administrative Agent and the Arranger shall have received a duly completed Borrowing Base Certificate together with such supporting materials as requested by the Administrative Agent, dated as of the Closing Date, demonstrating that Liquidity is equal to or greater than \$3,500,000 as of the Closing Date after giving effect to (i) the funding of the Closing Date Term Loan hereunder and (ii) the consummation of the transactions and payment of all fees and expenses in connection therewith, with a certification that all accounts payable, lease payments, payments due under Indebtedness (other than the Obligations) and taxes, in each case which are due and payable at such time have been paid consistent with Credit Parties' practices and excluding good faith disputes and any other items disclosed to the Administrative Agent in writing prior to the Closing Date and approved by the Administrative Agent.

The Administrative Agent and the Arranger shall have received certificates of insurance and endorsements from an independent insurance broker naming the Administrative Agent as additional insured or lender's loss payee thereunder, identifying insurers, types of insurance, insurance limits, and policy terms, and otherwise describing the insurance obtained in accordance with the provisions of this Agreement and the other Loan Documents, which shall be in amounts, types and terms and conditions reasonably satisfactory to the Administrative Agent and the Arranger.

The Security Documents shall be effective to create in favor of the Administrative Agent a legal, valid and enforceable first priority security interest in and Lien upon the Collateral.

The Administrative Agent and the Arranger shall have received from each Credit Party executing a Loan Document, a completed and executed Perfection Certificate and the results of UCC and intellectual property searches with respect to the Collateral, indicating no Liens other

than Permitted Liens and otherwise in form and substance reasonably satisfactory to the Administrative Agent and the Arranger.

The Administrative Agent and the Arranger shall have received a satisfactory payoff letter evidencing that each Prior Credit Agreement has been or concurrently with the Closing Date is being terminated (including with respect to all letters of credit issued thereunder) and all Liens securing obligations under such Prior Credit Agreement are being released, together with all intellectual property lien releases, UCC-3 financing statements, account control agreement terminations and all other termination statements and lien releases required by the Administrative Agent and the Arranger.

[Intentionally Omitted].

The Administrative Agent and the Arranger shall have been satisfied with results of all business and legal due diligence, including, without limitation, the results of a “bring down” commercial field examination in form and substance satisfactory to the Administrative Agent and the Arranger;

[Intentionally Omitted].

There has been no material change in policies or regulations of any applicable Governmental Authority affecting any Credit Party or any Lender.

The Administrative Agent shall have received all original Intercompany Note(s), together with allonges (executed in blank) with respect to each such Intercompany Note to the extent evidencing any intercompany loan, each duly executed, and in form and substance reasonably satisfactory to the Administrative Agent.

The Administrative Agent shall have received (i) all certificates (to the extent such Capital Stock is certificated) evidencing all Capital Stock of each of the Credit Parties (other than the Company), together with transfer powers (executed in blank) with respect to such certificates, each duly executed, and a signed original, all in form and substance satisfactory to the Administrative Agent, and (ii) all other possessory collateral to be delivered to the Administrative Agent pursuant to the Security Documents, together with all appropriate instruments of transfer (executed in blank).

The Administrative Agent and the Arranger shall have received (i) an initial Borrowing Request Notice and disbursement instructions from the Borrowers, indicating how the proceeds of the Closing Date Term Loans are to be disbursed and (ii) a sources and uses and funds flow memorandum, in each case, in form, scope and substance reasonably satisfactory to the Administrative Agent and the Arranger.

Any fees required to be paid under the Loan Documents on or before the Closing Date shall have been paid.

The Borrowers shall have paid out of the proceeds of the initial funding of the Closing Date Term Loans all fees, charges and disbursements of counsel to the Administrative Agent, the Lenders and the Arranger to the extent invoiced prior to the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing

proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrowers and the Administrative Agent, the Lenders and the Arranger).

The Administrative Agent shall have received evidence in form and substance satisfactory to the Administrative Agent that the Company and its Subsidiaries shall have Consolidated EBITDA of not less than \$12,500,000 for the trailing twelve month period ending on June 30, 2021.

The Credit Parties shall deliver to the Administrative Agent such other documents and instruments as the Administrative Agent may reasonably require.

Without limiting the generality of the provisions of Section 9.04, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or reasonably acceptable or satisfactory to such Person unless the Administrative Agent shall have received notice from such Person prior to the proposed Closing Date specifying its objection thereto.

Conditions to all Loans. The obligation of each Lender to honor any Borrowing Request Notice is subject to the following conditions precedent:

The representations and warranties of the Borrowers and each other Credit Party contained in Article V and any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (but without any duplication of any materiality qualifications) on and as of the date of such Loans, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (but without any duplication of any materiality qualifications) as of such earlier date, and except that for purposes of Section 4.02, the representations and warranties contained in Section 5.02 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively of Section 6.04.

No Default or Event of Default shall exist, or would result from such proposed Loan or from the application of the proceeds thereof.

The Borrower Representative shall have delivered to the Administrative Agent a Borrowing Request Notice in accordance with the requirements hereof and a Borrowing Base Certificate in form and substance reasonably acceptable to the Administrative Agent (such Borrowing Base Certificate to be the most recent Borrowing Base Certificate delivered to the Administrative Agent pursuant to Section 6.04(d) modified to reflect Total Outstandings on such date).

Subject to Section 2.15, (i) after giving effect to such Loan, Overall Excess Availability shall be greater than \$0, and if Term Loans are requested, Total Outstandings shall not exceed the Term Loan Facility.

Each Borrowing Request Notice submitted by the Borrower Representative shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a), (b), (c), and (d) have been satisfied on and as of the date of the applicable Loan.

REPRESENTATIONS AND WARRANTIES

Each Credit Party signatory hereto represents and warrants to the Lenders and the Administrative Agent for itself and on behalf of its Subsidiaries as follows:

Corporate Authority, Etc.

Existence, Qualification and Power. Each Credit Party and each Subsidiary thereof (i) is duly organized, incorporated or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (ii) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (A) own or lease its assets and carry on its business and (B) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (iii) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clauses (a)(ii) and (iii) of this Section 5.01, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Authorization; No Contravention. The execution, delivery and performance by each Credit Party of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (i) contravene the terms of any of such Person's Governing Documents; (ii) conflict with or result in any material breach or contravention of, or the creation of any Lien (other than a Permitted Lien) under, or require any payment to be made under (A) any Material Agreement to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries, (B) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries, or (C) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (iii) violate any Law, except in each case referred to in clauses (ii)(B), (ii)(C) and (iii) of this Section 5.01(b), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (i) the execution, delivery or performance by, or enforcement against, any Credit Party of this Agreement or any other Loan Document, (ii) the grant by any Credit Party of the Liens granted by it pursuant to the Security Documents, (iii) the perfection or maintenance by any Credit Party of the Liens created under the Security Documents (including the first priority nature thereof), or (iv) the exercise of the Administrative Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Security Documents, except, in each case, for approvals, consents, exemptions, authorizations, actions, notice and filing which have been duly obtained, taken, given or made and are in full force and effect.

Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Credit Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Credit Party, enforceable against each Credit Party that is party thereto in accordance with its terms, subject to applicable Debtor Relief

Laws and general principles of equity relating to enforceability (whether considered in a proceeding at law or in equity) but such principles do not make the remedies afforded by the Loan Documents inadequate for the practical realization of the principal benefits intended to be provided thereby.

Financial Statements; Projections.

There has been furnished to the Administrative Agent (for distribution to each of the Lenders) a consolidated balance sheet of the Company and its Subsidiaries as of July 4, 2020, and a consolidated statements of income or operations, cash flows and shareholders' equity of the Company and its Subsidiaries for the Fiscal Year then ended, and in the case of the consolidated financial statements, certified by a Financial Officer and audited and certified without qualification by an independent certified public accountant reasonably satisfactory to the Administrative Agent. Such financial statements (i) have been prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, (ii) fairly present the financial condition of the Company and its Subsidiaries as of the date thereof and the results of operations for the Fiscal Year then ended and their results of operations, cash flows and changes in shareholders' equity for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as expressly noted therein, and (iii) show all material Indebtedness and other liabilities, direct or contingent, of the Company and its Subsidiaries as of the date thereof, including liabilities for Taxes, material commitments and Indebtedness.

There has been furnished to the Administrative Agent (for distribution to each of the Lenders) an unaudited consolidated balance sheet of the Company and its Subsidiaries as of the close of the Fiscal Month ending June 30, 2021, and unaudited consolidated statements of income or operations and cash flow of the Company and its Subsidiaries as of the close of such Fiscal Month, in each case, certified by a Financial Officer of the Company. Such balance sheet and statement of income or operations and cash flows have been prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present the financial condition of the Company and its Subsidiaries as of the date thereof and the results of operations, cash flows and changes in shareholders' equity for the period covered thereby, subject to the absence of foot notes and to normal year-end audit adjustments. There are no contingent liabilities of the Company or any Subsidiary as of such date involving material amounts, known to the officers of the Company or any Subsidiary, required to be disclosed in such balance sheet and the notes related thereto in accordance with GAAP which were not disclosed in such balance sheet and the notes related thereto.

There has been furnished to the Administrative Agent (for distribution to each of the Lenders) integrated multi-year projections of (x) Overall Excess Availability, (y) Liquidity and (z) the consolidated balance sheets and statements of income or operations and cash flows of the Company and its Subsidiaries for each Fiscal Month following the Closing Date through and including the Fiscal Year ending July 4, 2021 and for each Fiscal Quarter thereafter. Such projections have been prepared on a *pro forma* basis after giving effect to the transactions contemplated hereby. Such projections were prepared in good faith and based on assumptions that are believed in good faith to be reasonable in light of the facts and circumstances known on and as of the Closing Date (it being understood and agreed that such projections are as to future events and are not to be viewed as facts, subject to significant uncertainties and contingencies, many of which are beyond control, no assurance can be given that the projections will be realized, and actual results may materially differ from the projections).

Solvency. After giving effect to the Loans hereunder, the other transactions contemplated hereby, the Credit Parties and their Subsidiaries, on a consolidated basis, are Solvent.

No Material Adverse Change. Since July 4, 2020, there has occurred no Material Adverse Effect.

Ownership of Property; Liens. Each of the Credit Parties and each Subsidiary has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of the Credit Parties and their Subsidiaries is subject to no Liens, other than Liens permitted by Section 7.03.

Franchises, Patents, Copyrights, etc. Each Credit Party, BB Brand Holdings, and BKST Brand Holdings possesses all Intellectual Property adequate for the conduct of its business without known material conflict with any rights of others. The Perfection Certificate delivered on the Closing Date sets forth a true, correct and complete list of all Intellectual Property registrations and applications owned by any Credit Party, BB Brand Holdings, and BKST Brand Holdings as of the Closing Date.

Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Credit Parties, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, by or against the Credit Parties, any of its Subsidiaries or any member of the Senior Management of any Credit Party or any of its Subsidiaries or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or (b) that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect except as specifically disclosed in Schedule 5.07, and there has been no change in the status, or financial effect on the Credit Parties and their Subsidiaries, taken as a whole, of the matters described on Schedule 5.07 that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

No Default. Except as set forth on Schedule 5.08, neither any Credit Party nor any Subsidiary thereof is in default under or with respect to any Material Agreement (other than the Franchise Agreement) that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Neither any Credit Party nor any Subsidiary thereof is in any default under or with respect to the Franchise Agreement. No Default or Event of default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

Compliance with Laws. Each Credit Party and each Subsidiary thereof is in compliance with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

Tax Status. The Credit Parties (i) have filed or caused to be filed all federal and material state, foreign, provincial and income and all other tax returns, reports and declarations required by any jurisdiction to which any of them is subject and (ii) have paid all material Taxes (including withholdings) required to have been paid including in their capacity as tax withholding agents, except those being contested in good faith and by appropriate proceedings and for which the Credit Parties have set aside on their books reasonably adequate provisions therefor in accordance with GAAP (unless foreclosure or other similar enforcement action has been commenced in respect thereof or any Lien has been filed or

otherwise perfected therefor, in which case such exception does not apply). There is no proposed tax assessment or other claim against and no tax audit with respect to any Credit Party or any Subsidiary, taken as a whole, that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Insurance. The properties of the Credit Parties are insured with financially sound and reputable insurance companies not Affiliates of the Borrowers, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Credit Parties operate.

Investment Company Acts. None of any Credit Party, any Person controlling any Credit Party, or any Subsidiary of any Credit Party is or is required to be registered as an “investment company” under the Investment Company Act of 1940.

ERISA Compliance.

Except as would not reasonably be expected to result in a Material Adverse Effect, each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other Federal or state laws. Each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Code, along with its corresponding trust, either has received a favorable determination letter or is subject to an applicable opinion or advisory letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS. To the best knowledge of each Credit Party, nothing has occurred that would prevent or cause the loss of such tax-qualified status that would reasonably be expected to result in a Material Adverse Effect.

There are no pending or, to the best knowledge of each Credit Party, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that would reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or would reasonably be expected to result in a Material Adverse Effect.

(i) No ERISA Event has occurred, and neither any Credit Party nor any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan; (ii) each Credit Party and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is 60% or higher and neither any Credit Party nor any ERISA Affiliate knows of any facts or circumstances that could reasonably be expected to cause the funding target attainment percentage for any such Pension Plan to drop below 60% as of the most recent valuation date; (iv) neither any Credit Party nor any ERISA Affiliate has incurred any liability with respect to any Pension Plan to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (v) neither any Credit Party nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; and (vi) no Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that could reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan,

in each case of the matters described in this clause (c) taken as a whole that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Neither any Credit Party nor any ERISA Affiliate maintains or contributes to, or has any unsatisfied obligation to contribute to, or liability under, any active or terminated Pension Plan.

Regulations U and X. The proceeds of the Loans shall be used solely for the purposes specified in Section 6.11. No portion of any Loan is to be used for the purpose of purchasing or carrying any “margin security” or “margin stock” as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. Parts 221 and 224.

True Copies of Governing Documents. As of the Closing Date, the Credit Parties have furnished or caused to be furnished to each of the Lenders true and complete copies of the Governing Documents (together with any amendments thereto) of each Credit Party.

Fiscal Year. The Credit Parties have a fiscal year ending as set forth in the definition of “Fiscal Year”.

Subsidiaries, etc. As of the Closing Date, the Credit Parties do not have any Subsidiaries except as set forth on Schedule 5.17 hereto and, as of the Closing Date, all of the outstanding Capital Stock in such Subsidiaries have been validly issued, fully paid and with respect to Subsidiaries that are corporations, nonassessable and are owned by a Credit Party (or a Subsidiary of a Credit Party) in the amounts specified on Schedule 5.17 free and clear of all Liens (other than Liens in favor of the Administrative Agent granted under the Security Documents, liens arising by operation of law which are permitted by Section 7.03 and subordinated Liens permitted under Section 7.03(xii) and pre-emption rights).

Environmental Compliance. Except as specifically disclosed in Schedule 5.18, (a) each Credit Party and each Subsidiary thereof is, and within the period of all applicable statutes of limitation have been, in compliance with the requirements of all Environmental Laws applicable to the business, operations and properties of such Credit Party and its Subsidiaries except where the failure to so comply could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Credit Parties and their Subsidiaries hold all Environmental Permits (each of which is in full force and effect) required for any of their current operations or for any property owned, leased or otherwise operated by any of them, and (z) are, and within the period of all applicable statutes of limitation have been, in compliance (in all material respects) with all of their Environmental Permits, in each case except where the failure to so comply could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect..

Bank Accounts. The Perfection Certificate delivered on the Closing Date sets forth the true, correct and complete account numbers and location of all bank accounts of the Credit Parties as of the Closing Date.

Labor Contracts. Except as set forth on Schedule 5.20, as of the Closing Date, none of the Credit Parties is party to any collective bargaining agreement. There are no material grievances, disputes or controversies with any union or other organization of any Credit Party’s employees, or threats of strikes or work stoppages that would reasonably be expected to result in a Material Adverse Effect.

Disclosure. Each Credit Party has disclosed to the Administrative Agent all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, in each case, individually or in the aggregate, would reasonably be

expected to result in a Material Adverse Effect. No report, financial statement, certificate or other written information (other than projections, forecasts and other forward-looking information and information of an economic or industry-wide nature) furnished by or on behalf of any Credit Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading.

Anti-Corruption Laws; Sanctions Laws; Beneficial Ownership Certification.

Each Credit Party, its Subsidiaries and, to the knowledge of the Credit Parties, their respective directors, officers, employees and Affiliates, are in compliance with Anti-Corruption Laws. Each Credit Party and each of its Subsidiaries has implemented and maintains in effect policies and procedures reasonably designed to ensure compliance by the Credit Party, its Subsidiaries and their respective directors, officers, and employees with Anti-Corruption Laws. No Loan, use of the proceeds of any Loan or other transactions contemplated hereby, in each case, made or taken by a Credit Party or its Subsidiaries will violate Anti-Corruption Laws

No Credit Party, nor, any Subsidiary, nor, to the knowledge of the Credit Parties, any director, officer, employee, or Affiliate thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (a) currently the subject of any Sanctions, (b) located, organized or residing in any Designated Jurisdiction, (c) included on OFAC's List of Specially Designated Nationals, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List or any similar list enforced by any other relevant sanctions authority, or (d) or has been (within the previous five (5) years) engaged in any transaction with any Person who is now or was then the subject of Sanctions or who is located, organized or residing in any Designated Jurisdiction. Neither any Credit Party, nor any Subsidiary nor, to the knowledge of any Credit Party, any Affiliate of any Credit Party (x) is a Sanctioned Person, (y) has any of its assets in Sanctioned Countries, or (z) derives any of its operating income from investments in, or transaction with Sanctioned Persons or Sanctioned Countries. No Loan, nor the proceeds from any Loan, has been used, directly or indirectly, to lend, contribute, provide or has otherwise made available to fund any activity or business in any Designated Jurisdiction or to fund any activity or business of any Person located, organized or residing in any Designated Jurisdiction or who is the subject of any Sanctions, or in any other manner that will result in any violation by any Person (including any Lender, the Arranger, or the Administrative Agent) of Sanctions.

As of the Closing Date, the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

Borrowing Base Certificates. Each Borrowing Base Certificate is true, complete and correct in all material respects. Each Contract Receivable included in the calculation of the Borrowing Base in any Borrowing Base Certificate is an Eligible Contract Receivable. Each item of Inventory included in the calculation of the Borrowing Base in any Borrowing Base Certificate is Eligible Inventory. Each item of Intellectual Property of BB Brand Holdings included in the calculation of the Borrowing Base in any Borrowing Base Certificate is Eligible BB Intellectual Property. Each item of Intellectual Property of BKST Brand Holdings included in the calculation of the Borrowing Base in any Borrowing Base Certificate is Eligible BKST Intellectual Property.

Franchise Agreements. Each Franchise Agreement entered into by a Credit Party is substantially in the form of the Franchise Agreements delivered to the Administrative Agent on or prior to the Closing Date, with such modifications as permitted pursuant to Section 7.09(c).

Portfolio Documents; Underwriting and Servicing Guidelines. The Borrower Representative has delivered to the Administrative Agent correct and complete copies of the forms of all material Portfolio Documents used by the Borrowers in connection with the origination and maintenance of the leases giving rise to the Contract Receivables. The copy of the Borrowers' Underwriting and Servicing Guidelines most recently delivered to the Administrative Agent reflects the Underwriting and Servicing Guidelines then in effect which have been approved by the Required Lenders in accordance with this Agreement, and the Borrowers have not changed the Underwriting and Servicing Guidelines in any material respect except in compliance with this Agreement and applicable Laws.

AFFIRMATIVE COVENANTS

Each Credit Party signatory hereto covenants and agrees for itself and on behalf of its Subsidiaries that, so long as any Lender shall have any Commitment hereunder, or any Loan or other Obligation remains outstanding:

Punctual Payment. Each Credit Party will duly and punctually pay or cause to be paid when due all principal and interest on the Loans, the fees and all other Obligations and amounts provided for in this Agreement and the other Loan Documents to which it is a party and will cause to be paid any amounts owing by any Credit Party, all in accordance with the terms of this Agreement and such other Loan Documents.

Maintenance of Office; Certain Changes. Each Credit Party will maintain its chief executive office, distribution center, warehouse, shipping center, plant, factory, or other similar location at the locations identified in the Perfection Certificate delivered by such Credit Party to the Administrative Agent, or at such other place as the Borrower Representative shall designate upon no less than thirty (30) days prior written notice to the Administrative Agent (or such shorter period as may be acceptable to the Administrative Agent) and the acknowledgement of the Administrative Agent that all actions required by the Administrative Agent, including those to continue the perfection of its Liens, shall have been completed. Each Credit Party shall notify the Administrative Agent, in writing, not less than thirty (30) days' (or such shorter period as may be acceptable to the Administrative Agent) and the acknowledgement of the Administrative Agent that all actions required by the Administrative Agent, including those to continue the perfection of its Liens, shall have been completed prior to (a) any change in its chief executive office, name, or the type of its organization, jurisdiction of organization, organizational identification number, or tax identification number, (b) the acquisition of any owned Real Estate in excess of \$250,000 or (c) the acquisition of any material asset to the extent located in any jurisdiction other than those jurisdictions located in the United States of America.

Records and Accounts. Each Credit Party will (a) keep true and accurate records and books of account in which full, true and correct entries will be made in accordance with, and all financial statements provided for herein shall be prepared in accordance with GAAP consistently applied; (b) maintain adequate accounts and reserves for all taxes (including income taxes, depreciation, depletion, obsolescence and amortization of its properties, contingencies and other reserves); and (c) at all times, maintain independent certified public accountants as the Credit Parties' accountants which shall be reasonably satisfactory to the Administrative Agent, it being agreed that Marcum LLP is acceptable to the Administrative Agent.

Financial Statements, Certificates and Information. The Credit Parties will deliver to the Administrative Agent (for distribution to the Lenders):

as soon as available, and in any event within 120 days after the close of each Fiscal Year, (i) balance sheets as of the end of such Fiscal Year and the related statements of income, cash flow and shareholders' equity for such Fiscal Year, on a consolidated basis for the Company and its Subsidiaries, which consolidated statements shall be audited and certified without qualification by Marcum LLP, and shall set forth in comparative form corresponding figures for the preceding Fiscal Year and other information acceptable to the Administrative Agent and (ii) a Compliance Certificate duly executed by a Financial Officer of the Company, which, among other things, (A) attaches and certifies to the foregoing consolidated financial statements, (B) certifies that the information contained in such consolidated financial statements fairly presents in all material respects the financial condition of the Company and its Subsidiaries on the dates indicated therein, (C) setting forth a calculation of Consolidated EBITDA on a trailing twelve month basis at the end of such Fiscal Year, (D) appends computations evidencing the Consolidated Fixed Charge Coverage Ratio for the Measurement Period ended as of the last day of such Fiscal Year and specifying whether the Company and its Subsidiaries have complied with Section 7.12(a), (E) setting forth a calculation of Liquidity as of the end of such Fiscal Year, and specifying whether the Company and its Subsidiaries have complied with Section 7.12(b), (F) appends calculations of Inventory levels of the Company and its Subsidiaries during such Fiscal Year, (G) setting forth the Leverage Ratio as of the end of such Fiscal Year, and (H) states that such Financial Officer has reviewed this Agreement and the other Loan Documents and has no knowledge of any Default or Event of Default during such Fiscal Year, or if such Financial Officer has such knowledge, specifying each Default or Event of Default and the nature thereof;

as soon as available, and in any event within 30 days after the end of each month (or within 45 days after the end of the last month of each fiscal quarter), (i) unaudited balance sheets as of the end of such month and the related statements of income and cash flow for such month and for the portion of the Fiscal Year then elapsed, on a consolidated basis for the Company and its Subsidiaries, setting forth in comparative form corresponding figures for the preceding Fiscal Year and certified by a Financial Officer of the Company as prepared in accordance with GAAP and fairly presenting the financial position and results of operations for such month and period, subject to normal year-end adjustments and the absence of footnotes, (ii) a Compliance Certificate duly executed by a Financial Officer of the Company, which, among other things, (A) attaches and certifies to the foregoing financial statements and copies of all management letters and other material reports submitted to the Company by its accountants in connection with such financial statements, (B) certifies that the information contained in such financial statements fairly presents in all material respects the financial condition of the Company and its Subsidiaries on the date thereof (subject to year-end adjustments and the absence of footnotes), (C) sets forth in comparative form the results for and through such Fiscal Month with the most recent projections delivered to the Administrative Agent pursuant to Section 6.04(d), (D) if such month is the last month of a Fiscal Quarter, appends computations evidencing the Consolidated Fixed Charge Coverage Ratio for the Measurement Period ended as of the last day of such Fiscal Quarter and specifying whether the Company and its Subsidiaries have complied with Section 7.12(a), (E) setting forth a calculation of Liquidity as of the end of such Fiscal Month, and specifying whether the Company and its Subsidiaries have complied with Section 7.12(b), (F) setting forth a calculation of the Leverage Ratio as of the end of such Fiscal Month, and (G) states that such Financial Officer has reviewed this Agreement and the other Loan Documents and has no knowledge of any Default or Event of Default during such Fiscal Month, or if such Financial Officer has such knowledge, specifying each Default or Event of Default and the nature thereof to

the Administrative Agent's reasonable satisfaction, (iii) an accounts payable and accounts receivable aging report, and (iv) a breakdown of revenue and gross margin by product group;

not later than fifteenth (15th) day following the end of each Fiscal Month, (i) a Borrowing Base Certificate with respect to the Collateral of the Borrowers as of the close of business of the last day of such Fiscal Month, accompanied by such supporting detail, documentation and information related thereto as the Administrative Agent shall reasonably request and (ii) a sales audit report, an inventory stock ledger report, accounts receivable aging report, accounts payable report, and an inventory aging report, in each case, as of the close of business on the last day of such Fiscal Month, in each case, accompanied by such supporting detail, documentation and information as the Administrative Agent shall reasonably request, and such other data or information as the Administrative Agent may request; provided that during an Enhanced Collateral Reporting Period, the Borrowers shall furnish such information on a weekly basis no later than on the Wednesday following the close of business of the immediately preceding week, with such information as of the Saturday of such preceding week;

not later than (i) fifteen (15) days after the end of each Fiscal Year, the annual budget for the immediately following Fiscal Year and other forecasts prepared and approved by board of directors (or equivalent governing body) of the Company, in form satisfactory to the Administrative Agent, and (ii) thirty (30) days after the end of each Fiscal Year, projections of the Company and its Subsidiaries' consolidated balance sheets, results of operations, cash flow, Overall Excess Availability and Liquidity for the next Fiscal Year on a month by month basis and on a quarterly basis thereafter during the term of this Agreement;

promptly following any Lender's request therefor, all documentation and other information that such Lender reasonably requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering or terrorist financing rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation

promptly upon receipt thereof, copies of any detailed audit reports, financial control reports, management letters or recommendations submitted to the board of directors or other governing body (or the audit committee of the board of directors or other governing body) of the Credit Parties by independent accountants or internal auditors in connection with any audit of any of them;

immediately, and in any event within three (3) Business Day after receipt by a member of Senior Management thereof by any Credit Party or any Subsidiary thereof, copies of each notice or other correspondence received from any Governmental Authority concerning any material investigation or possible material investigation or other material inquiry by such agency regarding financial or other operational results of any Credit Party or any Subsidiary;

promptly following the reasonable request of the Administrative Agent, a report summarizing the insurance coverage in effect for each Credit Party and promptly following the modification, renewal, replacement of any insurance policy of any Credit Party, updated insurance certificates and endorsements evidencing such coverage;

(i) as soon as practicable, but in any event no later than thirty (30) days following the end of the Fiscal Year (or more frequently at the election of the Credit Parties), an updated Perfection Certificate as to each Credit Party in substantially the same form as the Perfection Certificate most recently delivered to the Administrative Agent (with such scope and detail as the Administrative Agent's may reasonably require) or a certificate confirming that there has been no

change in such information since the Perfection Certificate delivered on the Closing Date or the most recent Perfection Certificate delivered pursuant to this Section 6.04); and

at least five (5) Business Days prior to any Permitted Acquisition or any Specified Restricted Payment permitted pursuant to Section 7.04(a)(ii) (unless waived or shorter time is consented to by the Administrative Agent in its sole discretion), deliver a certificate of Senior Management of the Borrower Representative, in form and substance reasonably satisfactory to the Administrative Agent, substantially in the form attached hereto as Exhibit H, certifying that the conditions specified in the definition of “Permitted Acquisition” with respect to an Acquisition, and the Payment Conditions with respect to the applicable Specified Restricted Payment, as applicable, have been satisfied and attaching reasonably detailed calculations in respect thereof, with such supporting documentation as the Administrative Agent may reasonably request;

as soon as available and in any event not later than the 15th day of each month (or, if such day is not a Business Day, the next Business Day), a Monthly Servicing Report, in computer file form reasonably accessible to the Administrative Agent, the Lenders, and the Back-Up Servicer, setting forth as of the end of the immediately preceding month, the information contained in the form of Monthly Servicing Report and such other information as the Administrative Agent may reasonably request (including, but not limited to, electronic access to copies of all lease or similar documents evidencing the Contract Receivables and all servicing records related thereto), and certified by a member of the Senior Management of the Borrower Representative to be correct and complete in all material respects;

if the Servicer is a Person other than one of the Borrowers or an Affiliate of the Borrowers, the Borrowers shall cause Servicer to (A) promptly provide the Administrative Agent with correct and complete copies of all notices sent or received by Servicer under the Servicing Agreement, and (B) provide all information and data reasonably requested by the Administrative Agent to be provided to the Back-Up Servicer;

the Borrowers shall deliver to the Administrative Agent a complete copy of any material change to the Underwriting and Servicing Guidelines, within five (5) Business Days after the earlier of (i) such Senior Management’s approval and (ii) the implementation of such change. Without limiting the generality of the foregoing, any material change or proposed material change by Borrowers (i) to the Underwriting and Servicing Guidelines shall be in compliance with applicable Laws and implemented in connection with all similarly situated Buddy’s retail franchise operations and (ii) with respect to residual values of their Inventory (including both Inventory held for sale or lease, or Inventory currently on-lease) or depreciation (include the rate of depreciation), shall be approved in writing by the Administrative Agent; and

the Credit Parties shall deliver to the Administrative Agent, as soon as available and in any event not later than three (3) Business Day after receipt of the following, in each case in form satisfactory to the Administrative Agent: (i) a complete, true and correct copy of any and all financial statements and/or material reports (including, without limitation, any reports provided to the Company pursuant to Section 6.18.1 of the BB Brand Holdings LLC Agreement) received by any Credit Party or any of its Subsidiaries in respect of BB Brand Holdings and BKST Brand Holdings, (ii) any material notices (which, for the avoidance of doubt, shall include any notices provided to the Company pursuant to Section 6.18.2 of the BB Brand Holdings LLC Agreement) received by any Credit Party or any of its Subsidiaries under and pursuant to the BB Brand Holdings LLC Agreement and/or the BKST Brand Holdings LLC Agreement, as applicable and (iii) as soon as practicable, but in any event no later than thirty (30) days following the end of

each Fiscal Quarter, a certificate of Senior Management of the Borrower Representative, in form and substance reasonably satisfactory to the Administrative Agent, setting forth registered Intellectual Property acquired or formed by BB Brand Holdings or BKST Brand Holding since the Closing Date or the last such report delivered to the Administrative Agent pursuant to this Section 6.04; and

Cash Reports. On Wednesday of each week, the Credit Parties shall provide the Administrative Agent a report with respect to all cash and Cash Equivalents held by the Credit Parties (including, without limitation, all amounts thereof, and where such cash and Cash Equivalents are held).

Notices.

Defaults; Expiration. The Credit Parties will promptly (but in any event within one (1) Business Day) notify the Administrative Agent and each Lender in writing of the occurrence of (i) any Default or Event of Default, (ii) with respect to any Material Agreement (including for the avoidance of doubt, any Franchise Agreement), (x) any “default”, “event of default” or material breach thereunder or (y) the pending expiration thereof in accordance with its terms within ninety (90) days, and (iii) with respect to any lease or sub-lease, the pending expiration thereof in accordance with its terms or termination thereof in each case within thirty (30) days of such event; provided, however, no such notice shall be required under this clause (iii) if the Credit Parties shall have made reasonable accommodations for alternative collection arrangements with respect to payment of Contract Receivables made at the location covered by such applicable lease or sub-lease.

Material Adverse Effect. The Credit Parties shall promptly (but in any event within three (3) Business Days) disclose in writing to the Administrative Agent (for distribution to each Lender) of any matter (including matters relating to litigation against the Credit Parties or violations of Environmental Law) that has resulted or would reasonably be expected to result in a Material Adverse Effect.

ERISA Events and Plans. The Credit Parties shall promptly disclose in writing to the Administrative Agent the occurrence of any ERISA Event that has resulted or would reasonably be expected to result in a Material Adverse Effect and, promptly after the sending or filing thereof, shall provide the Administrative Agent with copies of any annual report filed in connection with each Plan or Foreign Plan;

Change in Accounting Policies or Financial Reporting. The Credit Parties shall promptly disclose in writing to the Administrative Agent notice of (i) any material change in accounting policies or financial reporting practices by the Credit Parties or any Subsidiary of a Credit Party; provided, that no such change shall alter the accounting methodology for Inventory or Contract Receivables (including the aging of Contract Receivables) without prior written consent of the Administrative Agent or (ii) discharge by any Credit Party of its independent accountants or any withdrawal or resignation by such independent accountants.

Notice of Tax Claims, Litigation and Judgments. The Credit Parties will give notice to the Administrative Agent in writing within three (3) Business Days of any written notice of proposed assessment or written notice of the commencement of any material audit by any Governmental Authority for unpaid Taxes of any Credit Party or any Subsidiary that are due and payable, any commencement of any litigation or proceedings affecting any Credit Party, any Subsidiary or any member of the Senior Management of any Credit Party or any of its

Subsidiaries or to which any Credit Party, any Subsidiary or any member of the Senior Management of any Credit Party or any of its Subsidiaries is or becomes a party involving any claim against any Credit Party that has resulted in or would reasonably be expected to result in (i) liabilities of more than the Threshold Amount that are not covered by insurance policies maintained in accordance with Section 6.07 against any Credit Party or any Subsidiary, (ii) a Material Adverse Effect or (iii) any commencement of (A) a criminal investigation or (B) a criminal conviction or penalty for any felony, in each case, with respect to any Credit Party. The Credit Parties will give notice to the Administrative Agent and each Lender, in writing, in form and detail reasonably satisfactory to the Administrative Agent, within three (3) Business Days of any judgment not covered by insurance, final or otherwise, against any Credit Party in an amount in excess of the Threshold Amount or of the entry of any non-monetary judgment that would reasonably be expected to have a Material Adverse Effect.

Notification of Claim against Collateral. The Credit Parties will, promptly notify the Administrative Agent in writing of any (a) Lien made or asserted against any of the Collateral (other than Permitted Liens), any Intellectual Property owned by BB Brand Holdings, and/or any Intellectual Property owned by BKST Brand Holdings, or (b) setoff, written demand, claims, withholdings or other defenses in amounts greater than the Threshold Amount to the extent not covered by insurance policies maintained in accordance with Section 6.07, or defenses to the Administrative Agent's rights with respect to the Collateral.

Notices Concerning Inventory Collateral. The Borrowers shall provide to the Administrative Agent prompt notice (a) of any physical count of any Borrower's Inventory during such Fiscal Quarter, together with a copy of the results thereof certified by the Borrower Representative, (b) of any determination by the Borrowers that the aggregate Inventory levels of the Borrowers are not adequate to meet the sales projections of the Borrowers, (c) of material changes to the calculations of standard cost and/or methodology for valuing any Inventory, (d) with respect to each Credit Party's chief executive office location or any location where Inventory in excess of \$25,000 is located, of any failure of any Credit Party to pay rent, bailee fees, charges and expenses or other fees, charges and charges in respect of such location, which failure continues for more than ten (10) days following the day on which such payment rent is due and payable in each case which results in an "event of default" under the applicable agreements after any applicable cure period, and (e) with respect to any new location where Inventory in excess of \$25,000 is located, the address of such location, whether such location is leased or owned, name of the applicable Credit Party who owns or leases such location, and description of the Collateral located at such location. For the avoidance of doubt, any material changes to the calculations of such standard cost and/or methodology for valuing any such Inventory shall not take effect for the purposes of calculating the cost of such Inventory until the Administrative Agent shall have received an Acceptable Appraisal with respect to such Inventory in accordance with Section 6.15(c).

Notification of Additional Intellectual Property Rights. Concurrently with the delivery of financial statements with respect to any Fiscal Quarter, the Credit Parties will notify the Administrative Agent in writing of any patents, patent applications, patent application disclosures filed with any patent office during such Fiscal Quarter, registered copyrights or mask works registered during such Fiscal Quarter, applications for registration of copyrights or mask works filed during such Fiscal Quarter and trademark and service mark registrations during such Fiscal Quarter, and trademark and service mark registration applications filed during such Fiscal Quarter, all of the foregoing whether a foreign or United States right, to the extent not listed on the Perfection Certificate most recently delivered to the Administrative Agent in accordance with this Agreement.

Environmental Events. The Credit Parties will promptly give notice to the Administrative Agent and each Lender (a) of any violation of any Environmental Law that any Credit Party reports in writing or is reportable by such Person in writing (or for which any written report supplemental to any oral report is made) to any Governmental Authority and (b) upon any member of Senior Management of any Credit Party becoming aware thereof, of any inquiry, proceeding, investigation, or other action, including a notice from any agency of potential Environmental Liability, of any Governmental Authority that, in the case of clauses (a) or (b) above, would reasonably be expected to result in a Material Adverse Effect.

Prepayment Events. Promptly following the occurrence of any event for which the Borrowers are required to make a prepayment under Sections 2.03(c) through (f), together with all supporting information reasonably requested by the Administrative Agent.

Change in CEO or CFO. The Credit Parties shall provide to the Administrative Agent prompt written notice of any change in any Credit Party's chief executive officer or chief financial officer.

Labor Relations. The Credit Parties shall provide to the Administrative Agent prompt written notice of any collective bargaining agreement or other labor contract to which a Credit Party becomes a party, or the application for the certification of a collective bargaining agent.

Fundamental Changes. The Credit Parties shall provide to the Administrative Agent promptly written notice of the occurrence of any event described in Section 7.05(a).

Kentucky Acquisition Agreement. The Credit Parties will promptly (but in any event within three (3) Business Days) provide the Administrative Agent with copies of any written notices of indemnification claims in excess of \$100,000 that any Credit Party receives or delivers under the Kentucky Acquisition Agreement, after the consummation thereof.

Material Agreement. The Credit Parties will promptly (but in any event within three (3) Business Days) provide the Administrative Agent with copies of any material notices, material amendments, material waivers and/or modifications that any Credit Party receives or delivers in respect of any Material Agreement.

Delivery by the Credit Parties to the Administrative Agent of any and all notices required to be delivered to the Lenders as herein required shall be deemed made upon receipt of such notices by the Administrative Agent.

Legal Existence; Maintenance of Properties.

Except as permitted by Section 7.05, each Credit Party will do all things necessary to (i) maintain in full force and effect its legal existence and good standing under the laws of its jurisdiction of organization or incorporation, (ii) maintain its qualification to do business in each state or other jurisdiction in which the failure to do so would result in a Material Adverse Effect, and (iii) maintain all of its rights and franchises, except where the failure to maintain such right or franchise would not result in a Material Adverse Effect.

Each Credit Party (i) will cause all of its properties used or useful in the conduct of its business to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment, subject to ordinary wear and tear and except where the failure to do so would not reasonably be expected to have a Material Adverse Effect. (ii) will cause to be made all

necessary repairs, renewals and replacement thereof, all as in the judgment of the Credit Parties may be necessary so that the business carried on in connection therewith may be properly conducted at all times, and (iii) will continue to engage in the lines of businesses conducted by them on the Closing Date; provided that nothing in this Section 6.06(b) shall prevent any Credit Party from discontinuing the operation and maintenance of any of its properties if such discontinuance is permitted by Section 7.05(b).

Insurance. Each Credit Party will maintain with financially sound and reputable insurers insurance (a) with respect to its properties and business against such casualties and contingencies as shall be in accordance with the general practices of businesses engaged in similar activities in similar geographic areas and in amounts, containing such terms, in such forms and for such periods as may be reasonable and prudent and in accordance with the terms of the Security Documents and (b) business interruption insurance in an amount and with deductibles satisfactory to the Administrative Agent. Such policies of insurance shall name the Administrative Agent as an additional insured or lender's loss payee, as applicable and provide for not less than 30 days' prior notice (or not less than 10 days' in the case of the non-payment of premium) to the Administrative Agent of termination, lapse or cancellation of such insurance.

Taxes. Each Credit Party will duly pay and discharge, or cause to be paid and discharged, before the same shall become overdue, all federal and all other Taxes, assessments and other governmental charges imposed upon it and its real properties, sales and activities, or any part thereof, or upon the income or profits therefrom, as well as all material claims for labor, materials, or supplies that if unpaid might by law become a Lien or charge upon any of its property; provided that any such Taxes, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall be contested in good faith by appropriate proceedings and such Credit Party shall have set aside on its books adequate reserves in accordance with GAAP with respect thereto; and provided further that the Credit Parties will

(a) pay all such Taxes, assessments, charges, levies or claims forthwith upon the commencement of any proceedings to foreclose or otherwise enforce any Lien that may have attached as security therefor. Each Credit Party shall file or cause to be filed all federal, state and all material local and foreign income tax returns, and all other tax returns, reports, and declarations required by any jurisdiction to which it is subject as required by applicable Law.

Compliance with Laws, Contracts, Licenses, Permits. Each of the Credit Parties will comply with (a) the applicable Laws wherever its business is conducted, including, without limitation, all Environmental Laws, (b) the provisions of its Governing Documents, (c) all agreements and instruments (including, without limitation, any lease agreements) by which it or any of its properties may be bound, and (d) all applicable decrees, orders, and judgments, provided, that in each case, such compliance shall be required by this Agreement only where noncompliance with this Section 6.09(a), (c) or (d) would result in a Material Adverse Effect. If any authorization, consent, approval, permit or license from any Governmental Authority or any central bank or other fiscal or monetary authority shall become necessary or required in order that any Credit Party may fulfill any of its obligations hereunder or any of the other Loan Documents to which such Credit Party is a party or to conduct its business in any jurisdiction, each Credit Party will promptly take or cause to be taken all reasonable steps within the power of such Credit Party to obtain such authorization, consent, approval, permit or license, and upon request of the Administrative Agent, to furnish the Administrative Agent and the Lenders with evidence thereof. In the event a Credit Party is unsuccessful in obtaining such authorization, consent, approval, permit or license, the Administrative Agent may without limiting the generality of its discretionary rights with respect to Reserves, impose Reserves with respect to any Collateral held by such Person which may be affected by such failure to obtain such authorization, consent, approval, permit or license.

Physical Inventories. The Credit Parties, at their own expense, shall cause not less than two (2) physical inventories of the Credit Parties to be conducted each Fiscal Year conducted by the Credit Parties. The Credit Parties' independent certified public accountant, reasonably acceptable to the Administrative Agent, shall conduct test counts in conjunction with such physical inventories utilizing a methodology as is consistent with standard industry practice and reasonably acceptable to the Administrative Agent for the completion of test counts. The Credit Parties, within ten (10) Business Days following the completion of such physical inventory, shall provide the Administrative Agent with a reconciliation of the results of such physical inventory (as well as of any other physical inventory undertaken by a Credit Party) and shall post such results to the Credit Parties' stock ledgers and general ledgers, as applicable. The Administrative Agent, in its Permitted Discretion, if any Event of Default exists and is continuing, may cause such physical inventories to be taken as the Administrative Agent determines (each, at the expense of the Credit Parties) in addition to the foregoing.

Use of Proceeds. The proceeds of the Loans shall be used solely for (a) in the case of the Closing Date Term Loan Facility, (i) working capital and general corporate purposes, in each case subject to the restrictions set forth in this Agreement, (ii) the payment of fees and expenses incurred in connection with the negotiation, execution and delivery of this Agreement and the other Loan Documents and (iii) to refinance the loans under the Prior Credit Agreement on the Closing Date, and (b) in the case of the Delayed Draw Term Loan Facility, for working capital and general corporate purposes, in each case subject to the restrictions set forth in this Agreement.

Covenant to Guarantee Obligations and Give Security.

Upon the formation or acquisition of any new direct or indirect Subsidiary after the Closing Date by any Credit Party, then the Credit Parties shall, at the Credit Parties' expense:

within ten (10) days after such formation or acquisition (or such longer period acceptable to the Administrative Agent in its sole discretion), cause such Subsidiary, and cause each direct and indirect parent of such Subsidiary, to duly execute and deliver to the Administrative Agent a Guarantee guaranteeing the other Credit Parties' obligations under the Loan Documents,

within ten (10) days after such formation or acquisition (or such longer period acceptable to the Administrative Agent in its sole discretion), furnish to the Administrative Agent a description of the real and personal properties of such Subsidiary, in detail reasonably satisfactory to the Administrative Agent,

within fifteen (15) days after such formation or acquisition (or such longer period acceptable to the Administrative Agent in its sole discretion), cause such Subsidiary and each direct and indirect parent of such Subsidiary (if it has not already done so) to duly execute and deliver to the Administrative Agent Security Documents, as specified by and in form and substance reasonably satisfactory to the Administrative Agent (including delivery of all certificates representing the Capital Stock in and of such Subsidiary), securing payment of all the Obligations of such Subsidiary or such parent, as the case may be, under the Loan Documents and constituting Liens on all such real and personal properties,

within fifteen (15) days (or such longer period acceptable to the Administrative Agent in its sole discretion) after such formation or acquisition, cause such Subsidiary and each direct and indirect parent of such Subsidiary (if it

has not already done so) to take whatever action (including the recording of Mortgages for owned real property with a fair market value in excess of \$250,000, the filing of Uniform Commercial Code financing statements or similar filing in any applicable jurisdiction, the giving of notices and the endorsement of notices on title documents or such other actions as are necessary or desirable under any applicable Law) may be necessary or advisable in the reasonable opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid and subsisting Liens on the properties purported to be subject to the Security Documents delivered pursuant to this Section 6.12, enforceable against all third parties in accordance with their terms, and

within fifteen (15) days after such formation or acquisition (or such longer period acceptable to the Administrative Agent in its sole discretion), deliver to the Administrative Agent, upon the request of the Administrative Agent in its reasonable discretion, a signed copy of a favorable opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Credit Parties reasonably acceptable to the Administrative Agent as to the matters contained in clauses (i), (iii) and (iv) above, and as to such other matters as the Administrative Agent may reasonably request.

Upon the acquisition of any property by any Credit Party following the Closing Date, if such property, in the judgment of the Administrative Agent, shall not already be subject to a perfected first priority security interest in favor of the Administrative Agent for the benefit of the Secured Parties (unless such property is specifically excluded as Collateral by the terms of the Security Documents), then the Credit Parties shall, at the Credit Parties' expense:

within ten (10) days after such acquisition (or such longer period acceptable to the Administrative Agent in its sole discretion), furnish to the Administrative Agent a description of the property so acquired in detail reasonably satisfactory to the Administrative Agent,

within fifteen (15) days after such acquisition (or such longer period acceptable to the Administrative Agent in its sole discretion), cause the applicable Credit Party to duly execute and deliver to the Administrative Agent Security Documents (to the extent not already delivered), as specified by and in form and substance reasonably satisfactory to the Administrative Agent, securing payment of all the Obligations of the applicable Credit Party under the Loan Documents and constituting Liens on all such properties,

within fifteen (15) days after such acquisition (or such longer period acceptable to the Administrative Agent in its sole discretion) of any property or assets (other than leasehold interests in real property) not subject to the Administrative Agent's first priority lien, cause the applicable Credit Party to take whatever action (including the recording of Mortgages in respect of fee owned real property with a fair market value in excess of \$250,000, the delivery of title insurance, the filing of Uniform Commercial Code financing statements or similar filing in any applicable jurisdiction, the giving of notices and the endorsement of notices on title documents or such action necessary or desirable under applicable Law) may be necessary or advisable in the opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid and subsisting Liens on such property, enforceable against all third parties, and within fifteen (15) days (or such longer period acceptable

to the Administrative Agent in its sole discretion), deliver to the Administrative Agent, upon the request of the Administrative Agent in its sole discretion, a signed copy of a favorable opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Credit Parties reasonably acceptable to the Administrative Agent as to the matters contained herein and in subsection (b)(ii) above and as to such other matters as the Administrative Agent may reasonably request.

At any time upon request of the Administrative Agent, promptly execute and deliver any and all further instruments and documents and take all such other action as the Administrative Agent may deem necessary or desirable in obtaining the full benefits of, or (as applicable) in perfecting and preserving the Liens of, such Security Documents.

Notwithstanding anything in the Loan Documents to the contrary, in no event shall GAEBB be required to become a Guarantor and/or grant liens on its assets so long as GAEBB has no operations or assets (other than *de minimis* assets).

Conduct of Business. Except as permitted by Section 7.05, each Credit Party will continue to engage primarily in the businesses engaged in by such Credit Party on the Closing Date, or such businesses as are reasonably related to the businesses engaged in by such Credit Party on the Closing Date.

Further Assurances. Each Credit Party will cooperate with the Administrative Agent and the Lenders execute such further instruments and documents as the Administrative Agent or the Lenders shall reasonably request to carry out to their reasonable satisfaction the transactions contemplated by this Agreement and the other Loan Documents.

Inspections; Collateral Reports; Appraisals, etc.

General. Each Credit Party shall permit the Lenders and the Administrative Agent, at the Credit Parties' expense, to visit and inspect any of the properties of any Credit Party, to examine the books of account of such Credit Party's files and records regarding the Contract Receivables, Inventory and other Collateral (and to make copies thereof and extracts therefrom), and to discuss the affairs, finances and accounts of such Credit Party with, and to be advised as to the same by, its and their officers, in each case, except when an Event of Default shall have occurred and be continuing, at such reasonable times and intervals and with prior or contemporaneous notice as the Administrative Agent or any Lender may reasonably request.

Commercial Field Exams. From time to time upon the request of the Administrative Agent or the Required Lenders, at the Credit Parties' expense, the Credit Parties will obtain and deliver to the Administrative Agent and Lenders, or, if the Administrative Agent so elects, will cooperate with the Administrative Agent in the Administrative Agent's obtaining, a commercial field examination of an independent collateral auditor reasonably satisfactory to the Administrative Agent with respect to Inventory, Contract Receivables, and other Collateral, which report shall indicate whether or not the information set forth in the Borrowing Base Certificates delivered to the Administrative Agent and Lenders are accurate and complete in all material respects based upon a review by such auditors of the Contract Receivables (including verification with respect to the amount, aging, identity and credit of the respective account debtors and the billing practices of the applicable Credit Parties), Reserves, and Inventory (including verification as to the value, location and respective types) and other Collateral, and which shall indicate the adequacy of the Credit Parties' systems, processes and procedures with respect to the Collateral; provided that the Credit Parties shall not be required to incur, in any

twelve (12) month period, the costs and expenses of more than two (2) such commercial field examinations unless an Event of Default has occurred and is continuing, in which case, there shall be no limit on the number of commercial field examinations made at the expense of the Credit Parties. For purposes of this Section 6.15(b), it is understood and agreed that a single field examination may consist of examinations conducted at multiple relevant sites, both domestic and international, and involve one or more relevant Borrowers and their assets. Any commercial field examination conducted at the request of any Borrower in connection with an Acquisition to validate the eligibility of Inventory acquired in connection with an Acquisition shall not reduce the number of field exams required to be conducted hereunder at the expense of the Credit Parties.

Inventory Appraisals. At the Credit Parties' expense, the Credit Parties shall permit and shall enable the Administrative Agent to obtain, for delivery to the Administrative Agent and the Lenders with respect to Inventory, Acceptable Appraisals or other appraisal reports, in the Administrative Agent's Permitted Discretion from Appraisers, including, without limitation of scope, the then current fair market value, Net Orderly Liquidation Value or and forced liquidation values of all or any portion of the Inventory owned by the Credit Parties, and describing changes to cost calculation methodology; provided that the Credit Parties shall not be required to incur, in any twelve (12) month period, the costs and expenses of more than one (1) Acceptable Appraisal or other appraisal reports unless an Event of Default has occurred and is continuing, in which case, there shall be no limit on the number of Acceptable Appraisals or other appraisal reports of any type made at the expense of the Credit Parties. Any Acceptable Appraisal conducted at the request of any Borrower to validate the eligibility of Inventory acquired in connection with an Acquisition shall not reduce the number of appraisals required to be conducted hereunder at the expense of the Credit Parties.

Intellectual Property Appraisals. At the Credit Parties' expense and following the Administrative Agent's request, the Credit Parties shall permit and shall enable the Administrative Agent to obtain, for delivery to the Administrative Agent and the Lenders with respect to Intellectual Property owned by the Credit Parties, Acceptable Appraisals or other appraisal reports, in the Administrative Agent's Permitted Discretion from Appraisers, including, without limitation of scope, the then Net Orderly Liquidation Value of all or any portion of the Intellectual Property owned by the Credit Parties; provided that the Credit Parties shall not be required to incur, in any twelve (12) month period, the costs and expenses of more than one (1) Acceptable Appraisal or other appraisal report unless an Event of Default has occurred and is continuing, in which case, there shall be no limit on the number of Acceptable Appraisals or other appraisal reports of any type made at the expense of the Credit Parties.

Contract Receivable Appraisals. At the Credit Parties' expense, the Credit Parties shall permit and shall enable the Administrative Agent to obtain, for delivery to the Administrative Agent and the Lenders with respect to Contract Receivables, Acceptable Appraisals or other appraisal reports, in the Administrative Agent's Permitted Discretion from Appraisers, including, without limitation of scope, the then current fair market value, Net Orderly Liquidation Value or and forced liquidation values of all or any portion of the Contract Receivables owned by the Credit Parties, and describing changes to cost calculation methodology; provided that the Credit Parties shall not be required to incur, in any twelve (12) month period, the costs and expenses of more than two (2) Acceptable Appraisals or other appraisal reports unless an Event of Default has occurred and is continuing, in which case, there shall be no limit on the number of Acceptable Appraisals or other appraisal reports of any type made at the expense of the Credit Parties. Any Acceptable Appraisal conducted at the request of any Borrower to validate the eligibility of

Contract Receivables acquired in connection with an Acquisition shall not reduce the number of appraisals required to be conducted hereunder at the expense of the Credit Parties.

Communications with Accountants. Each Credit Party authorizes the Administrative Agent and the Lenders to communicate directly with such Credit Party's independent certified public accountants and authorizes such accountants to disclose to the Administrative Agent and the Lenders any and all financial statements and other supporting financial documents and schedules including copies of any management letter with respect to the business, financial condition and other affairs of such Credit Party. At the request of the Administrative Agent or any Lender, each Credit Party shall deliver a letter addressed to such accountants authorizing them to communicate directly with the Administrative Agent and the Lenders in accordance with the foregoing. It is understood that notwithstanding such authorization from the Credit Parties, such accountants may decline to communicate directly with the Administrative Agent and the Credit Parties shall only be required to use commercially reasonable efforts to cause such accountants to do so.

Servicer. The Administrative Agent shall have the right to analyze and verify the Contract Receivables in any manner and through any medium that it reasonably considers advisable, and the Credit Parties shall furnish all such assistance and information as the Administrative Agent may reasonably require in connection therewith but in any event without contacting parties to the Contract Receivables prior to the occurrence of and during the continuation of an Event of Default. At any time an Event of Default has occurred and is continuing, the Administrative Agent may in its own name or in the name of others (including any Borrower) communicate with Account Debtors on the accounts and Contract Receivables and parties to the Contract Receivables to inform such Account Debtors and parties to the Contract Receivables of Administrative Agent's payment instructions, in each case to the extent in compliance with all applicable Laws. Notwithstanding anything to the contrary contained herein, the Administrative Agent's right to access files and records regarding Contract Receivables and Account Debtors' details will be subject to the Credit Parties' obligation to comply with all applicable Laws.

Cash Management.

General. The Credit Parties shall, subject to Section 6.16(b) below, (i) remit all cash proceeds of Contract Receivables (including, without limitation, checks and other items of payment in respect of Contract Receivables) into either (i) deposit accounts which are subject to the weekly transfer described in clause (c) of the definition of "Excluded Account" or (ii) directly to the concentration depository accounts and/or lockbox accounts (collectively, "Concentration Accounts") with financial institutions which have entered into Agency Account Agreements in form and substance reasonably satisfactory to the Administrative Agent, and (ii) at all times ensure that all other cash, cash proceeds, checks and other items of payment of the Credit Parties not contained in Excluded Accounts or the Reserved Cash Account (including proceeds of any Collateral or any Net Cash Proceeds in connection with events or transactions described in Sections 2.03(b) through (f)) be immediately deposited directly into a Concentration Account.

Agency Account Agreements. Each Agency Account Agreement shall require that, during the occurrence and continuation of an Event of Default and upon instruction of the Administrative Agent, each depository bank party to such Agency Account Agreement transfer all cash receipts and other collections by ACH or wire transfer no less frequently than daily to an account in the name of the Administrative Agent designated by the Administrative Agent (the "Collection Account"); provided that so long as any Obligations are then outstanding, for the

purposes of calculating interest, one Business Day shall be deemed added to the date such transfer is received. The Credit Parties hereby acknowledge and agree that (i) the Credit Parties have no right of withdrawal from the Collection Account, (ii) the funds (including, without limitation, the Collections) on deposit in the Collection Account shall at all times be collateral security for all of the Obligations and (iii) the funds (including, without limitation, the Collections) on deposit in the Collection Account shall be applied as provided in Section 2.05(c). In the event that, notwithstanding the provisions of this Section 6.16(a) or (b), any Credit Party receives or otherwise has dominion and control of any such proceeds or collections (including, without limitation, the Collections) described above, during the occurrence and continuation of an Event of Default and upon instruction of the Administrative Agent, such proceeds and collections shall be held in trust by such Credit Party for the Administrative Agent.

Other Accounts. The Credit Parties shall cause all deposit accounts, all securities accounts and all commodities accounts (other than Excluded Accounts) of the Credit Parties to be subject to Agency Account Agreements.

[Intentionally Omitted].

Back-Up Records. The Borrowers shall at all times maintain duplicate electronic copies of all agreements, instruments, and documents evidencing the Contract Receivables, and all servicing records relating thereto, at a location other than the Borrowers' primary business location pursuant to (i) such arrangements as have been disclosed to the Administrative Agent as of the Closing Date and (ii) any time thereafter, arrangements reasonably satisfactory to the Administrative Agent.

Post-Closing Obligations. Each Credit Party agrees to comply with each of the covenants contained in Schedule 6.19 on or before the time periods prescribed therein.

Board Information. The Credit Parties shall ensure that all information provided to the board of directors, board of managers or equivalent governing body of the Company and its Subsidiaries from time to time in connection with any meeting of the board of directors, board of managers or equivalent governing of the Company and its Subsidiaries is concurrently provided to the Administrative Agent. Notwithstanding the foregoing, the Credit Parties may refrain from providing such information (or any portion thereof) to the Administrative Agent, or such information may be redacted, solely to the extent that the board of directors, board of managers or equivalent governing of the Company or any Subsidiary, as applicable, determines in good faith that (i) such information concerns the Loans or the Obligations, or any alternatives thereto, of the Company or its Subsidiaries, (ii) such exclusion or redaction, as the case may be, is required to preserve attorney-client privilege or (iii) such exclusion or redaction, as the case may be, is required to avoid a conflict of interest between the interests of the Company or its Subsidiaries on the one hand, and the interests of the Administrative Agent and the Lenders on the other hand.

Franchise Agreements. The Credit Parties shall enter into any and all applicable Franchise Agreements in respect of any newly developed, acquired or converted Buddy's retail unit location, and cause such Franchise Agreements to remain in full force and effect, except in connection with the closing of any retail unit location in accordance with the terms hereof; provided, that, prior to the closing of any such retail location, the Credit Parties shall have made reasonable accommodations for alternative collection arrangements with respect to payment of Contract Receivables made at the such location. The Credit Parties shall deliver true, correct and complete copies of such Franchise Agreements within three (3) Business Days of the execution thereof.

NEGATIVE COVENANTS

Each Credit Party signatory hereto covenants and agrees for itself and on behalf of its Subsidiaries that, so long as any Lender shall have any Commitment hereunder or any Loan or other Obligation remains outstanding:

Investments. None of the Credit Parties nor any of its Subsidiaries will make any Investment in any Person, except for Investments which consist of:

Investments comprised of notes payable, or stock or other securities issued by account debtors to such Credit Parties with respect to settlement of such account debtor's accounts in the ordinary course of business;

Capital Stock issued and outstanding in its Subsidiaries including by another Person that will become a Credit Party promptly following such issuance or capital contribution between such Persons;

Investments consisting of intercompany loans, capital contributions and/or transfers of assets (other than transfers of assets in the Borrowing Base unless transferred to another Borrower) by and among Credit Parties so long as the Administrative Agent has a first priority, perfected Lien in such intercompany loans and/or assets, and to the extent such loans are evidenced by Intercompany Notes, has received such Intercompany Note, together with transfer powers executed in blank in connection therewith;

Investments consisting of any Credit Party Guaranteeing (i) the Obligations of the Credit Parties and (ii) other Indebtedness if such Credit Party would be permitted to directly incur such Indebtedness under Section 7.02;

Investments in cash or Cash Equivalents;

Investments consisting of loans to its respective employees on an arm's-length basis in the ordinary course of business consistent with past practices for travel expenses, relocation costs and similar purposes up to a maximum of \$250,000 per employee at any one time outstanding and \$500,000 in the aggregate at any one time outstanding;

Investments existing as of the Closing Date and set forth on Schedule 7.01;

Contract Receivables originated by the Borrowers;

Permitted Acquisitions;

Investments in BB Brand Holdings and BKST Brand Holdings existing on the Closing Date;

Investments to the extent funded with equity contributions to the Company; other

Investments so long as Payment Conditions are satisfied; and

other Investments in an aggregate outstanding amount not exceeding \$500,000.

Notwithstanding anything to the contrary set forth herein, (A) (1) no Intellectual Property (or the products or proceeds of any of the foregoing) shall be the subject of any Investment permitted pursuant to this Section 7.01 by a Credit Party in or to any non-Credit Party and (2) no other assets included in the determination of the Borrowing Base shall be the subject of any Investment by a Credit Party in or to any non-Credit Party as provided in this Section 7.01, and (B) after the Closing Date, no Credit Party nor any of its Subsidiaries shall make any Investment in GAEBB, bb AF, and BMI.

Restrictions on Indebtedness. None of the Credit Parties nor any of its Subsidiaries will incur, assume, guarantee or be or remain liable, contingently or otherwise, with respect to any Indebtedness other than:

Indebtedness of the Credit Parties consisting of the Obligations under the Loan Documents;

Indebtedness of any Credit Party outstanding as of the Closing Date and reflected on Schedule 7.02 hereto and any refinancing thereof or amendments or modifications thereof that do not have the effect of increasing the principal amount thereof, decreasing the weighted average life thereof, accelerating the maturity date thereof or increasing the cash pay interest thereof and that are otherwise on terms and conditions no less favorable as a whole to such Credit Party, the Administrative Agent or any other Secured Party, as determined by the Administrative Agent than the terms of the Indebtedness being refinanced, amended or modified;

Indebtedness in respect of Swap Contracts entered into not for speculative purposes; Indebtedness

consisting of intercompany loans and advances permitted by Section 7.01(c); provided, however, no such intercompany loan and/or advance shall be made to GAEBB, bb AF, and/or BMI;

Guarantees by any Credit Party of Indebtedness of any other Credit Party permitted by this Section 7.02;

Indebtedness consisting of contingent liabilities under surety bonds and similar instruments incurred in the ordinary course of business of the Credit Parties;

Indebtedness in respect of netting services, automatic clearing house arrangements and similar arrangement in the ordinary course of business in each case in connection with deposit and securities account of the Credit Parties;

to the extent constituting Indebtedness, obligations in respect of agreements for the deferred payment of premiums or to finance the deferred payment of premiums owing by any Credit Party under any insurance policies entered into in the ordinary course of business that are either (i) unsecured or (ii) secured by a Lien permitted under Section 7.03(a)(x);

Indebtedness incurred to finance the acquisition, lease construction or improvement of any fixed or capital assets (whether or not constituting purchase money Indebtedness) and including capital lease obligations; provided that the aggregate principal amount of Indebtedness permitted by this clause (i) shall not exceed \$2,000,000 at any time outstanding;

unsecured Indebtedness of any Person that becomes a Subsidiary after the date hereof; provided that (i) such Indebtedness exists at the time such Person becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary and (ii) the

aggregate principal amount of Indebtedness permitted by this clause (j), shall not exceed \$1,000,000 at any time outstanding;

other Indebtedness in an aggregate principal amount not to exceed \$2,500,000 that is expressly subordinated to the Obligations pursuant to a subordination agreement on terms and conditions reasonably acceptable to the Administrative Agent;

unsecured Debt incurred by the Credit Parties arising from agreements providing for indemnification, earn-outs, adjustment of purchase price or similar obligations, in connection with Permitted Acquisitions in an aggregate amount, when calculated on a combined basis with other consideration paid in connection with such Permitted Acquisitions (other than the Kentucky Acquisition), not to exceed \$30,000,000; and

other unsecured Indebtedness in an aggregate principal amount not to exceed \$500,000 at any time outstanding during the term of this Agreement.

Restrictions on Liens.

Permitted Liens. None of the Credit Parties nor any of its Subsidiaries will create or incur or suffer to be created or incurred or to exist any Lien upon any of their respective property or assets of any character whether now owned or hereafter acquired, or upon the income or profits therefrom other than:

Liens of landlords, carriers, warehousemen, repairmen, mechanics and materialmen and other like Liens created in the ordinary course of business, for amounts overdue by not more than thirty (30) days or which are being contested in good faith by appropriate proceedings and as to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP (it being understood that the Administrative Agent may impose Reserves in its Permitted Discretion with respect to such Liens);

Liens, pledges or deposits made or incurred in connection with worker's compensation, employee benefit plans, unemployment or other insurance, old age pensions, or other Social Security benefits, in connection with statutory obligations or leases to which it is a party or to secure, or in lieu of, surety, penalty or appeal bonds, performance bonds, letters of credit and other similar obligations or arising as a result of progress payments under government contracts or contracts with public utilities, in each case, in the ordinary course of business;

minor defects, irregularities, encumbrances, easements, zoning restrictions, rights of way, and clouds on title as normally exist with respect to similar properties which do not materially interfere with the present or proposed use or value of the applicable Credit Party's real property;

Liens in favor of the Administrative Agent and the other Secured Parties securing the Obligations, including, to the extent constituting a Lien, Liens on the Administrative Agent's interest in Reserved Cash;

Liens in existence on the Closing Date and listed on Schedule 7.03; provided that (i) the Lien does not extend to any additional property and (ii) to

the extent such amount secured constitutes Indebtedness, such Indebtedness is permitted by Section 7.02(b), and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

Liens securing judgments for the payment of money not constituting an Event of Default so long as the enforcement of such Lien has been effectively stayed and so long as such Lien is junior to the Lien in favor of the Administrative Agent granted under the Security Documents;

Liens in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off) and which are within the general parameters customary in the banking industry to secure usual and customary fees, returned items and other like exposure with respect to such account relating to deposit or securities accounts maintained by any Credit Party with such banking institution;

Liens for Taxes or other governmental charges not yet due and payable or which are being contested in accordance with Section 6.08;

Liens on unearned insurance premiums securing the payment of financed insurance premiums; provided that such Liens extend only to such insurance premiums or loss payment or similar payment from any insurance provider in an amount not in excess of any unpaid financed premiums;

to the extent constituting a Lien, non-exclusive licenses of Intellectual Property (other than to the extent such licenses would restrict the ability of any Credit Party or the Administrative Agent to sell or license the subject Intellectual Property or impair the security interests granted to the Administrative Agent) in the ordinary course of business not interfering with the business of any Credit Party;

Liens on fixed or capital assets acquired, constructed or improved by any Borrower or any Subsidiary; provided that (i) such Liens secure Indebtedness permitted by clause (i) of Section 7.02, (ii) such Liens and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, and (iii) such Liens shall not apply to any other property or assets of such Borrower or Subsidiary or any other Borrower or Subsidiary; and

subordinated Liens securing Indebtedness permitted under Section 7.02(k).

other Liens securing aggregate Indebtedness (other than Indebtedness for borrowed money) not exceeding \$500,000; provided no consensual Liens may be granted on assets in the Borrowing Base.

Restrictions on Negative Pledges and Upstream Limitations. No Credit Party shall nor shall any Subsidiary to (i) enter into or permit to exist any arrangement or agreement (excluding this Agreement and the other Loan Documents) which directly or indirectly prohibits any Credit Party or any Subsidiary from creating, assuming or incurring any Lien upon its properties, revenues or assets whether now owned or hereafter acquired, as security for the

Obligations, or from making Guarantees of the Obligations or (ii) enter into any agreement, contract or arrangement (excluding this Agreement and the other Loan Documents) restricting the ability of any Subsidiary of any Credit Party to pay or make dividends or distributions in cash or kind to any Credit Party, to make loans, advances or other payments of whatsoever nature to any Credit Party, or to make transfers or distributions of all or any part of its assets to any Credit Party in each case other than (A) customary anti-assignment provisions contained in leases, licensing agreement and other agreements restricting the assignment thereof entered into by any Credit Party or any Subsidiary in the ordinary course of its business, (B) restrictions and conditions imposed by any Laws, (C) customary restrictions and conditions contained in agreements relating to the sale of any assets pending such sale, provided that such restrictions and conditions apply only to the asset that is to be sold and such sale is permitted hereunder, and (D) restrictions or conditions imposed by any agreement relating to Indebtedness permitted by this Agreement.

Restricted Payments; Payments on Other Debt.

Restricted Payments. No Credit Party nor any Subsidiary shall make any Restricted Payment, except (i) Restricted Payments to the Company or any other Credit Party from any direct or indirect Subsidiary of the Company or such other Credit Party, (ii) any Specified Restricted Payment so long as Payment Conditions are satisfied, (iii) purchases or redemption of Capital Stock of the Company from any departing or former employees, officers, directors and consultants (or their estates or trusts), in an aggregate amount not to exceed \$1,000,000 in any twelve (12) month period; provided, that no such purchase may be made if an Event of Default has occurred and is continuing, or (iv) so long as no Event of Default has occurred and is continuing, the payment, pursuant to the Executive Services Agreement, of (A) management, consulting, monitoring, and advisory fees to B. Riley Principal Investments LLC, and (B) all reasonable and documented out-of-pocket expenses owing to B. Riley Principal Investments LLC, in each case so long as payment of such amounts is in compliance with Section 7.08. Notwithstanding anything to the contrary set forth herein, no Intellectual Property or any asset included in the determination of any Borrowing Base shall be the subject of any Restricted Payment to any non-Credit Party without the prior written consent of the Administrative Agent.

Prepayments. No Credit Party nor any Subsidiary shall pay, prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner any Indebtedness (other than (i) the Obligations to the extent permitted hereunder, (ii) other Indebtedness so long as the Payment Conditions are satisfied, and (iii) refinancing of any permitted Indebtedness incurred after the Closing Date so long as: (A) the terms and conditions of such refinancing does not, in Administrative Agent's reasonable judgment, materially impair the prospects of repayment of the Obligations by any Credit Party or materially impair any Credit Party's creditworthiness, (B) such refinancing does not result in an increase in the principal amount of the Indebtedness so refinanced, (C) such refinancing does not result in an increase in the interest rate with respect to the Indebtedness so refinanced, (D) such refinancing does not result in a shortening of the average weighted maturity of the Indebtedness so refinanced nor is it on terms or conditions that, taken as a whole, are materially more burdensome or restrictive to any Credit Party, (E) if the Indebtedness that is refinanced was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing must include subordination terms and conditions that are at least as favorable to the Administrative Agent and the Lenders as those that were applicable to the refinanced Indebtedness, and (F) the Indebtedness that is refinanced is not recourse to any Person that is liable on account of the Obligations other than those Persons which were obligated with respect to the Indebtedness that was refinanced, subject to, in the cases of clauses (ii) and (iii), any intercreditor or subordination agreements to which such Indebtedness may be subject).

Merger, Consolidation and Disposition of Assets.

Mergers and Acquisitions. None of the Credit Parties nor any Subsidiary will become a party to any merger, dissolution, liquidation or consolidation, except for, so long as no Default or Event of Default is continuing or would result therefrom, (i) the merger and/or consolidation of one or more of the Credit Parties (other than a Borrower) with and into a Credit Party; provided that such Credit Party shall be the surviving entity, (ii) the merger and/or consolidation of one or more of the Borrowers with and into another Borrower, (iii) the merger and/or consolidation of one or more Targets into a Credit Party and (iv) the dissolution or liquidation of any Subsidiary that is not a Borrower so long as any assets of such Subsidiary are transferred to a Credit Party.

Disposition of Assets. No Credit Party nor any Subsidiary shall dissolve, liquidate or sell, transfer, convey, license, lease, assign or otherwise dispose of any of its properties or other assets, including any Capital Stock of any of its Subsidiary (whether in a public or a private offering or otherwise), any of its Contract Receivables or any of its other Investments, other than:

the sale of Inventory in the ordinary course of business and dispositions of assets in connection with a closure of any retail unit location so long as, on a net basis, no more than five (5) retail unit locations are closed during the term of this Agreement;

dispositions of obsolete or worn out equipment or fixtures no longer useful in the business, whether now owned or hereafter acquired, in the ordinary course of business;

so long as no Default or Event of Default has occurred which is continuing or would result therefrom, sales of equipment now owned or hereafter acquired by any Credit Party in an aggregate amount not in excess of \$250,000 during the term of this Agreement;

non-exclusive licenses of Intellectual Property in the ordinary course of business (other than to the extent such licenses would restrict the ability of the Credit Party or the Administrative Agent to sell or license the subject Intellectual Property or impair the security interests granted to the Administrative Agent);

so long as no Event of Default has occurred and is continuing or would result therefrom, dispositions for cash of delinquent or charged-off Contract Receivables that are not Eligible Contract Receivables in the ordinary course of business consistent with past practices so long as (i) such Contract Receivable was not included as an Eligible Contract Receivable in the Borrowing Base pursuant to the Borrowing Base Certificate delivered immediately prior to such disposition; provided, however, at the election of the Company, the Company may provide Administrative Agent an updated Borrowing Base Certificate if such Contract Receivable had been included in the Borrowing Base Certificate delivered immediately prior to such disposition as an Eligible Contract Receivable, with such updated Borrowing Base Certificate evidencing that Borrowers continue to be in compliance with the Borrowing Base after excluding the Contract Receivable subject to the proposed disposition, and (ii) no policy relating to the collection, delinquency or servicing of Contract Receivables was modified to render such Contract Receivable ineligible prior to such disposition;

dispositions or transfers constituting a Lien, Restricted Payment, or Investment permitted by Sections 7.01, 7.03, or 7.04;

dispositions of cash and Cash Equivalents in the ordinary course of business; and

so long as no Default or Event of Default has occurred which is continuing or would result therefrom, dispositions of assets (other than assets included in the Borrowing Base) not exceeding a book value of \$500,000 in any fiscal year.

Notwithstanding anything to the contrary contained in this Section 7.05, (i) any disposition of Capital Stock or (ii) any merger, dissolution, liquidation or consolidation, in each case, among the Credit Parties and/or their Subsidiaries that would otherwise be permitted by this Section 7.05 shall be subject to the requirement that (a) the Credit Parties provide the Administrative Agent no less than thirty (30) days' notice (or such earlier time acceptable to the Administrative Agent) prior to the consummation of any such disposition, merger, dissolution, liquidation or consolidation and (b) the Credit Parties shall have complied with Section 6.12 prior to the consummation thereof; provided further that the deadlines for the execution and delivery of Loan Documents, descriptions, legal opinions, resolutions, and all other instruments, certificates, documents, agreements and deliverables referred to in Section 6.12 shall be deemed to refer to the date of such disposition, merger, dissolution, liquidation or consolidation, and all action required to be taken by the Credit Parties under Section 6.12 shall be required to be taken on or before the date of such disposition, merger, dissolution, liquidation or consolidation.

Notwithstanding anything to the contrary set forth herein, (A) no Intellectual Property (or the products or proceeds of any of the foregoing) shall be the subject of any dissolutions, liquidations, sales, transfers, conveyances, licenses, leases, assignments or other dispositions permitted pursuant to this Section 7.05 (other than as set forth in clause (iv) above or any Intellectual Property abandoned or permitted to lapse by the applicable Credit Party deemed not to be material to the business of such Credit Party in its reasonable business judgment) and (B) no other asset included in the determination of the Borrowing Base shall be the subject of any dissolutions, liquidations, sales, transfers, conveyances, licenses, leases, assignments or other dispositions to any non-Credit Party as provided in this Section 7.05.

Sale and Leaseback. No Credit Party nor any Subsidiary shall engage in any sale-leaseback or similar transaction or incur any Synthetic Lease obligations involving any of its assets.

Accounting Changes; Change of Fiscal Year. No Credit Party nor any Subsidiary will make any change in (i) accounting policies or reporting practices, except as permitted by GAAP or (ii) their Fiscal Year.

Transactions with Affiliates. No Credit Party nor any Subsidiary will engage in any transaction with any Affiliate or its or any of its Affiliate's employees, officers or directors, whether or not in the ordinary course of business, including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any such Affiliate, on terms less favorable to such Credit Party or Subsidiary or Affiliate than would have been obtainable on an arm's-length basis in the ordinary course of business; provided that the foregoing restriction shall not apply to (i) transactions solely among the Credit Parties otherwise permitted hereunder, (ii) any transaction expressly permitted under this Agreement, and (iii) transactions pursuant to agreements in existence on the Closing Date and set forth on Schedule 7.08 or any amendment thereto that is not materially adverse to any Lender or any Credit Party.

Change in Terms of Governing Documents; Material Agreements. No Credit Party nor any Subsidiary shall change or amend, modify, supplement or waive the terms of any (a) of its Governing Documents, except amendments, modifications, supplements or waivers that do not adversely affect the rights or interests of the Administrative Agent or the Lenders, (b) any Material Agreement (other than the Franchise Agreements) to the extent such change would be reasonably likely to result in a Material Adverse Effect, or (c) any Franchise Agreement, except (i) amendments, modifications, supplements or waivers that do not materially and adversely affect the rights or interests of the Administrative Agent or the Lenders as determined by the Administrative Agent in its reasonable discretion, and (ii) the termination of any Franchise Agreement in connection with the closure of any retail unit location in accordance with the terms hereof; provided, that, prior to the closing of such location, the Credit Parties shall have made reasonable accommodations for alternative collection arrangements with respect to payment of Contract Receivables made at the such location.

Change in Nature of Business. No Credit Party nor any Subsidiary shall engage in any line of business substantially different from those lines of business conducted by such Credit Party on the Closing Date and business reasonably related thereto. None of GAEBB, bb AF and BMI shall engage in any operations, hold assets (other than *de minimis* assets) or incur any Indebtedness.

Margin Regulations. No Credit Party shall use the proceeds of any Loan, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

Financial Covenants.

Consolidated Fixed Charge Coverage Ratio. At all times for each Fiscal Quarter, the Company and its Subsidiaries shall not permit the Consolidated Fixed Charge Coverage Ratio for the Measurement Period ending on the last day of each Fiscal Quarter, to be less than the ratio set forth below for the corresponding period:

<u>Fiscal Quarter Ending On</u>	Consolidated Fixed Charge Coverage Ratio
December 31, 2022	0.95:1:00
March 31, 2023	0.85:1:00
June 30, 2023	1.00:1:00
September 30, 2023 and each Fiscal Quarter thereafter	1.10:1:00

Minimum Liquidity. The Company and its Subsidiaries shall maintain minimum Liquidity at all times equal or greater than the greater of (i) \$2,000,000 and (ii) 7.5% of the Line Cap.

Equity Cure. In the event the Credit Parties fail to comply with the Consolidated Fixed Charge Coverage Ratio set forth in Section 7.12(a) as of the last day of any Fiscal Quarter or with the Liquidity covenant set forth in Section 7.12(b) at any time, (i) any cash equity contribution to

the Company (funded with proceeds of common equity issued by the Company or other equity issued by the Company having terms reasonably acceptable to the Administrative Agent and in any case, not constituting Disqualified Stock, and such proceeds shall be substantially concurrently contributed to the capital of the Company), (x) after the last day of such Fiscal Quarter and on or prior to the day that is fifteen (15) Business Days after the day on which financial statements are required to be delivered for such Fiscal Quarter with respect to an equity cure of Consolidated Fixed Charge Coverage Ratio or (y) on or prior to the day that is fifteen (15) Business Days after the date that is the earlier of (I) the date that the Credit Parties notify the Administrative Agent of an Event of Default arising out of a failure of the Credit Parties to comply with the Liquidity covenant set forth in Section 7.12(b) or (II) the date that the Credit Parties were required to notify the Administrative Agent of an Event of Default arising out of a failure of the Credit Parties to comply with the Liquidity covenant set forth in Section 7.12(b) pursuant to Section 6.05(a) (in each case, such date, the “Cure Expiration Date”) will, at the irrevocable election of the Borrower Representative in writing delivered to the Administrative Agent no later than five (5) Business Days after the day on which financial statements are required to be delivered for such Fiscal Quarter with respect to an equity cure of the Consolidated Fixed Charge Coverage Ratio or no later than five (5) Business Days after the date that is the earlier of (1) the date that the Credit Parties notify the Administrative Agent of an Event of Default arising out of a failure of the Credit Parties to comply with the Liquidity covenant set forth in Section 7.12(b) or (2) the date that the Credit Parties were required to notify the Administrative Agent of an Event of Default arising out of a failure of the Credit Parties to comply with the Liquidity covenant set forth in Section 7.12(b) pursuant to Section 6.05(a) (the “Cure Notice”), be included in the calculation of Consolidated EBITDA or Liquidity, as applicable, solely for the purposes of determining compliance with such covenant in Section 7.12 at the end of such Fiscal Quarter or applicable time and any subsequent period that includes such Fiscal Quarter or applicable time (a “Specified Equity Contribution”); provided that (a) Specified Equity Contributions shall not be permitted in consecutive Fiscal Quarters, (b) the amount (the “Cure Amount”) of any Specified Equity Contribution will be no greater than the amount required to cause the Credit Parties to be in compliance with such covenant, (c) all Specified Equity Contributions will be disregarded for purposes of the calculation of Consolidated EBITDA for all other purposes, including determining compliance with incurrence based or pro forma calculations, calculation of interest rates and other items governed by reference to Consolidated EBITDA, (d) there shall be no more than four (4) Specified Equity Contributions made in the aggregate after the Closing Date, and (e) there shall be no more than two (2) Specified Equity Contributions made during any twelve (12) month period; (f) such Specified Equity Contribution made solely for purposes of determining compliance with Section 7.12(a) shall be applied to prepay the Loans in accordance with Section 2.03(c)(ii); provided that to the extent the proceeds are used by the Borrowers to prepay the Loans, the Loans shall not be deemed to have been repaid for purposes of calculating the covenant under Section 7.12(a); and (g) no Specified Equity Contribution shall be permitted if a Change of Control would result therefrom. Upon receipt by the Administrative Agent of a Cure Notice from the Company that it intends to exercise its rights under this Section 7.12(c), the applicable covenant under Section 7.12 shall be deemed retroactively cured with the same effect as though there had been no failure to comply therewith, and any Default or Event of Default under Section 7.12 shall be deemed not to have occurred for purposes of the Loan Documents (provided that if the Cure Expiration Date has occurred without the Specified Equity Contribution having been received and designated, such Default or Event of Default shall be deemed reinstated), and (ii) so long as a Cure Notice shall have been delivered to the Administrative Agent no later than five (5) Business Days after the day on which financial statements are required to be delivered for such applicable Fiscal Quarter with respect an equity cure of Consolidated Fixed Charge Coverage Ratio or no later than five (5) Business Days after the date that is the earlier of (A) the date that the Credit Parties notify the Administrative Agent of

an Event of Default arising out of a failure of the Credit Parties to comply with the Liquidity covenant set forth in Section 7.12(b) or (B) the date that the Credit Parties were required to notify the Administrative Agent of an Event of Default arising out of a failure of the Credit Parties to comply with the Liquidity covenant set forth in Section 7.12(b) pursuant to Section 6.05(a), none of the Administrative Agent nor any Lender may exercise any rights or remedies under Section 8.02 (or under any other Loan Document) on the basis of any actual or purported Default or Event of Default under Section 7.12, as applicable, until and unless the Cure Expiration Date has occurred without a Specified Equity Contribution having been received or the Company has confirmed in writing that it does not intend to provide such Specified Equity Contribution. For the avoidance of doubt, no Lender shall be required to fund any Loan from the date on which the Cure Notice is delivered until the date on which the Specified Equity Contribution is actually received.

Sanctions. The Credit Parties shall not permit any Loan or the proceeds of any Loan, directly or indirectly, to be lent, contributed or otherwise made available to any Subsidiary, joint venture partner, or other individual or entity, to fund any activities of or business with any individual or entity in any Designated Jurisdiction that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any individual or entity (including any individual or entity participating in the transaction, whether as a Lender, Arranger, or the Administrative Agent) of any Sanctions.

Amendments to Contract Receivables. No Credit Party shall extend, amend, waive, or otherwise modify the terms of or cancel or rescind any Contract Receivables in each case in any material respect, except when no Event of Default has occurred and is continuing, to the extent such extension, amendment, waiver, or modification is (i) done in the ordinary course of business and, in the case of the Borrowers, is in accordance with the Underwriting and Servicing Guidelines, or (ii) required pursuant to applicable Law.

Servicing Agreement; Servicing of other Party Contracts. The Borrowers shall not:

terminate, amend or modify the Servicing Agreement or the Back-Up Servicing Agreement in any manner adverse to the Lenders unless the same is concurrently replaced with a new Servicing Agreement or Back-up Servicing Agreement in form and substance reasonably satisfactory to the Administrative Agent; or

except in the case of the replacement of the Servicer by the Back-Up Servicer or another third-party servicer acceptable to the Administrative Agent when an Event of Default has occurred and is continuing and where the Servicer is a Person other than the Borrowers, (i) allow the Servicer to delegate any of its duties or functions under the Servicing Agreement to any Person or otherwise engage any Person to perform any of such duties or functions for or on behalf of the Servicer or the Borrowers or (ii) transfer the duties and functions of the Servicer under the Servicing Agreement to any Person, in each case other than delegations and transfers to a Credit Party;

interfere with (or permit the Servicer to interfere with) the Back-Up Servicer's performance of its duties under the Back-Up Servicing Agreement or take any action that would be inconsistent in any material respect with the terms of the Back-Up Servicing Agreement; or

service any other Person's (other than a Credit Party's) contracts or receivables.

Voting Rights under BB Brand Holdings LLC Agreement. No Credit Party nor any of its Subsidiaries shall approve any action pursuant to Section 6.5 of the BB Brand Holdings LLC Agreement that would adversely affect the rights or interests of the Administrative Agent or the Lenders under this Agreement, the other Loan Documents or applicable Law without the prior written consent of the Administrative Agent. For the avoidance of doubt, any sale, transfer, disposition, abandonment, pledge, hypothecation, and/or mortgage of, or Lien on, any Intellectual Property owned by BB Brand Holdings shall be considered to adversely affect the rights or interests of the Administrative Agent and the Lenders, other than any Intellectual Property owned by BB Brand Holdings abandoned or permitted to lapse by BB Brand Holdings deemed not to be material to the business of BB Brand Holdings in its reasonable business judgment.

EVENTS OF DEFAULT AND REMEDIES

Events of Default. Any one or more of the following events shall constitute an event of default (each, an “Event of Default”) under this Agreement:

Non-Payment. Any Credit Party shall fail to (i) pay any principal of the Loans when the same shall become due and payable, whether at the stated date of maturity or any accelerated date of maturity or at any other date fixed for payment (including, without limitation, Section 2.03(b)) or (ii) pay any interest on the Loans, the fees or other sums due hereunder or under any of the other Loan Documents, in each case under this clause (ii) within three (3) Business Days of when the same shall become due and payable, whether at the stated date of maturity or any accelerated date of maturity or at any other date fixed for payment; or

Specific Covenants.

Any Credit Party shall fail to comply with any of its covenants contained in Section 2.03(b), clause (a)(i), (a)(ii)(x), (b), (e)(ii), (f), (g), (j), (m), or (o) of Section 6.05, Section 6.06(a), Section 6.07, Section 6.08, Section 6.11, Section 6.15, Section 6.16, Section 6.18, Section 6.19, or Article 7; or

Any Credit Party shall fail to comply with any of its covenants contained in Section 6.04, clause (a)(ii)(y), (a)(iii), (c), (d), (e)(i), (e)(iii), (h), (i), (k), (l), or (n) of Section 6.05, Section 6.09(b), Section 6.10, or Section 6.12 and such failure continues for three (3) Business Days;

Other Defaults. Any Credit Party shall fail (or, to the extent applicable, fail to cause its Subsidiaries) to perform any term, covenant or agreement contained herein or in any of the other Loan Documents (other than those specified elsewhere in this Section 8.01) and such failure continues for thirty (30) days; or

Representations and Warranties.

Generally. Any representation or warranty of any Credit Party in this Agreement or any of the other Loan Documents or in any other document or instrument delivered pursuant to or in connection with this Agreement shall prove to have been false in any material respect (but without any duplication of any materiality qualifications) upon the date when made or deemed to have been made or repeated; or

Borrowing Base Certificates. Without limiting the generality of the foregoing contained in clause (i) above, any information contained in any Borrowing Base Certificate is untrue, incorrect or misleading (other than (i) inadvertent errors not exceeding \$100,000 in the aggregate so long as the Administrative Agent receives a corrected Borrowing Base Certificate no later than three (3) Business Days after the receipt of such Borrowing Base Certificates containing such errors or (ii) errors understating the Borrowing Base); or

Inability to Pay Debt; Insolvency Proceedings; Etc. Any Credit Party or any of its Subsidiaries shall make an assignment for the benefit of creditors, or shall petition or apply for the appointment of a trustee or other custodian, liquidator or receiver of such Credit Party or such Subsidiary or of any substantial part of the assets of any Credit Party or such Subsidiary or shall commence any case or other proceeding relating to any Credit Party or such Subsidiary under any Debtor Relief Law, now or hereafter in effect, or shall take any action to authorize or in furtherance of the foregoing, or if any such petition or application (including a bankruptcy application) shall be filed or any such case or other proceeding shall be commenced against any Credit Party or such Subsidiary and such Credit Party or such Subsidiary shall indicate its approval thereof, consent thereto or acquiescence therein or such petition or application shall not have been dismissed or stayed within sixty (60) days following the filing thereof; a decree or order (including a bankruptcy order) is entered appointing any such trustee, custodian, liquidator or receiver or adjudicating any Credit Party or any Subsidiary bankrupt or insolvent, or approving a petition or a bankruptcy application in any such case or other proceeding, or a decree or order (including a bankruptcy order) for relief is entered in respect of any Credit Party or any Subsidiary in an involuntary case under any Debtor Relief Laws; or

Judgments. There shall remain in force for more than thirty (30) days, whether or not consecutive, any final judgment against any Credit Party (considered collectively) that exceeds in the aggregate the Threshold Amount which is not covered by insurance policies as to which the insurer is rated at least "A" by A.M. Best Company, has been notified of the potential claim and does not dispute coverage, unless such judgment has been discharged, satisfied, bonded or stayed pending appeal; or

ERISA Event. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Credit Parties under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, (ii) any Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount or (iii) with respect to any Foreign Plan a termination, wind-up, withdrawal or non-compliance with applicable Law or plan terms, or a Credit Party incurs or assumes any liabilities under any Foreign Plan in each case under this clause (iii) which has resulted or could reasonably be expected to result in liability of the Credit Parties in an aggregate amount in excess of the Threshold Amount; or

Indebtedness. Any Credit Party shall fail to pay at maturity, or within any applicable period of grace, any obligation for Indebtedness in excess of the Threshold Amount, or fail to observe or perform any material term, covenant or agreement contained in any agreement by which it is bound, evidencing or securing Indebtedness in excess of the Threshold Amount for such period of time as would permit (assuming the lapse of time and/or giving of appropriate

notice if required and assuming such breach has not been cured within the applicable grace period thereunder) the holder or holders thereof or of any obligations issued thereunder to accelerate the maturity thereof; or

Invalidity of Loan Documents; Etc. If any of the Loan Documents shall be cancelled, terminated, revoked, rescinded or otherwise ceases to be in full force and effect other than in accordance with their terms; or the Administrative Agent's security interests, mortgages or Liens in the Collateral shall cease to be valid and perfected, or shall cease to have the priority contemplated by the Security Documents, other than in accordance with the terms thereof or with a consent or approval obtained in accordance with Section 10.01; or any action at law, suit or in equity or other legal proceeding to cancel, revoke, rescind or declare void any of the Loan Documents shall be commenced by or on behalf of any Credit Party, any Subsidiary or any of their respective equity holders; or any court or any other Governmental Authority shall make a determination that, or issue a judgment, order, decree or ruling to the effect that, any one or more of the Loan Documents is illegal, invalid or unenforceable in accordance with the terms thereof; or

Change of Control. A Change of Control shall occur; or

Loss of Collateral; Labor Matters; Force Majeure; Etc. There shall occur any (i) material damage to, or loss, theft or destruction of, any Collateral, whether or not insured, or (ii) any strike, lockout, labor dispute, embargo, condemnation, expropriation, act of God or public enemy, or other casualty, which in any such case causes the cessation or substantial curtailment of revenue producing activities at any facility of any Credit Party if such event or circumstance is not covered by business interruption insurance and would have a Material Adverse Effect; or

Conduct of Business. Except as otherwise expressly permitted hereunder, any Credit Party shall (i) take any action, or shall make a determination, whether or not yet formally approved by any Credit Party's management or board of directors (or equivalent governing body), to (A) (1) suspend the operation of all or a material portion of its business in the ordinary course or (2) suspend the performance of the Material Agreements in the ordinary course of business without entering into an alternative Material Agreement(s) in form and substance reasonably acceptable to the Administrative Agent prior to or concurrently with the suspension of such Material Agreements or other business arrangements acceptable to Administrative Agent in its reasonable discretion, (B) suspend the payment of any material obligations in the ordinary course or suspend the performance of any material obligations in the ordinary course, (C) solicit proposals for the liquidation of, or undertake to liquidate, all or a material portion of its assets or business or a retention of an agent or other third party to conduct any store closings, store liquidations or "Going Out of Business" sales with respect to any material portion of the Credit Parties' assets or store locations, or (D) solicit proposals for the employment of, or employ, an agent or other third party to conduct a wind-down of any material portion of its business or (ii) be enjoined, restrained or in any way prevented by the order of any Governmental Authority from conducting any part of their business, unless such order would not have a Material Adverse Effect; or

Criminal Actions. Any Credit Party, any of its Subsidiaries shall be indicted or convicted for a state or federal crime or any other criminal action having the force of law for a felony that would reasonably be expected to (i) materially impair (A) the ability of the Credit Parties to operate their business, (B) any Loan Document, or (C) any rights or remedies of the Administrative Agent or any Lender under any Loan Document, or (ii) result in a material declination in value of the Collateral; or

Servicer Default. (i) If the Servicer is any Person other than a Borrower, a “Servicer Default” (or similar term) under and as defined in any Servicing Agreement shall occur and such “Servicer Default” (or similar term) permits a termination of such Servicing Agreement (after giving effect to all grace periods), and the servicing of the Contract Receivables has not been promptly transferred to another Servicer or Back-Up Servicer reasonably acceptable to the Administrative Agent within the period required in the Servicing Agreement; or (y) the Back-Up Servicer shall have resigned and the Borrowers fail to cooperate (or interfere) with the Administrative Agent in the appointment of a new Back-Up Servicer acceptable to the Administrative Agent; or

Intentionally Omitted.

Buddy’s. (i) The occurrence of any “Default” by BB BHF under any Franchise Agreement, (ii) the failure to renew any Franchise Agreement at least sixty (60) days prior to the expiration thereof, (iii) the termination of any Franchise Agreement (provided, however, it shall not be an Event of Default under this clause (iii) if such Franchise Agreement is terminated by mutual agreement between BB BHF and Buddy’s in connection with the closure of any retail unit location subject to such Franchise Agreement in accordance with the terms hereof and so long as the Credit Parties shall have made reasonable accommodations for alternative collection arrangements with respect to payment of Contract Receivables made at the location covered by such Franchise Agreement), or (iv) any default (or similar breach) under any lease or sublease between BB BHF and Buddy’s or any of its Affiliates.

Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent may, or at the request of the Required Lenders, shall take any or all of the following actions:

declare the commitment of each Lender to make Loans to be terminated, including, without limitation, the Delayed Draw Term Loan Commitments, whereupon such commitments and obligation shall be terminated and the Early Termination Premium shall be immediately due and payable;

declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable (including, without limitation, the Early Termination Premium), without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Credit Parties; and

exercise on behalf of itself and the other Secured Parties all rights and remedies available to it and the other Secured Parties under the Loan Documents;

provided, however, that upon the occurrence of an Event of Default under Section 8.01(e), the obligation of each Lender to make Loans shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, without further act of the Administrative Agent or any Lender. No termination of the commitments hereunder shall relieve any Credit Party of any of the Obligations.

Application of Funds. In the event that, following the occurrence and during the continuance of any Event of Default, the Administrative Agent or any Lender, as the case may be, receives any monies in connection with the enforcement of any of the Loan Documents, or otherwise with respect to the realization upon any of the Collateral (including, without limitation, Reserved Cash), the Administrative

Agent may apply (and shall apply at (a) the request of the Required Lenders or (b) following the exercise of remedies pursuant to Section 8.02, including without limitation, pursuant to the proviso thereof) such monies as follows (and each Lender shall comply with the instructions of the Administrative Agent in the case of any such monies received by any Lender):

First, to payment of outstanding Protective Advances funded by the Administrative Agent;

Second, to payment of Obligations owing to the Administrative Agent constituting (A) indemnities and expenses due and payable under this Agreement and the other Loan Documents (including fees, charges and disbursements of counsel to the Administrative Agent) and (B) the fees due and payable under Section 2.07(b);

Third, to payment of Obligations constituting indemnities and expenses (including fees, charges and disbursements of counsel to Lenders and amounts payable under Article III) due and payable to the Lenders under this Agreement and the other Loan Documents, ratably among such Persons in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting accrued and unpaid interest and fees (including, without limitation, the Early Termination Premium) due and payable to the Lenders under this Agreement and the other Loan Documents ratably among them in proportion to the respective amounts described in this clause Fourth payable to them;

Fifth, to the payment of that portion of the Obligations constituting unpaid principal of the Term Loans ratably among them in proportion to the respective amounts described in this clause Fifth,

Sixth, to the payment of all other Obligations ratably among the holders thereof in proportion to the respective amounts described in this clause Sixth; and

Seventh, the balance, if any, after all of the Obligations have been indefeasible paid in full, to the Borrowers or as otherwise required by Law.

All payments applied to the Loans pursuant to this Section 8.03 shall be applied to the Loans owing to the Lenders in accordance with their respective Applicable Percentages.

Any prepayment of the principal balance of the Term Loan pursuant to Section 6.16 shall be subject to the Early Termination Premium and shall be applied to the principal balance of the Term Loans based on the Applicable Percentage of each Lender and prepayment of the principal balance of the Term Loan pursuant to Section 2.03(b) or as a result of the application of Reserved Cash shall be payable in accordance with Section 2.05(c).

Back-Up Servicer. Following the occurrence and during the continuance of an Event of Default in addition to the rights and remedies set forth elsewhere in this Agreement or in any of the other Loan Documents, the Administrative Agent may (or shall upon the direction of the Required Lenders): (a) at any time take such steps as the Administrative Agent deems necessary to protect the Administrative Agent's interest in and to preserve the Collateral, including the hiring of such security guards or the placing of other security protection measures as the Administrative Agent may deem appropriate; (b)

require that the servicing of the Contract Receivables be transferred to the Back-Up Servicer, and the Borrowers shall fully cooperate with, and assist with, the transfer of such servicing to the Back-Up Servicer (including providing copies (or if requested by the Administrative Agent, originals) of all documents, agreements, and instruments evidencing or pertaining to such Contract Receivables and all servicing records relating to such Contract Receivables); (c) employ and maintain at any of the Borrowers' premises a custodian who shall have full authority to do all acts necessary to protect the Administrative Agent's interests in the Collateral; and (d) have, and is hereby granted, a right of ingress and egress to the places where the Collateral is located, and may proceed over and through the Borrowers' owned or leased property. The Borrowers shall cooperate fully with all of the Administrative Agent's commercially reasonable efforts to preserve the Collateral and will take such commercially reasonable actions to preserve the Collateral as the Administrative Agent may direct. All of the Administrative Agent's expenses of preserving the Collateral, including any expenses relating to the bonding of a custodian, shall be added to the Obligations. In addition to the foregoing, and regardless of whether an Event of Default has occurred, the Borrowers shall, and shall cause the Servicer (if the Servicer is a Person other than the Borrowers), monthly (or more frequently, if requested by the Administrative Agent), to provide current servicing information and records regarding the Contract Receivables to the Back-Up Servicer in an electronic format, such that the Back-Up Servicer has true and complete records regarding all outstanding Contract Receivables and the servicing information regarding such Contract Receivables.

ADMINISTRATIVE AGENT

Appointment and Authority.

Each of the Lenders hereby irrevocably appoints SLR to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders and neither any Borrower nor any other Credit Party shall have rights as a third party beneficiary of any of such provisions.

The Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Lenders hereby irrevocably appoints and authorizes the Administrative Agent to act as the collateral agent and security trustee (as applicable) of such Lender for purposes of acquiring, holding directly or on trust (as applicable) and enforcing any and all Liens on Collateral granted by any of the Credit Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as "collateral agent" and any co-agents, sub-agents and attorneys-in- fact appointed by the Administrative Agent pursuant to Section 9.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of this Article IX and Article X (as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents) as if set forth in full herein with respect thereto.

Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the

Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Credit Parties or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

shall not be subject to any fiduciary or other implied duties (whether implied by contract or by law), regardless of whether a Default has occurred and is continuing;

shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose it to liability or that is contrary to any Loan Document or applicable Law, including, for the avoidance of doubt, any action that may be in violation of the automatic stay under any Debtor Relief Law or that may affect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Laws; and

shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Credit Parties or any of their Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final non-appealable order. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Administrative Agent by a Credit Party or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Security Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel, independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub agents appointed by the Administrative Agent. The Administrative Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub agent and to the Related Parties of the Administrative Agent and any such sub agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent a court of competent jurisdiction determines in a final and non-appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrowers. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, with the consent of the Borrower Representative, to appoint a successor, which shall be an Affiliate of any Lender or other bank or financial institution with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders appoint a successor meeting the qualifications set forth above; provided that if the Administrative Agent shall notify the Borrowers and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) except for any indemnity payments or other amounts then owed to the retiring Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor as provided for above in this Section. Upon the acceptance of a successor's appointment hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Administrative Agent its sub agents

and its respective Related Parties in respect of any actions taken or omitted to be taken by any of them prior to such resignation.

Non-Reliance. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

No Other Duties, Etc. Anything herein to the contrary notwithstanding, neither the Arranger hereof shall have no powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Credit Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrowers) shall be entitled and empowered, by intervention in such proceeding or otherwise:

to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.09 and 10.04) allowed in such judicial proceeding; and

to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Collateral and Guarantee Matters. Each of the Lenders irrevocably authorize the Administrative Agent to and upon the commercially reasonable request of the Borrower Representative (and at its sole cost and expense) with reasonable advance notice, the Administrative Agent hereby agrees,

to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Aggregate Commitments and payment in full in cash of all Obligations (other than contingent indemnification obligations for which no claim has then been asserted), (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder (other than sales among Credit Parties), or (iii) subject to Section 10.01, if approved, authorized or ratified in writing by the Required Lenders;

to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document on assets permitted to be sold pursuant to Section 7.05(b)(v); and

to release any Guarantor from its obligations under the Security Documents and release any related Collateral if such Person ceases to be a Subsidiary as a result of a transaction permitted by Section 7.05.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guarantees pursuant to this Section 9.10.

The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, or any certificate prepared by any Credit Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

MISCELLANEOUS

Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrowers or any other Credit Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrowers or the applicable Credit Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

extend, increase or decrease the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

postpone any date fixed by this Agreement or any other Loan Document for any payment of principal, interest (other than default interest), fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided that for the avoidance of doubt, mandatory prepayments pursuant to Section 2.03 may be postponed, delayed, reduced, waived or modified with the consent of the Required Lenders;

reduce the principal of, or the rate of interest specified herein on, any Loan, or (subject to clause (v) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document relating to the Loans, without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" (so long as such

amendment does not result in the Default Rate being lower than the interest then applicable) or to waive any obligation of the Borrowers to pay interest at the Default Rate;

1. change Section 2.11 or Section 8.03 in a manner that would alter the pro rata sharing of payments required thereby or the order of the application of payments thereunder, in each case, without the written consent of each Lender directly affected thereby or (ii) change the order of application of any reduction in the Commitments or any prepayment of Loans among the Term Loan Facilities from the application thereof set forth in the applicable provisions of Section 2.03, respectively, in any manner that materially and adversely affects the Lenders under a Term Loan Facility without the written consent of the Required Lenders;

change any provision of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder (other than the definitions specified in clause (ii) below) without the written consent of each Lender;

(i) release all or substantially all of the Collateral in any transaction or series of related transactions, (ii) release all or substantially all of the Guarantors party to the Guarantees or release any material Borrower, (iii) subordinate the Obligations hereunder to any other Indebtedness, (iii) except as provided by operation of applicable Law, subordinate the Liens on all or substantially all of the Collateral granted in favor of the Administrative Agent for itself and the other Secured Parties under the Security Documents to any other Lien, in each case, without the written consent of each Lender;

(i) increase the advance rates set forth in or otherwise amend the definition of “Borrowing Base” (including component definitions therein) without the written consent of each Lender, (ii) amend the definition of “Reserves” (including component definition thereof), (iii) make less restrictive the eligibility criteria contained in the definitions of “Eligible Inventory”, “Eligible Contract Receivables”, “Eligible BB Intellectual Property”, “Eligible BKST Intellectual Property”, “Eligible Intellectual Property”, or “Protective Advance” without the written consent of each Lender, or (iv) amend Section 2.15 without the consent of each Lender in each case, in a manner which would result in a greater amount of credit being made available to the Borrowers (it being understood and agreed that nothing in this clause (g) shall limit, restrict or impair the rights of the Administrative Agent to impose or establish any and all Reserves, and thereafter to reduce or eliminate such Reserves or to determine the eligibility of Collateral for inclusion in the calculation of the Borrowing Base); or

Without the prior written consent of each Lender, impose any materially greater restriction on the ability of any Lender to assign any of its rights or obligations hereunder;

provided further, however, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; (ii) Section 10.06(g) may not be amended, waived or otherwise modified without the consent of each Granting Lender all or any part of whose Loans are being funded by an SPC at the time of such amendment, waiver or other modification; (iii) Section 2.07(b) may be amended, or rights or privileges thereunder waived, in a writing executed only by the Borrowers and the Administrative Agent; (iv) typographical or scrivener’s errors may be corrected solely with the consent of the Borrowers or any other applicable Credit Party and the Administrative Agent, and (v) no amendment, waiver or consent which has the effect of enabling the Borrowers to satisfy any condition to a Borrowing contained in Section 4.02 hereof which, but for such

amendment, waiver or consent would not be satisfied, shall be effective to require the Lenders to make any additional Delayed Draw Term Loans, unless and until the Required Lenders (or, if applicable, all Lenders) shall have approved such amendment, waiver or consent.

Notices; Effectiveness; Electronic Communication.

Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

if to any Borrower, any other Credit Party, or the Administrative Agent, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire.

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications sent delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including through any Electronic Medium) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrowers may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by return e-mail or other written acknowledgement, but expressly excluding use of "return receipt requested" functions or features), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

Change of Address, Etc. Each of the Borrowers and the Administrative Agent may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the Borrowers and the Administrative Agent. In addition, each Lender agrees to notify the

Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Borrowing Request Notices) purportedly given by or on behalf of the Borrowers even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrowers shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrowers. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

No Waiver; Cumulative Remedies. No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Credit Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders; provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.11), or (c) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Credit Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.11, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

Expenses; Indemnity; Damage Waiver.

Costs and Expenses. The Borrowers shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, the Arranger, and their respective Affiliates (including the reasonable fees, charges and disbursements of counsel for such Persons, including without limitation, local counsel to such Persons in any relevant jurisdiction), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii)

all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Arranger, and the Lenders (including the fees, charges and disbursements of counsel of the Administrative Agent taken as a whole) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

Indemnification by the Credit Parties. The Credit Parties shall indemnify the Administrative Agent (and any sub-agent thereof), the Arranger, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee which, in the case of the Lenders, other than the Administrative Agent and its Affiliates, shall be limited to one (1) firm of outside counsel for all such Lenders), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrowers or any other Credit Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrowers or any other Credit Party, or any Environmental Liability related in any way to the Borrowers or any other Credit Party, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrowers or any other Credit Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee or any of its Related Parties or (y) result from a claim brought by the Borrowers or any other Credit Parties against an Indemnitee for breach in bad faith of such Indemnitee’s or any of its Related Parties obligations hereunder or under any other Loan Document, if the Borrowers or such other Credit Parties has obtained a final and non-appealable judgment in its favor on such claim as determined by a court of competent jurisdiction. Without limiting the provisions of Section 3.01(c), this Section 10.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

Reimbursement by Lenders. To the extent that any Credit Party for any reason fails to pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (and any sub-agent thereof) or any Related Party of the Administrative Agent, each Lender severally agrees to pay to the Administrative Agent (and any sub-agent thereof) or such Related Party, as the case may be, such Lender’s pro rata share of the Aggregate Commitments (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (and any sub-agent thereof) in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (and any sub-agent thereof) in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.10(d).

Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, each party hereto shall not assert, and each party hereto hereby waives, any claim against each other party on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

Payments. All amounts due under this Section shall be payable not later than ten (10) Business Days after demand therefor.

Survival. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

Payments Set Aside. To the extent that any payment by or on behalf of any Credit Party is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

Successors and Assigns.

Successors and Assigns Generally. The provisions of this Agreement and each other Loan Document shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Credit Party (except to the extent permitted by Section 7.05(a) to the extent a transaction permitted thereby would constitute an assignment) may assign or otherwise transfer any of its rights or obligations hereunder or thereunder, as applicable, without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section, or (iv) to an SPC in accordance with the provisions of subsection (h) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly

contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignee all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

Except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$2,000,000 in the case of any assignment, unless the Administrative Agent otherwise consents; provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met.

Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitments assigned.

Unless an Event of Default has occurred that is continuing, the consent of the Borrower Representative (such consent not to be unreasonably withheld or delayed) shall be required (1) for assignments in respect of any Commitment if such assignment is to a Person that is not a Lender with a Commitment, an Affiliate of such Lender or an Approved Fund with respect to such Lender and (2) to the extent required by subsection (b)(i) of this Section; provided that the Borrower Representative shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five Business Days after having received notice thereof.

The consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required (1) for assignments in respect of any Commitment if such assignment is to a Person that is not a Lender with a Commitment, an Affiliate of such Lender or an Approved Fund with respect to such Lender and (2) to the extent required by subsection (b)(i) of this Section.

The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500 payable to the Administrative Agent; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment.

The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

No such assignment shall be made (A) to any Credit Party or any Affiliate or Subsidiary of any Credit Party, (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) to a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the benefit of a natural person).

In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits and obligations of Sections 3.01, 3.05, 3.06, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute waiver or release of any claim of any party hereunder arising from that Lender having been a Defaulting Lender. Upon request, the Borrowers (at their expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrowers (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of,

and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Administrative Agent shall maintain on the Register information regarding the designation, and revocation of designation, of any Lender as a Defaulting Lender. The Register shall be available for inspection by the Borrowers and any Lender at any reasonable time and from time to time upon reasonable prior notice.

Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person, a Defaulting Lender or any Credit Party or any Affiliate or Subsidiary of any Credit Party) (each, a “Participant”) in all or a portion of such Lender’s rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 10.04(c) without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that affects such Participant. The Borrowers agree that each Participant shall be entitled to the benefits of Sections 3.01, 3.05 and 3.06 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section (it being understood that the documentation required under Section 3.01(e) shall be delivered to the Lender who sells the participation) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 3.05 and 10.13 as if it were an assignee under paragraph (b) of this Section and (B) shall not be entitled to receive any greater payment under Sections 3.01 or 3.05, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrowers’ request and expense, to use reasonable efforts to cooperate with the Borrowers to effectuate the provisions of Section 3.05 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.11 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers (solely for tax purposes), maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans or other obligations under the Loan Documents (the “Participant Register”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant’s interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register

as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as such) shall have no responsibility for maintaining a Participant Register.

Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Electronic Execution of Assignments. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Special Purpose Funding Vehicles. Notwithstanding any provision to the contrary, any Lender (a “Granting Lender”) may assign to one or more special purpose funding vehicles (each, an “SPC”) all or any portion of its funded Loans (without, in the case of Delayed Draw Term Loans, the corresponding Delayed Draw Term Loan Commitment), without the consent of any Person or the payment of a fee, by execution of a written assignment agreement in a form agreed to by such Granting Lender and such SPC, and may grant any such SPC the option, in such SPC’s sole discretion, to provide the Borrowers all or any part of any Loans that such Lender would otherwise be obligated to make pursuant to this Agreement. Such SPCs shall have all the rights which a Lender making or holding such Loans would have under this Agreement, but no obligations. The Granting Lender making such assignment shall remain liable for all its original obligations under this Agreement, including its Commitment (although the unused portion thereof shall be reduced by the principal amount of any Loans held by an SPC). Notwithstanding such assignment, the Administrative Agent and Borrowers may deliver notices to the Granting Lender making such assignment (as agent for the SPC) and not separately to the SPC unless the Administrative Agent and Borrowers are requested in writing by the SPC (or its agent) to deliver such notices separately to it. The Borrowers shall, at the request of any such Granting Lender, execute and deliver to such Person as such Lender may designate, a Note in the amount of such Granting Lender's original Note to evidence the Loans of such Granting Lender and related SPC.

Assignment by SLR Entities. Notwithstanding anything in this Agreement or the other Loan Documents, (x) no SLR Entity shall be required to comply with Section 10.06(b) in connection with any transaction involving any other SLR Entity or any of its or their lenders or funding or financing sources, none of the foregoing shall be considered an assignee hereunder and no SLR Entity shall have any obligation to disclose any such transaction to any Person, and (y) there shall be no limitation or restriction on (I) the ability of any SLR Entity to assign or otherwise transfer its rights and/or obligations under this Agreement or any other Loan Document, any Commitment, or any Obligation to any other SLR Entity or any lender or financing or funding source of a SLR Entity or (II) any such lender’s or funding or financing source’s ability to assign or otherwise transfer its rights and/or obligations under this Agreement or any other Loan Document, any Commitment, or any Obligation; provided, however, that with respect to any assignment by SLR pursuant to clauses (x) and (y) hereof, SLR shall continue to be

liable as a “Lender” under this Agreement and the other Loan Documents unless such other Person complies with the provisions of this Agreement to become a “Lender.”

Treatment of Certain Information; Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates’ Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (g) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender, or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrowers.

For purposes of this Section, “Information” means all information received from the Borrowers or any Credit Party relating to the Borrowers or any Credit Party or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrowers or any Credit Party, provided that, in the case of information received from the Borrowers or any Credit Party after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Borrowers or a Credit Party, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including Federal and state securities Laws.

Notwithstanding anything to the contrary contained in this Section 10.07, subject to the prior review and consent of the Borrower Representative, the Administrative Agent may publish any press releases, tombstones, advertising or other promotional materials (including, without limitation, via any Electronic Medium) relating to the financing transactions contemplated by this Agreement using such Credit Party’s name, product photographs, logo or trademark. No party hereto shall or shall permit any of its Affiliates to, issue any press release or other public disclosure relating to the closing of the credit facilities provided for herein using the name, logo or otherwise referring to SLR or of any of its Affiliates or the Loan Documents to which SLR or any of its affiliates are a party to without the prior written consent (including via e-mail) of such Person (not to be unreasonably withheld) except to the extent required to do so under applicable Law and then, only after consulting with such Persons unless prohibited from doing so under applicable Law.

Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time after obtaining the prior written consent of the Administrative Agent, to the fullest extent permitted by applicable Law, to

set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, or any such Affiliate to or for the credit or the account of any Credit Party against any and all of the obligations of any Credit Party now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Credit Party may be contingent or unmaturing or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness, provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.10 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or their respective Affiliates may have. Each Lender agrees to notify the Borrower Representative and the Administrative Agent, promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrowers. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Loan, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied.

Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Replacement of Lenders. If the Borrower is entitled to replace a Lender pursuant to the provisions of Section 3.05, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then (x) the Borrowers may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent and (y) the Administrative Agent may upon notice to such Lender, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights (other than its existing rights to payments pursuant to Sections 3.01 and 3.03) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

the Borrowers shall have paid (or caused to be paid) to the Administrative Agent the assignment fee (if any) specified in Section 10.06(b);

such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees (other than any Early Termination Premium) and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.04) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

in the case of any such assignment resulting from a claim for compensation under Section 3.03 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;

such assignment does not conflict with applicable Laws; and

in the case of an assignment resulting from a Lender becoming a Non-Consenting Lender, the Administrative Agent shall have consented to such assignment and the applicable assignee shall have consented to the applicable amendment, waiver or consent

provided that the failure by any Lender to execute and deliver an Assignment and Assumption in connection with any of the foregoing assignments shall not impair the validity of the removal of such Lender and the mandatory assignment of such Lender's Commitments and outstanding Loans pursuant to this Section 10.13 shall nevertheless be effective without the execution by such Lender of an Assignment and Assumption.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling any Borrower to require such assignment and delegation cease to apply.

Governing Law; Jurisdiction; Etc.

GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK

(EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW (OTHER THAN THE NEW YORK GENERAL OBLIGATIONS LAW §5-1401)).

SUBMISSION TO JURISDICTION. EACH PARTY HERETO EACH IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE BORROWER, THE OTHER CREDIT PARTIES SIGNATORY HERETO OR THEIR RESPECTIVE PROPERTIES IN THE COURTS OF ANY JURISDICTION.

WAIVER OF VENUE. EACH PARTY HERETO EACH IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN SUBSECTION (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO

ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

USA PATRIOT Act Notice. Each Lender that is subject to the Act (as hereinafter defined), the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Credit Parties that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Credit Parties and their Subsidiaries, which information includes the name and address of the Credit Parties and their Subsidiaries and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Credit Parties and their Subsidiaries in accordance with the Act. The Credit Parties shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer” an anti-money laundering rules and regulations, including the Act.

ENTIRE AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES. IN THE EVENT OF ANY EXPRESS CONFLICT OR INCONSISTENCY BETWEEN THE TERMS OF THIS AGREEMENT AND THE TERMS OF ANY OTHER LOAN DOCUMENT, THE TERMS OF THIS AGREEMENT SHALL GOVERN. IT BEING UNDERSTOOD THAT PROVISIONS OF OTHER LOAN DOCUMENTS THAT SUPPLEMENT THE TERMS OF THIS AGREEMENT SHALL NOT BE DEEMED TO BE INCONSISTENT BECAUSE OF THEIR NATURE AS SUPPLEMENTARY PROVISIONS.

No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each Credit Parties acknowledges and agrees, and acknowledges its Affiliates’ understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Arranger and the Lenders are arm’s-length commercial transactions between the Credit Parties and their respective Affiliates, on the one hand, and the Administrative Agent, the Arranger and the Lenders, on the other hand, (B) each Credit Party has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each Credit Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent, the Arranger and each Lender is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for any Credit Party or any of its Affiliates, or any other Person and (B) none of the Administrative Agent, any Arranger or any Lender has any obligation to any Credit Party or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Arranger, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of Credit Parties and their Affiliates, and none of the Administrative Agent, the Arranger nor any Lender have any obligation to disclose any of such interests to the Credit Parties or any of their Affiliates. To the fullest extent permitted by law, the Credit Parties hereby waive and release any claims that they may have against the Administrative Agent and the Arranger with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Joint and Several Liability of the Borrowers. The obligations of the Credit Parties hereunder and under the other Loan Documents are joint and several. The obligations of the Credit Parties under the

Loan Documents may be enforced by the Administrative Agent and the other Secured Parties against any Credit Party or all Credit Parties in any manner or order selected by the Administrative Agent in its sole discretion. Each Credit Party hereby irrevocably waives (i) any rights of subrogation and (ii) any rights of contribution, indemnity or reimbursement, in each case, that it may acquire or that may arise against any other Credit Party due to any payment or performance made under this Agreement, in each case until all Obligations (other than unasserted contingent obligations) shall have been fully satisfied. Without limiting the foregoing provisions of this Section 10.18, each Credit Party acknowledges and agrees that:

its obligations under this Agreement shall remain enforceable against it even though such obligations may be unenforceable or not allowable against any other Credit Party due to the existence of any proceeding under any Debtor Relief Laws involving any other Credit Party;

its obligations under this Agreement are independent of the obligations of any other Credit Party, and a separate action or actions may be brought and prosecuted against it in respect of such obligations irrespective of whether any action is brought against any other Credit Party or any other Credit Party is joined in any such action or actions;

it hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

any lack of validity or enforceability of this Agreement or any agreement or instrument relating thereto in respect of any other Credit Party;

any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of any other Credit Party under or in respect of this Agreement, or any other amendment or waiver of or any consent to departure from this Agreement, in respect of any other Credit Party;

any change, restructuring or termination of the structure or existence of any other Credit Party;

the failure of any other Person to execute or deliver any other agreement or the release or reduction of liability of any other Person with respect to any obligations of the Credit Parties under this Agreement; or

any other circumstance (including any statute of limitations but other than the Obligations having been fully satisfied) or any existence of or reliance on any representation by any other Person that might otherwise constitute a defense available to, or a discharge of, any other Credit Party;

its obligations under this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any such obligations is rescinded or must otherwise be returned by any Person upon the institution of any proceeding under any Debtor Relief Laws of any other Credit Party, all as though such payment had not been made; and

it hereby unconditionally and irrevocably waives any right to revoke its joint and several liability under the Loan Documents and acknowledges that such liability is continuing in nature and applies to all obligations of the Credit Party under the Loan Documents, whether existing now or in the future.

[Remainder of this Page Left Intentionally Blank; Signature Pages Follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

BORROWERS:

BEBE STORES, INC., a California corporation

By: _ Name:
Title:

BB BAF INC., a Delaware corporation

By: _ Name:
Title:

BB BHF STORES LLC, a Delaware limited liability company

By: _ Name:
Title:

GUARANTORS:

BEBE MANAGEMENT, INC., a Virginia corporation

By: _ Name:
Title:

BEBE STORES (CANADA), INC., a California corporation

By: _ Name:
Title:

BEBE STUDIO, INC., a California corporation

By: _ Name:
Title:

BEBE STUDIO REALTY, LLC, a California limited liability company

By: _ Name:
Title:

ADMINISTRATIVE AGENT:

**CRYSTAL FINANCIAL LLC D/B/A SLR CREDIT
SOLUTIONS, as Administrative Agent**

By: Name:
Title:

LENDER:

CRYSTAL FINANCIAL SPV LLC, as a Lender

By: Name:
Title:

ANNEX B

EXHIBIT C AND EXHIBIT H TO CREDIT AGREEMENT

[see attached]