UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-39116

Katapult Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**81-4424170**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5204 Tennyson Parkway, Suite 500 **Plano, TX**	**75024**
(Address of principal executive offices)	(Zip Code)

(833) 528-2785
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.0001 per share	**KPLT**	The Nasdaq Stock Market LLC
Redeemable Warrants	**KPLTW**	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	x	Smaller reporting company	x
Emerging growth company	x		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares of the registrant's common stock outstanding as of May 8, 2023 was 99,561,148.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Form 10-Q") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve substantial risks and uncertainties. All statements other than statements of historical fact contained in this report, including statements regarding our opportunity, our future results of operations and financial condition, business strategy, and plans and objectives of management for future operations, are forward-looking statements. In some cases, forward-looking statements may be identified by words such as "anticipate," "assume" "believe," "continue," "could," "design," "estimate," "expect," "intend," "may," "plan," "potentially," "predict," "should," "will," "would," or the negative of these terms or other similar expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- executing on our business strategy, including launching new product offerings, new brand and expanding information and technology capabilities;
- our market opportunity and our ability to acquire new customers and retain existing customers;
- the timing and impact of our growth initiatives on our future financial performance and the impact of our new executive hires and brand strategy;
- anticipating the occurrence and timing of prime lending tightening and impact on our results of operations;
- customer adoption and continued growth of our mobile app featuring Katapult Pay;
- general economic conditions in the markets where we operate, the cyclical nature of consumer spending, and seasonal sales and spending patterns of customers;
- failure to realize the anticipated benefits of the business combination with FinServ Acquisition Corp.;
- factors affecting consumer spending that are not under our control, including, among others, levels of employment, disposable consumer income, inflation, prevailing interest rates, consumer debt and availability of credit, pandemics (such as COVID-19), consumer confidence in future economic conditions, political conditions, and consumer perceptions of personal well-being and security and willingness and ability of consumers to pay for the goods they lease through us when due;
- risks relating to uncertainty of our estimates of market opportunity and forecasts of market growth;
- risks related to the concentration of a significant portion of our transaction volume with a single merchant, or type of merchant or industry;
- the effects of competition on our future business;
- meeting future liquidity requirements and complying with restrictive covenants related to long-term indebtedness;
- the impact of unstable market and economic conditions such as rising inflation and interest rates;
- the impact of the COVID-19 pandemic and its effect on our business;
- reliability of our platform and effectiveness of our risk models;
- data security breaches or other information technology incidents or disruptions, including cyber-attacks, and the protection of confidential, proprietary, personal and other information, including personal data of consumers;
- attracting and retaining employees, executive officers or directors;
- effectively responding to general economic and business conditions;
- obtaining additional capital, including equity or debt financing and servicing our indebtedness;
- enhancing future operating and financial results;
- anticipating rapid technological changes;
- complying with laws and regulations applicable to our business, including laws and regulations related to rental purchase transactions;
- staying abreast of modified or new laws and regulations applying to our business, including with respect to rental purchase transactions and data privacy;
- maintaining relationships with merchants;
- responding to uncertainties associated with product and service developments and market acceptance;
- impacts from new U.S. federal income tax laws;

- identified material weaknesses in our internal control over financial reporting which, if not remediated, could affect the reliability of our consolidated financial statements;
- successfully defending litigation;
- litigation, regulatory matters, complaints, adverse publicity and/or misconduct by employees, vendors and/or service providers; and
- other events or factors, including those resulting from civil unrest, war, foreign invasions (including the conflict involving Russia and Ukraine), terrorism, or public health crises, or responses to such events.

Forward-looking statements are based on our management's beliefs and assumptions and on information currently available. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions, including risks described in the section titled "Risk Factors" and elsewhere in this Form 10-Q. Other sections of this Form 10-Q may include additional factors that could harm our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time, and it is not possible for our management to predict all risk factors nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in, or implied by, any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, achievements, events, or circumstances. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this report or to conform these statements to actual results or to changes in our expectations. You should read this Form 10-Q and the documents that we have filed as exhibits to this report with the understanding that our actual future results, levels of activity, performance, and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

Investors and others should note that we may announce material business and financial information to our investors using our investor relations website (ir.katapultholdings.com), our filings with the Securities and Exchange Commission, webcasts, press releases and conference calls. We use these mediums, including our website, to communicate with investors and the general public about our company, our products, and other issues. It is possible that the information that we make available on our website may be deemed to be material information. We therefore encourage investors and others interested in our company to review the information that we make available on our website. The contents of our website are not incorporated into this filing. We have included our investor relations website address only as an inactive textual reference and do not intend it to be an active link to our website

KATAPULT HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share and per share amounts)

	March 31, 2023	December 31, 2022
ASSETS	**(Unaudited)**	
Current assets:		
Cash and cash equivalents	$ 40,552	$ 65,430
Restricted cash	4,397	4,411
Property held for lease, net of accumulated depreciation and impairment (Note 3)	52,801	50,278
Prepaid expenses and other current assets	5,737	8,515
Total current assets	103,487	128,634
Property and equipment, net (Note 4)	514	557
Security deposits	91	91
Capitalized software and intangible assets, net (Note 5)	1,994	1,847
Right-of-use assets (Note 8)	674	772
Total assets	$ 106,760	$ 131,901
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,516	$ 1,264
Accrued liabilities (Note 6)	14,040	14,532
Term loan (Note 7)	—	25,000
Unearned revenue	2,002	1,552
Lease liabilities (Note 8)	343	382
Total current liabilities	17,901	42,730
Revolving line of credit (Note 7)	60,905	57,639
Term loan, non-current (Note 7)	22,811	23,057
Other liabilities	770	902
Lease liabilities, non-current (Note 8)	372	445
Total liabilities	102,759	124,773
STOCKHOLDERS' EQUITY		
Common stock, $.0001 par value-- 250,000,000 shares authorized; 99,561,148 and 98,585,563 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	10	10
Additional paid-in capital	89,781	83,794
Accumulated deficit	(85,790)	(76,676)
Total stockholders' equity	4,001	7,128
Total liabilities and stockholders' equity	$ 106,760	$ 131,901

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

KATAPULT HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (UNAUDITED)
(amounts in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2023	**2022**
Revenue		
Rental revenue	$ 54,724	$ 58,903
Other revenue	952	974
Total revenue	55,676	59,877
Cost of revenue	42,173	48,113
Gross profit	13,503	11,764
Operating expenses:		
Servicing costs	990	1,207
Underwriting fees	468	488
Professional and consulting fees	2,655	3,288
Technology and data analytics	1,665	2,410
Compensation costs	7,057	5,377
General and administrative	2,934	3,805
Total operating expenses	15,769	16,575
Loss from operations	(2,266)	(4,811)
Loss on partial extinguishment of debt	(2,391)	—
Interest expense and other fees	(5,189)	(4,282)
Interest income	620	—
Change in fair value of warrant liability	132	3,089
Loss before provision for income taxes	(9,094)	(6,004)
Provision for income taxes	20	35
Net loss	$ (9,114)	$ (6,039)
Net loss per share:		
Basic	$ (0.09)	$ (0.06)
Diluted	$ (0.09)	$ (0.06)
Weighted average shares used in computing net loss per share:		
Basic	99,328,542	97,873,452
Diluted	99,328,542	97,873,452

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

KATAPULT HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
(amounts in thousands, except share and per share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balances at December 31, 2022	98,585,563	$ 10	$ 83,794	$ (76,676)	$ 7,128
Issuance of warrants in connection with Credit Agreement amendment	—	—	4,060	—	4,060
Vesting of restricted stock units	1,251,503	—	—	—	—
Repurchases of restricted stock for payroll tax withholding	(275,918)	—	(163)	—	(163)
Stock-based compensation expense	—	—	2,090	—	2,090
Net loss	—	—	—	(9,114)	(9,114)
Balances at March 31, 2023	99,561,148	$ 10	$ 89,781	$ (85,790)	$ 4,001

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balances at December 31, 2021	97,574,171	$ 10	$ 77,632	$ (36,843)	$ 40,799
Impact of ASC 842 adoption	—	—	—	(1,962)	(1,962)
Stock options exercised	275,435	—	60	—	60
Vesting of restricted stock units	378,425	—	—	—	—
Repurchases of restricted stock for payroll tax withholding	(102,019)	—	(195)	—	(195)
Stock-based compensation expense	—	—	1,089	—	1,089
Net loss	—	—	—	(6,039)	(6,039)
Balances at March 31, 2022	98,126,012	$ 10	$ 78,586	$ (44,844)	$ 33,752

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

KATAPULT HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(amounts in thousands)

	Three Months Ended March 31,	
	2023	**2022**
Cash flows from operating activities:		
Net loss	$ (9,114)	$ (6,039)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	29,012	32,740
Net book value of property buyouts	6,452	10,020
Impairment expense	5,223	3,224
Change in fair value of warrant liability	(132)	(3,089)
Stock-based compensation	2,090	1,089
Loss on partial extinguishment of debt	2,391	—
Amortization of debt discount	1,093	1,018
Amortization of debt issuance costs, net	81	91
Accrued PIK interest	530	388
Amortization of right-of-use assets	98	89
Change in operating assets and liabilities:		
Property held for lease	(43,013)	(36,398)
Prepaid expenses and other current assets	2,778	1,849
Accounts payable	252	401
Accrued liabilities	(985)	(1,444)
Lease liabilities	(112)	(99)
Unearned revenues	450	(99)
Net cash (used in) provided by operating activities	(2,906)	3,741
Cash flows from investing activities:		
Purchases of property and equipment	(4)	(139)
Additions to capitalized software	(297)	(472)
Net cash used in investing activities	(301)	(611)
Cash flows from financing activities:		
Proceeds from revolving line of credit	4,350	—
Principal repayments on revolving line of credit	(872)	(13,224)
Principal repayment on term loan	(25,000)	—
Repurchases of restricted stock	(163)	(195)
Proceeds from exercise of stock options	—	60
Net cash used in financing activities	(21,685)	(13,359)
Net decrease in cash, cash equivalents and restricted cash	(24,892)	(10,229)
Cash, cash equivalents and restricted cash at beginning of period	69,841	96,431
Cash, cash equivalents and restricted cash at end of period	$ 44,949	$ 86,202
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 3,459	$ 2,588
Cash paid for income taxes	$ 2	$ —
Debt issuance costs included in accrued liabilities	$ 493	$ —
Issuance of warrants to purchase common stock in connection with debt refinancing	$ 4,060	$ —
Right-of-use assets obtained in exchange for operating lease liabilities	$ —	$ 1,139
Cash paid for operating leases	$ 129	$ 126

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

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Business— Katapult Holdings, Inc. ("Katapult" or the "Company"), is an e-commerce focused financial technology company offering e-commerce point-of-sale ("POS") lease-purchase options for non-prime US consumers. Katapult's fully-digital technology platform provides non-prime consumers with a flexible lease-purchase option to enable them to obtain durable goods from Katapult's network of e-commerce retailers. Katapult's end-to-end technology platform provides seamless integration with merchants.

Subsidiaries— The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Katapult Intermediate Holdings, LLC (formerly known as Keys Merger Sub 2, LLC), Katapult Group, Inc. and Katapult SPV-1 LLC. which originates all of the Company's leases.

Legacy Katapult was incorporated in Delaware in 2016 and changed its headquarters from New York, New York to Plano, Texas in December 2020. Katapult Group, Inc. was incorporated in the state of Delaware in 2012. Katapult SPV-1 LLC is a Delaware limited liability company formed in Delaware in 2019.

Basis of Presentation— The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") and the rules and regulations of the Securities and Exchange Commission ("SEC"). The condensed consolidated financial statements include the accounts of Katapult Holdings, Inc. and its wholly owned subsidiaries. In the opinion of management, all adjustments, of a normal recurring nature, considered necessary for a fair presentation have been included in these condensed consolidated financial statements.Certain prior period amounts of revenue have been reclassified for consistency with the current year presentation.

All intercompany balances and transactions have been eliminated in consolidation.

Correction of Prior Period Error

The Company corrected an immaterial error related to the amortization of debt discount in the three months ended March 31, 2022. The correction resulted in an increase of $481 in interest expense and other fees and a corresponding decrease to debt discount reflected in the term loan line item of the balance sheet which should have been recorded at March 31, 2022.

Risks and Uncertainties— The Company is subject to a number of risks including, but not limited to, the need for successful development of our growth strategies, the need for additional capital (or financing) to fund operating losses, competition from substitute products and services from larger companies, protection of proprietary technology, patent litigation, dependence on key individuals, and risks associated with changes in information technology.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates— The preparation of the condensed consolidated financial statements in accordance with US 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 income and expense during the reporting period. The most significant estimates relate to the selection of useful lives of property and equipment, the selection of useful lives for property held for lease and the related depreciation method, determination of fair value of stock option grants, the fair value of warrants, and the valuation allowance associated with deferred tax assets. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments when facts and circumstances dictate. These estimates are based on information available as of the date of the condensed consolidated financial statements; therefore, actual results could differ from those estimates.

Segment Information— Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is the chief executive officer. The Company has one business activity and there are no segment managers who are held accountable for operations, operating results and plans for levels or components below the consolidated unit level. Accordingly, the Company has one operating segment, and therefore, one reportable segment.

(amounts in thousands, except share and per share amounts)

Cash and Cash Equivalents— As of March 31, 2023 and December 31, 2022, cash consists primarily of checking and savings deposits. The Company holds certain cash equivalents, which consist of highly liquid investments with original maturities of three months or less at the time of purchase.

Restricted Cash— The Company classifies all cash whose use is limited by contractual provisions as restricted cash. Restricted cash as of March 31, 2023, December 31, 2022 and March 31, 2022 consists primarily of cash advanced from the lines of credit in Katapult SPV-1 LLC, which were established pursuant to various agreements for the purpose of funding and servicing originated leases. All of the Company's restricted cash is classified as current due to its short-term nature.

The reconciliation of cash and restricted cash is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Cash and cash equivalents	$ 40,552	$ 65,430	$ 80,625
Restricted cash	4,397	4,411	5,577
Total cash, cash equivalents and restricted cash	$ 44,949	$ 69,841	$ 86,202

Property Held for Lease, Net of Accumulated Depreciation and Impairment— Property held for lease consists of furniture, consumer electronics, appliances, and other durable goods offered for lease-purchase in the normal course of business. Such property is provided to consumers pursuant to a lease-purchase agreement with a minimum lease term; typically one week, two weeks, or one month. The renewal periods of the initial lease term of the agreement are typically 10, 12 or 18 months. Consumers may terminate a lease agreement at any time without penalty. The average consumer continues to lease the property for 7 months because the consumer either exercises the buyout (early purchase) options or terminates the lease purchase agreement prior to the end of the 10, 12 or 18 month renewal periods. As a result, property held for lease is classified as a current asset on the condensed consolidated balance sheets.

Property held for lease is carried at net book value. Depreciation for property held for lease is determined using the income forecasting method and is included within cost of revenue. Under the income forecasting method, property held for lease is depreciated in the proportion of rents received to total expected rents received based on historical data, which is an activity-based method similar to the units of production method. The Company provides for impairment for the undepreciated balance of the property held for lease assuming no salvage value with a corresponding charge to cost of revenue. Impairment expense includes expense related to property identified as impaired based on historical data, including default trends, such that the recorded amount closely approximates actual impairment expense incurred during the period. The Company derecognizes the undepreciated net book value of property buyouts as buyouts occur with a corresponding charge to cost of revenue. The Company periodically evaluates fully depreciated property held for lease, net. When it is determined there is no future economic benefit, the cost of the assets are written off and the related accumulated depreciation is reversed.

Property and Equipment, Net— Property and equipment other than property held for lease are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method and are recorded in general and administrative expense over the estimated useful lives of the assets. The estimated useful lives of property and equipment are described below:

Property and Equipment	Useful Life
Computer, office and other equipment	5 years
Computer software	3 years
Furniture and fixtures	7 years
Leasehold improvements	Shorter of estimated useful life or remaining lease term

Capitalized Software— The Company capitalizes certain development costs incurred in connection with its internal use software. Costs incurred in the preliminary stages of development are expensed as incurred. Capitalization of costs begins when the preliminary project stage is completed, and it is probable that the project will be completed and used for its intended function. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional features and functionality. Maintenance costs are expensed as incurred. Internal use software is amortized on a straight-line basis over its estimated useful life, generally three years. Capitalized software cost is included within the Capitalized software and intangible assets, net line item of the condensed consolidated balance sheets.

Amortization of capitalized software is included in general and administrative on the condensed consolidated statements of operations and comprehensive loss.

Debt Issuance Costs— Costs incurred in connection with the issuance of the Company's revolving line of credit ("RLOC") and Term Loan have been recorded as a direct reduction against the debt and amortized over the life of the associated debt as a component of interest expense. The amortization of the Term Loan issuance costs utilizes the effective interest method, and the amortization of the RLOC debt issuance costs utilizes the straight-line method, which is not materially different compared to the effective interest method. The amortization of debt issuance costs is recorded and included in interest expense and other fees on the condensed consolidated statement of operations and comprehensive (loss) income.

Impairment of Long-Lived Assets— The Company assesses long-lived assets for impairment in accordance with the provisions of ASC 360, Property, Plant and Equipment. Long-lived assets, such as intangible assets and property and equipment, are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of the asset. The amount of impairment loss, if any, is measured as the difference between the carrying value of the asset and its estimated fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment charges have been recorded during the three months ended March 31, 2023 or 2022, respectively.

Rental Revenue— Property held for lease is leased to customers pursuant to lease purchase agreements with an initial term: typically one week, two weeks, or one month, with non-refundable lease payments. Generally, the customer has the right to acquire title either through a 90-day promotional pricing option, an early purchase option (buyout) available prior to completion of the full agreement, or by completing all lease renewal payments, generally 10 to 18 months. On any current lease, customers have the option to terminate the agreement at any time without penalty in accordance with lease term. Accordingly, lease-purchase agreements are accounted for as operating leases with lease revenues recognized in the period they are earned and cash is collected. Amounts received from customers who elect early purchase options (buyouts) are included in rental revenue. Lease payments received prior to their due dates are deferred and recorded as unearned revenue and are recognized as rental revenue in the month in which the revenue is earned. Rental revenue also includes agreed-upon charges assessed for customer lease applications. Payments are received upon submission of the applications and execution of the lease-purchase agreements. Services are considered to be rendered and revenue earned over the initial lease term. Revenues from leases are reported net of sales taxes.

Other Revenue— Other revenue consists primarily of asset sales revenue related to the sale of property held for lease. During the three months ended March 31, 2023, the Company continued to advance its strategy to focus on additional opportunities to generate revenue, which includes the sale of property held for lease to third parties. The sale of property held for lease is now considered recurring and ordinary in nature to the Company's business. As such, these sales are accounted for within the scope of ASC 606, Revenue from Contracts with Customers. Revenue is recognized when a performance obligation is satisfied by transferring control over an asset to a customer. Revenue is recorded with corresponding costs of revenue, presented on a gross basis. Revenue from sales of property held for lease during the three months ended March 31, 2023 and 2022 were $952 and $974, respectively.

Stock-Based Compensation— The Company measures and records compensation expense related to stock-based awards based on the fair value of those awards as determined on the date of the grant. The Company recognizes stock-based compensation expense over the requisite service period of the individual grant, generally equal to the vesting period and uses the straight-line method to recognize stock-based compensation. The Company uses the Black-Scholes-Merton ("Black-Scholes") option-pricing model to determine the estimated fair value of stock option awards. The Black-Scholes option-pricing model requires estimates of highly subjective assumptions, which affect the fair value of each stock option. Forfeitures are accounted for as they are incurred.

The Company calculates the fair value of stock options granted to employees by using the following assumptions:

Expected Volatility—The Company estimates volatility for stock option grants by evaluating the average historical volatility of a peer group of companies for the period immediately preceding the stock option grant for a term that is approximately equal to the stock options' expected term.

Expected Term—The expected term of the Company's stock options represents the period that the stock-based awards are expected to be outstanding. The Company has elected to use the midpoint of the stock options vesting term and contractual expiration period to compute the expected term, as the Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior.

Risk-Free Interest Rate—The risk-free interest rate is based on the implied yield currently available on US Treasury zero-coupon issues with a term that is equal to the stock options' expected term at the grant date.

Dividend Yield—The Company has not declared or paid dividends to date and does not anticipate declaring dividends. As such, the dividend yield has been estimated to be zero.

Income Taxes—The Company accounts for income taxes under the asset and liability method pursuant to ASC 740, *Income Taxes*. Under this method, the Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the condensed consolidated financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax basis of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that the Company would be able to realize deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes. The Company remains in a cumulative tax loss position for the 36 months ended March 31, 2023, and determined that it is more likely than not that its net deferred tax assets will not be realized. The Company continues to maintain a full valuation allowance as of March 31, 2023 and December 31, 2022.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The Company recognizes interest and penalties related to unrecognized tax benefits in the income tax expense line in the accompanying condensed consolidated statement of operations and comprehensive (loss) income. As of March 31, 2023 and December 31, 2022, no accrued interest or penalties are included on the related tax liability line in the condensed consolidated balance sheets.

Net (Loss) Income Per Share– The Company calculates basic and diluted net (loss) income per share attributable to common stockholders using the two-class method required for companies with participating securities.

Under the two-class method, basic net (loss) income per share available to stockholders is calculated by dividing the net (loss) income available to stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net (loss) income per share available to stockholders is computed by giving effect to all potentially dilutive common stock equivalents outstanding for the period. In periods in which the Company reports a net loss available to stockholders, diluted net loss per share available to stockholders would be the same as basic net loss per share available to stockholders, since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive. The Company reported net loss available to common shareholders during the three months ended March 31, 2023 and 2022, respectively.

Fair Value Measurements- Fair value accounting is applied for all assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis (at least annually). Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company follows the established framework for measuring fair value.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1—Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities.

Level 3—Inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The Company's financial instruments consist of accounts payable, accrued expenses, warrant liability, RLOC, and Term Loan. Accounts payable and accrued expenses are stated at their carrying value, which approximates fair value due to the short time to the expected receipt or payment date. The condensed consolidated financial statements also include fair value level 3 measurements of private common stock warrants. The Company uses a third-party valuation firm to determine the fair value of certain of the Company's financial instruments. Refer to Note 13 for discussion of fair value measurements.

Concentrations of Credit Risk—Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company's cash balances exceed those that are federally insured. To date, the Company has not recognized any losses caused by uninsured balances.

Significant customers are those which represent more than 10% of the Company's total revenue or gross accounts receivable balance at each balance sheet date. During the three months ended March 31, 2023 and 2022, the Company did not have any customers that accounted for 10% or more of total revenue. As of December 31, 2022, the Company also did not have any customers that accounted for 10% or more of outstanding gross accounts receivable.

A significant portion of the Company's transaction volume is with a limited number of merchants, including most significantly, Wayfair Inc.

Recently Adopted Accounting Pronouncements— In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform* (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides temporary optional expedients and exceptions to the U.S. GAAP guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. This ASU is effective for all entities beginning as of its date of effectiveness, March 12, 2020. In December 2022, the FASB issued ASU 2022-06, *Reference Rate Reform* (Topic 848): *Deferral of the Sunset Date of Topic 848* which deferred the sunset date of ASC 848 until December 31, 2024. This ASU did not have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), as *amended* ("ASU 2016-02"). Under ASU 2016-02, adoption requires the use of a modified retrospective transition method to measure leases at the beginning of the earliest period presented in the consolidated financial statements. In July 2018, the FASB issued ASU 2018-11 *Leases*, allowing companies to apply a transition method for adoption of the new standard as of the adoption date, with recognition of any cumulative effects as adjustments to the opening balance of retained earnings in the period of adoption. We have elected the transition method under ASU 2018-11 upon adoption of the new standard. The Company's lease-to-own agreements, which comprise the majority of our annual revenue, fall within the scope of ASU 2016-02 under lessor accounting. As a result, the Company recognizes revenue from customers when the revenue is earned and cash is collected. The Company no longer records accounts receivable arising from lease receivables due from customers incurred during the normal course of business for lease payments earned but not yet received from the customer or any corresponding allowance for doubtful accounts.

Under ASU 2016-02 lessees are required to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease measured on a discounted basis, and a right-of-use asset ("ROU"), which is an asset that represents the lessee's right to control the use of an identified asset for the lease term, at the commencement date for all leases with a term greater than one year. As a lessee, the Company recognizes a ROU asset and lease liability for these operating lease contracts within the condensed consolidated balance sheet. As of January 1, 2022, the Company recorded $1,240 for lease liabilities and a $1,139 for ROU assets. The Company is also affected by the requirement under the new standard to determine whether impairment indicators exist for the ROU at the asset or asset group level. If impairment indicators exist, a recoverability test is performed to determine whether an impairment loss exists. In accordance with the transition guidance for the new standard the Company is required to determine if an impairment loss exists immediately prior to the date of adoption. The Company does not believe any impairment indicators exist as it relates to our operating leases. In June 2020, the FASB issued ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) – *Effective Dates for Certain Entities* ("ASU 2020-05"), which defers the effective date of ASU 2016-02 for private entities to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Company adopted the new standard on

(amounts in thousands, except share and per share amounts)

January 1, 2022, in accordance with adoption dates provided by the FASB applicable to us under our emerging growth company status.

Recent Accounting Pronouncements Not Yet Adopted — The Company has reviewed all other recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a material impact to its consolidated financial statements.

3. PROPERTY HELD FOR LEASE, NET OF ACCUMULATED DEPRECIATION AND IMPAIRMENT

Property held for lease, net of accumulated depreciation and impairment consists of the following:

	March 31, 2023	December 31, 2022
Property held for lease	$ 178,050	$ 289,800
Less: accumulated depreciation and impairment	(125,249)	(239,522)
Property held for lease, net	$ 52,801	$ 50,278

Total depreciation expense related to property held for lease, net for the three months ended March 31, 2023 and 2022, was $28,815 and $32,618, respectively.

Net book value of property buyouts for the three months ended March 31, 2023 and 2022, was $6,452 and $10,020, respectively.

Total impairment charges related to property held for lease, net for the three months ended March 31, 2023 and 2022, was $5,223 and $3,224, respectively.

Depreciation expense, net book value of property buyouts and impairment charges are included within cost of revenue in the condensed consolidated statement of operations and comprehensive (loss) income.

Substantially all property held for lease, net is on-lease as of March 31, 2023 and December 31, 2022.

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	March 31, 2023	December 31, 2022
Computer, office and other equipment	$ 817	$ 813
Computer software	80	80
Furniture and fixtures	100	100
Leasehold improvements	252	252
	1,249	1,245
Less: accumulated depreciation	(735)	(688)
Property and equipment, net	$ 514	$ 557

Total depreciation expense related to property and equipment, net was $47 and $45 for the three months ended March 31, 2023 and 2022, respectively.

(amounts in thousands, except share and per share amounts)

5. CAPITALIZED SOFTWARE AND INTANGIBLE ASSETS, NET

Capitalized software and intangible assets, net consists of the following:

	March 31, 2023	December 31, 2022
Capitalized software	$ 2,887	$ 2,591
Domain name	16	16
	2,903	2,607
Less: accumulated amortization	(909)	(760)
Capitalized software and intangible assets, net	$ 1,994	$ 1,847

Total amortization expense for capitalized software and intangible assets was $150 and $75 for the three months ended March 31, 2023 and 2022, respectively.

The following table summarizes estimated future amortization expense of capitalized software and intangible assets, net for the years ending December 31:

2023 (remaining nine months)	$ 582
2024	586
2025	190
2026	1
	$ 1,359

As of March 31, 2023 and December 31, 2022, $619 and $398 of capitalized software was not yet placed in service, respectively.

6. OTHER ACCRUED LIABILITIES

Accrued liabilities consists of the following:

	March 31, 2023	December 31, 2022
Bonus accrual	$ 1,130	$ 2,376
Sales tax payable	5,666	5,582
Unfunded lease payable	3,424	4,159
Interest payable	99	118
Other accrued liabilities	3,721	2,297
Total accrued liabilities	$ 14,040	$ 14,532

7. DEBT

On May 14, 2019, the Company entered into a Loan and Security Agreement (as amended the “Credit Agreement”) with respect to the RLOC, which resulted in an initial commitment amount of $50,000, with the lenders having the right to increase to a maximum of $150,000 commitment over time. The RLOC is subject to certain covenants and originally had an 85% advance rate on eligible accounts receivable, which was increased to 90% during March 2020. The annual interest rate on the principal was LIBOR plus 7.5% per annum. There was a 2% floor on LIBOR. As of March 31, 2023, total borrowings outstanding on the RLOC were $61,476 less issuance costs of $571, netting to a total of $60,905. As of December 31, 2022, the total outstanding on the RLOC was $57,998 less issuance costs of $359, netting a total of $57,639. The issuance costs are amortized over the life of the RLOC and included in interest expense and other fees. On September 28, 2020, the lender exercised their right to increase the maximum commitment to a total of $125,000. On December 4, 2020, the Company entered into the ninth amendment to the Credit Agreement which provided the lenders with the right to increase the revolving commitment amount from $125,000 to $250,000. Pursuant to the ninth amendment to the Credit Agreement, the lenders also provided the Company with a senior secured term loan (the “Term Loan”) commitment of up

(amounts in thousands, except share and per share amounts)

to $50,000. The Company drew down the full $50,000 of the Term Loan on December 4, 2020. The Term Loan bears interest at one-month LIBOR plus 8% per annum, (with a 1% floor on the LIBOR Rate). The interest rate for paid-in-kind ("PIK") interest on the Term Loan (as defined in the Credit Agreement) is (A) if Liquidity is greater than $50,000, 4.5% or (B) if Liquidity is less than $50,000, 6%.

The RLOC and Term Loan are also subject to certain customary representations, affirmative covenants, which consist of maintaining lease performance metrics, financial ratios related to operating results, and lease delinquency ratios, along with customary negative covenants.

The Credit Agreement also requires the Company to maintain the financial covenants with respect to Minimum Adjusted EBITDA (as defined in the Credit Agreement), Minimum Tangible Net Worth, Minimum Liquidity and compliance with the Total Advance Rate (as defined in the Credit Agreement).

On March 14, 2022, the Company entered into the 13th amendment to the Credit Agreement to amend the number of times the Company can cure a default with respect to compliance with the total advance rate covenant from two to five.

On May 9, 2022, the Company entered into the 14th amendment to the Credit Agreement, which amended the Credit Agreement for certain financial covenants including, the minimum Adjusted EBITDA thresholds, Minimum Tangible Net Worth, Minimum Liquidity and compliance with a Total Advance Rate. In addition, the limitation on the number of times the Company can cure a breach of its Total Advance Rate covenant by depositing funds into a reserve bank account was eliminated.

On March 6, 2023, the Company entered into the 15th amendment to the Credit Agreement. As part of the amendment, the maturity date of the RLOC and the Term Loan was extended to June 4, 2025 and the commitments under the RLOC were reduced to $75,000 from $125,000. The spread above the benchmark rate on the RLOC was increased to 8.5% from 7.5%, while the spread above the benchmark rate on the Term Loan remained at 8%. Additionally, effective April 1, 2023, the benchmark rate underlying the annual interest rate on both the RLOC and the Term Loan was changed from the one month LIBOR rate to one month term SOFR rate.

In connection with the 15th amendment to the Credit Agreement, the Company repaid $25,000 of outstanding principal amount of the Term Loan and issued a warrant to purchase up to 2,000,000 shares of the Company common stock at an exercise price of $0.01 per share, which vests upon the earliest to occur of September 6, 2023 or a Change of Control. In addition, under the terms of the Credit Agreement, the Company may be required to grant an additional 2,000,000 shares of common stock at the same exercise price under the warrant agreement if any amount of the principal balance of the Term Loan remains outstanding upon the earlier to occur of (i) December 5, 2023, (ii) an Acquisition of the Company, and (iii) an Event of Default occurs under the Credit Agreement prior to December 5, 2023. If issued, such shares will become vested upon the first to occur of (i) three months after the grant date or (ii) an Acquisition of the Company. In conjunction with the 15th amendment to the Credit Agreement, the Company incurred a loss on partial extinguishment of debt of $2,391 for the three months ended March 31, 2023. The loss on partial extinguishment of debt is attributed to the derecognition of a proportionate amount of the unamortized debt discount, a result of repaying the $25,000 of outstanding principal on the Term Loan.

In addition, the 15th amendment also updated certain financial covenants, including the Minimum Adjusted EBITDA levels, Minimum Tangible Net Worth, Minimum Liquidity and compliance with a Total Advance Rate. As of March 31, 2023 and December 31, 2022, the Company was in compliance with all covenants.

A reconciliation of the outstanding principal to the carrying amount of the Term Loan is as follows:

	March 31, 2023	December 31, 2022
Outstanding principal	$ 25,000	$ 50,000
PIK	4,315	3,785
Debt discount	(6,504)	(5,728)
Total carrying amount	$ 22,811	$ 48,057

Total amortization expense related to the Term Loan discount was $1,093 and $1,018 for the three months ended March 31, 2023 and 2022, respectively. Amortization of debt issuance costs is shown within interest expense and other fees on the condensed consolidated statements of operations and comprehensive loss.

(amounts in thousands, except share and per share amounts)

8. LEASES

Lessor Information— Refer to Note 2 to these condensed consolidated financial statements for further information about the Company's revenue generating activities as a lessor. All of the Company's customer agreements are considered operating leases.

Lessee Information— The Company determines if a contract contains a lease at inception. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date of the lease based on the present value of lease payments over the lease term. The Company uses the incremental borrowing rate to determine the present value of lease payments, as the implicit rate is not readily determinable. The ROU asset also includes any lease payments made. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company leases office space in Plano, TX and New York, NY under operating leases with a non-cancelable lease term which end in August 2023 and June 2025, respectively. Lease expenses are included in general and administrative expenses on the condensed consolidated statement of operations and comprehensive (loss) income. The following is a schedule of future minimum lease payments required under the non-cancelable leases as of March 31, 2023, reconciled to the present value of operating lease liabilities:

Years Ending December 31,		
2023 (remaining 9 months)	$	327
2024		334
2025		170
Total future minimum lease payments	$	831
Less: Interest		(116)
Total present value of lease liabilities	$	715

Lease Liabilities— Lease liabilities as of March 31, 2023, consist of the following:

Current portion of lease liabilities	$	343
Long-term lease liabilities, net of current portion		372
Total lease liabilities	$	715

Rent expense for operating leases for the three months ended March 31, 2023 and 2022 were $134 and $135, respectively. As of March 31, 2023, the Company had a weighted average remaining lease term of 2.07 years and a weighted average discount rate of 9.25%.

9. STOCK-BASED COMPENSATION

The Company has two stock incentive plans, the Cognical Holdings, Inc. 2014 Stock Incentive Plan, (the "**2014 Plan**") and the Katapult Holdings, Inc. 2021 Stock Incentive Plan, (the "**2021 Plan**").

2014 Plan

In accordance with the 2014 Plan, the board of directors of Legacy Katapult could grant equity awards to officers, employees, directors and consultants for common stock. There were no stock options or other equity awards granted to non-employees during 2023 and 2022. The 2014 Plan has specific vesting for each stock option grant allowing vesting of the options over one to four years. No new equity awards are being granted under the 2014 Plan. No awards have been granted under the 2014 Plan since October 2020.

Stock Options

A summary of the status of the stock options under the 2014 Plan as of March 31, 2023, and changes during the three months then ended is presented below:

(amounts in thousands, except share and per share amounts)

	Number of Shares	Weighted- Average Exercise Price	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance - December 31, 2022	8,071,384	$ 0.30	6.32	$ 5,479
Granted	—	—		
Exercised	—	—		
Forfeited	(3,905)	3.50		
Balance - March 31, 2023	8,067,479	0.30	6.08	$ 1,605
Exercisable - March 31, 2023	8,065,212	0.29	6.08	$ 1,605
Unvested - March 31, 2023	2,267	3.50	7.54	$ —

No stock options were exercised during the three months ended March 31, 2023. The total intrinsic value of stock options exercised during the three months ended March 31, 2022 was $602.

As of March 31, 2023, total compensation cost not yet recognized related to unvested stock options was $10, which is expected to be recognized over a period of 1.13 years.

2021 Plan

On June 9, 2021, the 2021 Plan, which was approved by the board of directors and stockholders, became effective.

In accordance with the 2021 Plan, directors may issue equity awards, including restricted stock awards ("RSA"), restricted stock unit awards ("RSU") and stock options to officers, employees, directors and consultants to purchase common stock. The awards granted are subject to either service-based and/or performance-based vesting conditions. Awards granted under the 2021 Plan generally vest over one to four years depending upon the grantee.

Stock Options

A summary of the status of the stock options under the 2021 Plan as of March 31, 2023, and changes during the three months then ended is presented below:

	Number of Shares	Weighted- Average Exercise Price	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance - December 31, 2022	346,603	$ 10.45	8.50	$ —
Granted	—	—		
Exercised	—	—		
Forfeited	—	—		
Balance - March 31, 2023	346,603	10.45	8.25	$ —
Exercisable - March 31, 2023	202,185	10.45	8.25	$ —
Unvested - March 31, 2023	144,418	$ 10.45	8.25	$ —

As of March 31, 2023, total compensation cost not yet recognized related to unvested stock options was $869, which is expected to be recognized over a period of 1.63 years.

No stock options were granted under the 2021 Plan during the three months ended March 31, 2023.

Restricted Stock Units

Restricted stock units ("RSUs") are equity awards granted to employees that entitle the holder to shares of common stock when the awards vest. RSUs are measured based on the fair value of the Company's common stock on the date of grant.

(amounts in thousands, except share and per share amounts)

A summary of the status of the RSUs under the 2021 Plan as of March 31, 2023, and changes during the three months then ended is presented below:

	Number of RSUs	Weighted Average Grant Date Fair Value
Outstanding - December 31, 2022	6,141,114	$ 2.38
Granted	466,610	0.98
Vested	(1,251,503)	2.29
Forfeited	(508,812)	2.34
Outstanding - March 31, 2023	4,847,409	$ 2.29

Stock-Based Compensation Expense— Stock-based compensation expense was $2,090 and $1,089 for three months ended March 31, 2023 and 2022, respectively. Stock-based compensation expense is included in compensation costs.

As of March 31, 2023, there was approximately $9,174 of unrecognized compensation costs related to unvested RSUs. This amount is expected to be recognized over a weighted-average period of 1.33 years. The total fair value of vested RSUs as of their respective vesting dates were $576.

10. INCOME TAXES

For the three months ended March 31, 2023 and 2022, the Company recorded an income tax provision of $20 and $35, respectively. The provisions for the three months ended March 31, 2023 and 2022 relates predominately to state income taxes due to the Company's estimated taxable income for the year. Taxable income is expected to be generated in certain states where accelerated federal tax depreciation is disallowed. The Company's effective tax rate for the three month period ended March 31, 2023 and 2022 is different than the statutory rate primarily due to changes in the Company's valuation allowance.

As of December 31, 2022, the Company had U.S. federal net operating loss carryforwards of $134,100 that will begin to expire in 2032 and includes $98,400 that have an unlimited carryforward period. As of December 31, 2022, the Company has U.S. state and local net operating loss carryforwards of $86,000 that will begin to expire in 2023.

In evaluating its ability to realize its net deferred tax assets, the Company considered all available positive and negative evidence, such as past operating results, forecasted earnings, prudent and feasible tax planning strategies, and the future realization of the tax benefits of existing temporary differences. The Company remains in a cumulative tax loss position for the 36 months ended March 31, 2023, and determined that it is more likely than not that its net deferred tax assets will not be realized. The Company continues to maintain a full valuation allowance as of March 31, 2023 and December 31, 2022. It is possible that the Company will achieve profitability to enable the release of some or all of its valuation allowance in the future.

11. NET LOSS PER SHARE

The following table sets forth the computation of net loss per common share:

(amounts in thousands, except share and per share amounts)

	Three Months Ended March 31,	
	2023	**2022**
Net loss per share		
Numerator		
Net loss	$ (9,114)	$ (6,039)
Denominator		
Denominator for basic net loss per weighted average common shares	99,328,542	97,873,452
Net loss per common share		
Basic	$ (0.09)	$ (0.06)
Diluted	$ (0.09)	$ (0.06)

As discussed in Note 7, the Company issued a warrant to purchase up to 2,000,000 shares of the Company common stock at an exercise price of $0.01 per share, which vests upon the earliest to occur of September 6, 2023 or a Change of Control. In addition, under the terms of the Credit Agreement, the Company may be required to grant an additional 2,000,000 shares of common stock at the same exercise price under the warrant agreement if any amount of the principal balance of the Term Loan remains outstanding upon the earlier to occur of (i) December 5, 2023, (ii) an Acquisition of the Company, and (iii) an Event of Default occurs under the Credit Agreement prior to December 5, 2023. If issued, such shares will become vested upon the first to occur of (i) three months after the grant date or (ii) an Acquisition of the Company. The warrant was considered exercisable for 2,000,000 shares for little to no consideration and the shares are therefore included in basic shares outstanding at their issuance date. The additional 2,000,000 warrants were excluded as the contingency associated with their issuance has not been met.

The Company's potentially dilutive securities, which include unvested RSUs, stock options to purchase common stock and warrants to purchase common stock, have been excluded from the computation of diluted net loss per share for certain periods, as the effect would be antidilutive. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share is the same in periods of a net loss. The Company excluded the following potential common shares, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

	Three Months Ended March 31,	
	2023	**2022**
Public warrants	12,500,000	12,500,000
Private warrants	332,500	332,500
Stock options	8,414,082	8,442,265
Unvested restricted stock units	4,847,409	6,274,361
Issuance of common stock upon exercise of warrants	2,000,000	—
Total common stock equivalents	28,093,991	27,549,126

12. COMMITMENTS AND CONTINGENCIES

Litigation risk— From time to time, the Company may become involved in various legal actions arising in the ordinary course of business. Management is of the opinion that the ultimate liability, if any, from these actions will not have a material effect on its financial condition or results of operations. The Company is not currently aware of any indemnification or other claims, except as discussed below and has not accrued any liabilities related to such obligations in the condensed consolidated financial statements as of March 31, 2023 and December 31, 2022.

Except as set forth below, the Company and its subsidiaries are not a party to, and their properties are not the subject of, any material pending legal proceedings.

DCA Litigation

On April 9, 2021, Daiwa Corporate Advisory LLC (formerly known as DCS Advisory LLC) ("DCA"), a financial advisory firm, served the Company with a summons and a complaint filed in the Supreme Court of the State of New York, New York County, in a matter bearing the index number 652164/2021. The complaint relates to a March 22, 2018 letter agreement (the "Letter Agreement") entered into by DCA and Legacy Katapult. Among other things, DCA alleges that the Letter Agreement confers upon DCA (i) a right to act as the "exclusive financial advisor" with respect to certain transactions defined in the Letter Agreement, (ii) a right to a "Placement Fee" and/or "mutually-agreed upon fees" in connection with such advisory roles, and (iii) a right to a $100 termination fee payable in certain circumstances by the Company in the event that the Company terminated the Letter Agreement. For its first cause of action, DCA alleges that the Company "breached the Letter Agreement by failing and/or refusing to extend to DCA the opportunity to exercise its right of first refusal in connection with" certain transactions and the PIPE Investment. DCA seeks "damages in an amount to be determined at trial" with respect to this first cause of action. For its second cause of action, DCA alleges that, assuming the Company properly terminated the Letter Agreement in April 2019 (which DCA disputes), the Company, Inc. "also breached the Letter Agreement by failing to pay DCA a termination fee when it terminated the Letter Agreement." DCA seeks "damages in an amount to be determined at trial, but no less than $100," with respect to this second cause of action. With respect to both causes of action, DCA also seeks attorneys' fees and costs pursuant to the Letter Agreement, an award of pre- and- post -judgment interest, and such other and further relief as the Court deems just and proper.

On May 24, 2021, the Company filed its answer to the complaint and also asserted counterclaims against DCA for breach of contract and for breach of the duty of good faith and fair dealing. In connection with its counterclaims, the Company is seeking damages in the amount of approximately $10,600, as well as attorneys' fees and costs. The Company disputes the allegations in DCA's complaint and intends to vigorously defend against the claims.

On July 29, 2021, the court entered a Preliminary Conference Order, which was subsequently amended on September 13, 2021, October 25, 2021, and June 27, 2022. Pursuant to the October 25, 2021 scheduling order, fact discovery was completed on June 24, 2022. On August 8, 2022, DCA filed its Note of Issue, stating that its damages demand is $18,394, plus attorneys' fees and costs. On September 12, 2022, DCA filed a motion seeking summary judgment as to both of its claims, and on September 13, 2022, the Company filed a motion seeking summary judgment as to DCA's first cause of action. The parties filed opposition briefs on October 7, 2022. This matter went to mediation in January 2023 and is still in process.

Shareholder Litigation

On August 27, 2021, a putative class action lawsuit was filed in the U.S. District Court for the Southern District of New York against Katapult Holdings, Inc., two officers of FinServ, one of whom is a current Company director, and two officers of Legacy Katapult, both of whom are current Company officers. The lawsuit is captioned McIntosh v. Katapult Holdings, Inc., et al. On May 26, 2022, the Court appointed a lead plaintiff, who, on July 29, 2022, filed an amended complaint in the action. The amended complaint asserts violations of Sections 10(b), 14(a), and 20(a) of the Securities Exchange Act of 1934, and seeks an unspecified amount of damages on behalf of persons and entities that (a) beneficially owned and/or held FinServ common stock as of the close of business on May 11, 2021 and were eligible to vote at FinServ's June 7, 2021 special meeting (the "FinServ Putative Class"); or (b) purchased or otherwise acquired Katapult securities between June 15, 2021 and August 9, 2021, inclusive (the "Katapult Putative Class"). The amended complaint alleges that certain defendants misled the FinServ Putative Class by failing to disclose that prime lenders could and would reach down the credit waterfall and take Katapult's customers. The amended complaint further alleges that certain defendants misled the Katapult Putative Class by providing materially false and misleading financial guidance. The Company and the other defendants filed amended complaints on November 4, 2022. On January 9, 2023, the Company filed a motion to dismiss. In March 2023 the Plaintiffs filed opposition briefs and the Company replied in April 2023. The Company is currently waiting for response from the Court. The Company and the other defendants intend to vigorously defend against the claims in this action.

The Company has not recorded any loss or gain contingencies associated with these matters as it is not probable or reasonably estimable at March 31, 2023.

13. FAIR VALUE MEASUREMENTS

The Company's financial instruments consist of its warrant liability, RLOC, and Term Loan.

The estimated fair value of the Company's RLOC and Term Loan were as follows:

(amounts in thousands, except share and per share amounts)

	March 31, 2023			December 31, 2022		
	Principal amount	Carrying amount	Fair value	Principal amount	Carrying amount	Fair value
RLOC	$ 61,476	$ 60,905	$ 63,666	$ 57,998	$ 57,639	$ 58,708
Term Loan	29,315	22,811	32,613	53,785	48,057	56,828
	$ 90,791	$ 83,716	$ 96,279	$ 111,783	$ 105,696	$ 115,536

The estimated fair values of the Company's RLOC, and Term Loan were determined using Level 2 inputs based on an estimated credit rating for the Company and the trading value of debt for similar debt instruments with similar credit ratings.

There were no assets measured at fair value on a recurring basis as of March 31, 2023 or December 31, 2022. Liabilities measured at fair value on a recurring basis were as follows:

	March 31, 2023			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Warrant liability - Public & Private Warrants	$ 770	$ 750	$ —	$ 20
Total Other Liabilities	$ 770	$ 750	$ —	$ 20

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Liabilities:				
Warrant liability - Public & Private Warrants	$ 902	$ 875	$ —	$ 27
Total Other Liabilities	$ 902	$ 875	$ —	$ 27

During the three months ended March 31, 2023 and 2022, there were no transfers between Level 1 and Level 2, nor into or out of Level 3.

The following table summarizes the activity for the Company's Level 3 liabilities measured at fair value on a recurring basis:

	Warrant Liability
Balance at December 31, 2022	$ 902
Changes in fair value	(132)
Balance at March 31, 2023	$ 770

14. SUBSEQUENT EVENTS

The Company evaluated subsequent events from March 31, 2023, the date of these condensed consolidated financial statements, through May 11, 2023, which represents the date the condensed consolidated financial statements were issued, for events requiring adjustment to or disclosure in these condensed consolidated financial statements. Except as disclosed below, there are no events that require adjustment to or disclosure in these condensed consolidated financial statements.

On April 21, 2023, the Company received a letter from the Listing Qualifications Department of Nasdaq notifying the Company that, for the prior 30 consecutive business days, the closing bid price for the Company's common stock, was below $1.00 per share, which is the minimum closing bid price required for continued listing on The Nasdaq Capital Market pursuant to Nasdaq Listing Rule 5450(a)(1). This Notice was a notice of deficiency, not delisting, and had no

immediate effect on the listing of the Company's Common Stock, and the Company's Common Stock continues to trade on The Nasdaq Capital Market under the symbol "KPLT".

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless the context otherwise requires, all references in this section to "we," "us," "our," the "Company", or "Katapult" refer to Katapult Holdings, Inc and its subsidiaries.

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including those set forth in Part II, Item 1A, "Risk Factors," and "Special Note Regarding Forward-Looking Statements" included elsewhere in this Quarterly Report. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited financial statements and related notes included on our Annual Report on Form 10-K filed with the SEC on March 9, 2023. All dollar amounts are in thousands, unless otherwise specified.

Overview

We are a technology driven lease-to-own platform that integrates with omnichannel retailers and e-commerce platforms to power the purchasing of everyday durable goods for underserved U.S. non-prime consumers. Through our point-of-sale ("POS") integrations and innovative mobile app featuring Katapult Pay, consumers who may be unable to access traditional financing can shop a growing network of our merchants.

Key factors and trends impacting our business are as follows:

- **Macroeconomic factors** — Since the fourth quarter of 2021 and continuing throughout the three months ended March 31, 2023, our business has been impacted by a number of macroeconomic factors, including record levels of inflation combined with continued supply chain issues (including availability of raw materials from Russia and Ukraine), the banking crisis in March 2023, as well as fears of a global recession. These factors have led to an overall decline in consumer confidence and spending, which negatively impacted our total revenue during the three months ended March 31, 2023 when compared to the prior year period. In response to these trends and a deterioration in overall payment ability of our customers, we began tightening our underwriting in fourth quarter of 2021 and have continued throughout the three months ended March 31, 2023. During the three months ended March 31, 2023, our gross origination volume increased as compared to the prior year period. The increase in gross originations is predominately due to our mobile app Katapult Pay™, which we launched in the third quarter of 2022. We anticipate that the challenging macroeconomic environment will extend further into 2023. Management continues to monitor both potential positive and negative business trends relating to the broader macroeconomic environment, including the significant increase in inflation as well as a potential prolonged recession.

Segment Information

We conduct our business within one business segment, which is defined as providing lease payment options to consumers for the purchase of durable goods from e-commerce partners. Our operations are aggregated into a single reportable operating segment based upon similar economic and operating characteristics as well as similar markets.

Key Performance Metrics

We regularly review several metrics, including the following GAAP and non-GAAP key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions, which may also be useful to an investor.

Gross Originations

We measure gross originations to assess the growth trajectory and overall size of our lease portfolio. We define gross originations as the retail price of the merchandise associated with lease-purchase agreements entered into during the period through our platform. Gross originations do not represent revenue earned but are a leading indicator of potential revenue streams as a percentage of revenue is realized in the quarter in which the gross originations occurs and increases cumulatively over the following quarters, historically reaching approximately 70-75% of revenue realized within two quarters from when the originations occurred. We believe this is a useful operating metric for investors to use in assessing the volume of transactions that take place on our platform.

The following table presents gross originations for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,		Change	
	2023	2022	$	%
Gross Originations	$ 54,736	$ 46,676	$ 8,060	17.3 %

Wayfair represented 51% and 58% of gross origination during the three months ended March 31, 2023 and 2022, respectively.

The increase in gross originations was predominately a result of higher wallet capture during tax season and our mobile app featuring Katapult Pay™., which we launched in the third quarter of 2022 as well as growth from our direct merchants. During the three months ended March 31, 2023, we generated approximately $5,669 of gross originations through Katapult Pay™.

Total Revenue
Total revenue represents the sum of rental revenue and other revenue. We adopted ASC 842 as of January 1, 2022 and as a result we record revenue when earned and cash is collected. In addition, we no longer record accounts receivable arising from lease receivables due from customers or any corresponding allowance for doubtful accounts.

	Three Months Ended March 31,	
	2023	2022
Total revenue	$ 55,676	$ 59,877

Gross Profit

Gross profit represents total revenue less cost of revenue, and is a measure presented in accordance with U.S. GAAP. We also use adjusted gross profit as a key performance indicator to provide an understanding of one aspect of our performance specifically attributable to total revenue and the variable costs associated with total revenue.

Adjusted Gross Profit

Adjusted gross profit represents gross profit less variable operating expenses, which are servicing costs and underwriting fees. We believe that adjusted gross profit provides a meaningful understanding of one aspect of our performance specifically attributable to total revenue and the variable costs associated with total revenue. See "—Non-GAAP Financial Measures" section below for a reconciliation of adjusted gross profit, which is a non-GAAP measure utilized by management, to gross profit.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that is defined as net loss before interest expense and other fees, interest income, change in fair value of warrant liability, provision for income taxes, depreciation and amortization on property and equipment and capitalized software, impairment of leased assets, loss on partial extinguishment of debt and stock-based compensation expense. We believe that adjusted EBITDA provides a meaningful understanding of our operating performance. See "—Non-GAAP Financial Measures" section below for a reconciliation of adjusted EBITDA, which is a non-GAAP measure utilized by management, to net (loss) income.

Components of Results of Operations

Revenue

Revenue consists of rental revenue and other revenue. Rental revenue consists of revenue earned from property held for lease and agreed-upon charges related to lease-purchase agreements. Other revenue consists primarily of asset sales revenue related to the sale of property held for lease which are considered recurring and ordinary in nature to our business. Also included in other revenue is revenue from merchant partnerships, and infrequent sales of property formerly on lease when customers terminate a lease and elect to return the property to us rather than our retail partners.

Cost of Revenue

Cost of revenue consists primarily of depreciation expense related to property held for lease, impairment of property held for lease, net book value of property buyouts, payment processing fees, and other costs associated with offering lease-purchase transactions to customers.

Operating Expenses

Operating expenses consist of servicing costs, underwriting fees, professional and consulting fees, technology and data analytics expense, compensation costs and general and administrative expense. Servicing costs primarily consist of permanent and temporary call center support. Underwriting fees primarily consist of data costs related to inputs from customer underwriting models. Professional and consulting fees primarily consist of corporate legal and accounting costs. Technology and data analytics expense primarily consist of salaries and benefits for computer programming and data analytics employees that support our underlying technology and proprietary risk model algorithms. Compensation costs consist primarily of payroll and related costs and stock-based compensation. General and administrative expenses consist primarily of occupancy costs, travel and entertainment, and other general overhead costs, including depreciation and amortization related to office equipment and software. We continue to create operational efficiencies as a result of headcount reductions and our continued operating expense reduction initiative.

Results of Operations

In this section, we discuss the results of our operations for the three months ended March 31, 2023 compared to the three months ended March 31, 2022. The following tables are references for the discussion that follows.

	Three Months Ended March 31,		Change	
	2023	2022	$	%
Revenue				
Rental revenue	$ 54,724	$ 58,903	$ (4,179)	(7.1)%
Other revenue	952	974	(22)	(2.3)%
Total revenue	55,676	59,877	(4,201)	(7.0)%
Cost of revenue	42,173	48,113	(5,940)	(12.3)%
Gross profit	13,503	11,764	1,739	14.8 %
Operating expenses:				
Servicing costs	990	1,207	(217)	(18.0)%
Underwriting fees	468	488	(20)	(4.1)%
Professional and consulting fees	2,655	3,288	(633)	(19.3)%
Technology and data analytics	1,665	2,410	(745)	(30.9)%
Compensation costs	7,057	5,377	1,680	31.2 %
General and administrative	2,934	3,805	(871)	(22.9)%
Total operating expenses	15,769	16,575	(806)	(4.9)%
Loss from operations	(2,266)	(4,811)	2,545	(52.9)%
Loss on partial extinguishment of debt	(2,391)	—	(2,391)	— %
Interest expense and other fees	(5,189)	(4,282)	(907)	21.2 %
Interest income	620	—	620	— %
Change in fair value of warrant liability	132	3,089	(2,957)	100.0 %
Loss before provision for income taxes	(9,094)	(6,004)	(3,090)	51.5 %
Provision for income taxes	20	35	(15)	(42.9)%
Net loss	(9,114)	(6,039)	(3,075)	50.9 %

Total revenue

Total revenue decreased by $4,201, or 7.0%, to $55,676 for the three months ended March 31, 2023, from $59,877 for the same period in 2022. The decrease in total revenue was predominately attributable to the decrease in gross cash collections. Write-offs as a percentage of total revenue was 8.4% and 6.3% during the three months ended March 31, 2023 and 2022, respectively.

Cost of revenue

Cost of revenue decreased $5,940, or 12.3%, to $42,173 for the three months ended March 31, 2023, from $48,113 for the same period in 2022. This decrease was primarily driven by the decrease in rental revenue over this period.

Gross profit

Gross profit increased by $1,739, or 14.8%, to $13,503 for the three months ended March 31, 2023 from $11,764 for the same period in 2022. The increase in gross profit was primarily due to a decline in early lease buyouts and lower lease depreciation. Gross profit as a percentage of total revenue increased to 24.3% for the three months ended March 31, 2023, compared to 19.6% for the same period in 2022.

Servicing Costs

Servicing costs decreased by $217, or 18.0%, to $990 for the three months ended March 31, 2023, from $1,207 for the same period in 2022. This was primarily due to the decrease in overall call center headcount, as part of our operating expense reduction initiatives.

Professional and consulting fees

Professional and consulting fees decreased by $633, or 19.3%, to $2,655 for the three months ended March 31, 2023, from $3,288 for the same period in 2022. This decrease was primarily driven by a decrease in consulting, accounting and recruiting fees. Partially offsetting the decrease is an increase in legal fees compared to the prior period.

Technology and data analytics

Technology and data analytics expense decreased by $745, or 30.9%, to $1,665 for the three months ended March 31, 2023, from $2,410 for the same period in 2022. This was primarily due to a reduction in employee and developer headcount, as part of our operating expense reduction initiatives.

Compensation costs

Compensation costs increased by $1,680 or 31.2% to $7,057 for the three months ended March 31, 2023, from $5,377 for the same period in 2022. This increase is largely driven by an increase in stock-based compensation related to the vesting of restricted stock awards in March 2023. Total stock-based compensation expense increased $1,001 year-over-year. Further contributing to the increase was one-time severance related to headcount reductions during the three months ended March 31, 2023, as part of our operating expense reduction initiatives.

General and administrative

General and administrative expense decreased by $871, or 22.9%, to $2,934 for the three months ended March 31, 2023, from $3,805 for the same period in 2022. This decrease is predominately related to reductions in insurance-related costs, marketing and advertising costs, and travel related expenses.

Loss on partial extinguishment of debt

For the three months ended March 31, 2023, we recorded a $2,391 loss on partial extinguishment of debt, primarily as a result of our debt refinancing in March 2023. There were no such debt refinancing or similar losses in the prior period.

Interest expense, other fees and interest income

Interest expense and other fees increased by $907, or 21.2%, to $5,189 for the three months ended March 31, 2023, compared to $4,282 for the same period in 2022. This was primarily due to the aforementioned debt refinancing which occurred in March 2023 in which the spread above the benchmark rate on the RLOC (as defined below) was increased to 8.5% from 7.5% and the increase in average outstanding principal under the RLOC period over period.

Change in fair value of warrant liability

The change in fair value of warrant liability was $132 for the three months ended March 31, 2023 compared to $3,089 for the prior period. The change in fair value is due to the decline in the fair value of our public warrants and private warrants.

Provision for income taxes

Provision for income taxes was $20 for the three months ended March 31, 2023 compared to $35 for the same period in 2022. The provisions are primarily due to state income taxes on the Company’s estimated taxable income for the year ending December 31, 2023 and 2022. Taxable income is expected to be generated in certain states where accelerated federal tax depreciation is disallowed.

Non-GAAP Financial Measures

In addition to gross profit and net loss, which are measures presented in accordance with U.S. GAAP, we believe that adjusted gross profit, adjusted EBITDA, and adjusted net loss provide relevant and useful information which is widely used by analysts, investors, and competitors in our industry in assessing performance. Adjusted gross profit, adjusted EBITDA and adjusted net loss are supplemental measures of our performance that are neither required by nor presented in accordance with U.S. GAAP. Adjusted gross profit, adjusted EBITDA and adjusted net loss should not be considered as substitutes for U.S. GAAP metrics such as gross profit, operating loss, net loss, or any other performance measures derived in accordance with U.S. GAAP and may not be comparable to similar measures used by other companies.

Adjusted gross profit represents gross profit less variable operating expenses, which are servicing costs and underwriting fees. We believe that adjusted gross profit provides a meaningful understanding of one aspect of our performance specifically attributable to total revenue and the variable costs associated with total revenue.

Adjusted EBITDA is a non-GAAP financial measure that is defined as net loss before interest expense and other fees, interest income, change in fair value of warrant liability, provision for income taxes, depreciation and amortization on property and equipment and capitalized software, impairment of leased assets, loss on partial extinguishment of debt and stock-based compensation expense.

Adjusted net loss is a non-GAAP financial measure that is defined as net loss before change in fair value of warrant liability and stock-based compensation expense.

Adjusted gross profit, adjusted EBITDA and adjusted net loss are useful to an investor in evaluating our performance because these measures:

- Are widely used to measure a company's operating performance;
- Are financial measurements that are used by rating agencies, lenders and other parties to evaluate our credit worthiness; and
- Are used by our management for various purposes, including as measures of performance and as a basis for strategic planning and forecasting.

The reconciliation of gross profit to adjusted gross profit for the three months ended March 31, 2023 and 2022 are as follows:

(in thousands)	**Three Months Ended March 31,**		**Change**	
	2023	**2022**	$	%
Total revenue	$ 55,676	$ 59,877	(4,201)	(7.0)%
Cost of revenue	42,173	48,113	(5,940)	(12.3)%
Gross profit	13,503	11,764	1,739	14.8 %
Less:				
Servicing costs	990	1,207	(217)	(18.0)%
Underwriting fees	468	488	(20)	(4.1)%
Adjusted gross profit	$ 12,045	$ 10,069	1,976	19.6 %

The reconciliation of net loss to adjusted EBITDA for the three months ended March 31, 2023 and 2022 are as follows:

(in thousands)	**Three Months Ended March 31,**	
	2023	**2022**
Net loss	$ (9,114)	$ (6,039)
Add back:		
Interest expense and other fees	5,189	4,282
Interest income	(620)	—
Change in fair value of warrant liability	(132)	(3,089)
Provision for income taxes	20	35
Depreciation and amortization on property and equipment and capitalized software	197	122
Impairment of leased assets	552	(551)
Loss on partial extinguishment of debt	2,391	—
Stock-based compensation expense	2,090	1,089
Adjusted EBITDA	$ 573	$ (4,151)

The reconciliations of net loss to adjusted net loss for the three months ended March 31, 2023 and 2022 as follows:

(in thousands)	Three Months Ended March 31,	
	2023	2022
Net loss	$ (9,114)	$ (6,039)
Add back:		
Change in fair value of warrant liability	(132)	(3,089)
Stock-based compensation expense	2,090	1,089
Adjusted net loss	$ (7,156)	$ (8,039)

Liquidity and Capital Resources

The following table presents the Company's cash and cash equivalents and restricted cash as of March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
Cash	$ 40,552	$ 65,430
Restricted cash	4,397	4,411

Cash Flows

The following table presents cash (used in) provided by operating, investing, and financing activities during the three months ended March 31, 2023 and 2022:

(in thousands)	Three Months Ended March 31,	
	2023	2022
Net cash (used in) provided by operating activities	$ (2,906)	$ 3,741
Net cash used in investing activities	(301)	(611)
Net cash used in financing activities	(21,685)	(13,359)
Net decrease in cash, cash equivalents and restricted cash	$ (24,892)	$ (10,229)

Operating Activities

Net cash used in operating activities was $2,906 for the three months ended March 31, 2023, which represented a decrease of $6,647 from $3,741 of net cash provided by operating activities for the three months ended March 31, 2022. This reflects our net loss of $9,114, adjusted for non-cash charges of $46,838 and net cash outflows of $40,630 from changes in our operating assets and liabilities. Non-cash charges consisted primarily of depreciation and amortization, which decreased $3,728 and net book value of property buyouts, which decreased $3,568. Offsetting these decreases in non-cash charges were increases in impairment expense, which increased $1,999, changes in the fair value of our warrant liability, which increased $2,957, loss on partial extinguishment of debt, which increased $2,391 and stock-based compensation expense which increased $1,001.

Net cash provided by operating activities was $3,741 for the three months ended March 31, 2022, which represented a decrease of $3,517 from $7,258 provided by operating activities for the three months ended March 31, 2021. This reflects our net loss of $5,558, adjusted for non-cash charges of $45,088 and net cash outflows of $35,790 from changes in our operating assets and liabilities. Non-cash charges consisted primarily of depreciation and amortization, which decreased $3,325; net book value of property buyouts, which decreased $566; impairment expense, which decreased $578; and bad debt expense, which decreased $4,887. Each of these decreases were driven by the decreased customer origination and lease-purchase activity.

Investing Activities
Net cash used in investing activities was $301 for the three months ended March 31, 2023 and was due to purchases of property and equipment of $4 and an increase in capitalized software of $297.
Net cash used in investing activities was $611 for the three months ended March 31, 2022 and was primarily due to purchases of property and equipment of $139 and an increase in capitalized software of $472.

Financing Activities

Net cash used in financing activities was $21,685 for the three months ended March 31, 2023 and was primarily due to the $25,000 repayment on the term loan in connection with the 15th amendment to the Credit Agreement, $872 of principal repayments on the RLOC coupled with $163 of repurchases of restricted stock for payroll withholding. Partially offsetting this was proceeds from the RLOC of $4,350.

Net cash used in financing activities was $13,359 for the three months ended March 31, 2022 and was due primarily to $13,224 of principal repayments on the RLOC coupled with $195 of repurchases of restricted stock for payroll withholding. Partially offsetting this was proceeds of $60 from the exercise of stock options.

Financing Arrangements

Senior Secured Term Loan and RLOC

On May 14, 2019, Katapult SPV-1 LLC, as borrower (the "Borrower"), and Katapult Group, Inc. (f/k/a Cognical, Inc.) entered into a loan and security agreement (as amended, the "Credit Agreement") with Midtown Madison Management, LLC as agent for various funds of Atalaya Capital Management ("Atalaya"), for a revolving line of credit ("RLOC"). The RLOC had a commitment of $125.0 million that the lenders had the right to increase to $250.0 million. Total outstanding principal under the RLOC was $61,476 at March 31, 2023. The RLOC is subject certain covenants and has a 90% advance rate on eligible accounts receivable. Prior to the most recent amendment in March 2023, the annual interest rate on the principal was LIBOR plus 7.5% per annum with a 2% floor on the LIBOR. and the RLOC was scheduled to mature on December 4, 2023.

In addition, in connection with a prior amendment to the Credit Agreement entered into on December 4, 2020, Atalaya also provided us with a senior secured term loan (the "Term Loan") commitment of up to $50.0 million. We drew down the full $50.0 million of the Term Loan on December 4, 2020. The Term Loan bore interest at one-month LIBOR plus 8.0% (with a 1% LIBOR floor) and an additional 3% interest per annum accrued to the principal balance as paid-in-kind ("*PIK*") interest. Total outstanding principal and PIK interest under the Term Loan was $29,315 at March 31, 2023. Prior to the most recent amendment, the Term Loan was scheduled to mature on December 4, 2023. The interest rate for PIK Interest on the Term Loan is (A) if Liquidity (as defined in the Credit Agreement) is greater than $50,000, 4.5% and (B) if Liquidity is less than $50,000, to 6%.

The Credit Agreement is also subject to certain negative and affirmative covenants. The negative covenants limit our ability to: incur additional indebtedness; pay dividends, redeem stock or make other distributions; amend our material agreements; make investments; create liens; transfer or sell the collateral under the Credit Agreement; make negative pledges; consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and enter into certain transactions with affiliates. Early repayments of certain amounts under the Term Loan are subject to prepayment penalties.

The Credit Agreement contains certain financial covenants including minimum Adjusted EBITDA levels, minimum tangible net worth, minimum liquidity and compliance with a total advance rate, which were amended in connection with the most recent amendment in March 2023. See "*Credit Agreement Amendment"* below.

Credit Agreement Amendment

On March 6, 2023, we entered into the 15th amendment to the Credit Agreement. As part of the amendment, the maturity date of the RLOC and Term Loan was extended to June 4, 2025 and the commitments under the RLOC were reduced to $75,000 from $125,000. The spread above the benchmark rate on the RLOC was increased to 8.5% from 7.5% while the spread above the benchmark rate on the term loans remained at 8%. Additionally, effective April 1, 2023, the benchmark rate underlying the annual interest rate on both the RLOC and Term Loans was changed from the one month LIBOR rate to the one month term SOFR rate, subject in each case to a 3% floor plus applicable credit adjustment spread, which is fixed at 0.10% in each case.

In connection with the amendment to the Credit Agreement, we repaid $25,000 of outstanding principal amount of the Term Loan and issued a warrant to purchase up to 2,000,000 shares of our common stock at an exercise price of $0.01 per share, which vests upon the earliest to occur of September 6, 2023 or a Change of Control. In addition, under the terms of the Credit Agreement, we may be required to grant an additional 2,000,000 shares of common stock at the same exercise price under the warrant agreement if any amount of the principal balance of the Term Loan remains outstanding upon the earlier to occur of (i) December 5, 2023, (ii) an Acquisition of the Company and (iii) an Event of Default occurs under the Credit Agreement prior to December 5, 2023. If granted, such shares will become vested upon the first to occur of (i) three months after the grant date or (ii) an Acquisition of the Company.

In addition the 15th amendment also updated certain financial covenants, including the Minimum Adjusted EBITDA levels, Minimum Tangible Net Worth, Minimum Liquidity and compliance with the Total Advance Rate.

As of March 31, 2023 and December 31, 2022, we were in compliance with all covenants of the Credit Agreement. For additional information on our loan obligations, refer to Note 7 on the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Pledge and Guaranty

Pursuant to the Pledge Agreement, dated as of May 14, 2019, between Katapult Group, Inc. (f/k/a Cognical, Inc.) and Midtown Madison Management, LLC, Katapult Group, Inc. pledged and granted a first priority security interest in all equity interests of the Borrower and any investment property and general intangibles evidenced by or related to such membership interests. Pursuant to the Corporate Guaranty and Security Agreement, dated as of December 4, 2020, by and among Katapult Group, Inc., Legacy Katapult and Midtown Madison Management, LLC, Katapult and Katapult Group, Inc. have granted a first priority security interest in all of their respective assets and Katapult and Katapult Group, Inc. guarantee payment of all obligations of the Borrower under the Credit Agreement.

Sources and Material Cash Requirements

Our principal sources of liquidity are our cash and cash equivalents and availability under our RLOC. Our primary uses of cash include purchases of assets held for lease and funding of ongoing operations.

Our ability to fund future operating needs will be dependent on our ability to generate positive cash flows from operations and obtain financing for growth as needed. We have $40,552 of unrestricted cash as of March 31, 2023 which we believe is sufficient to meet our liquidity needs for the next 12 months. We believe we will meet longer-term (beyond 12 months) cash requirements through a combination of available cash on hand, cash flows generated from operations and availability under our RLOC.

The table below summarizes debt, lease and other minimum cash obligations outstanding as of March 31, 2023:

(in thousands)	Payments Due by Period			
	Total	**2023-2024**	**2025**	**Thereafter**
RLOC (1)	$ 79,382	$ 14,419	$ 64,963	$ —
Term Loan (2)	36,737	9,339	27,398	—
Operating lease commitments	831	661	170	—
Total	$ 116,950	$ 24,419	$ 92,531	$ —

(1) Future cash obligations include scheduled interest payments due based on the interest rate of approximately 13.2% as of March 31, 2023.
(2) Future cash obligations include scheduled interest payment due based on the interest rate of 12.7%, plus 4.5% PIK interest, as of March 31, 2023. On March 6, 2023, we repaid $25,000 outstanding under the Term Loan.

Critical Accounting Policies and Estimates

The preparation of our condensed consolidated financial statements in conformity with U.S. GAAP requires us to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented. We evaluate our significant estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates under different assumptions or conditions, impacting our reported results of operations and financial condition.

There have been no significant changes to our critical accounting policies and estimates included in our Annual Report on Form 10-K filed with the SEC on March 9, 2023.

Recently Issued and Adopted Accounting Pronouncements

See Note 2 to our condensed consolidated financial statements for a discussion of accounting pronouncements recently adopted and recently issued accounting pronouncements not yet adopted and their potential impact to our condensed consolidated financial statements.

Emerging Growth Company

As of March 31, 2023, we are an emerging growth company, as defined in the JOBS Act. The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards applicable to public companies, allowing them to delay the adoption of those standards until those standards would otherwise apply to private companies. We have elected to use this extended transition period under the JOBS Act. As a result, our condensed consolidated financial statements may not be comparable to the financial statements of companies that are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies. We will remain an emerging growth company under the JOBS Act until the earliest of (a) December 31, 2024, (b) the last date of our fiscal year in which we have a total annual gross revenue of at least $1.235 billion, (c) the date on which we are deemed to be a "large accelerated filer" under the rules of the SEC with at least $700.0 million of outstanding securities held by non-affiliates or (d) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the previous three years.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to a variety of market and other risks, including the effects of changes in interest rates, and inflation, as well as risks to the availability of funding sources and other risks.

Interest Rate Risk

The market risk inherent in our financial instruments and our financial position represents the potential loss arising from adverse changes in interest rates. We manage our interest rate risk based on an ongoing assessment of trends in interest rates and economic developments, giving consideration to possible effects on both total return and reported earnings. As a result of such assessment, we may enter into swap contracts or other interest rate protection agreements from time to time to mitigate this risk.

As of March 31, 2023 and December 31, 2022, we have interest bearing debt with a principal amount of $90,791 and $111,783, respectively.

Our RLOC is a variable rate loan that prior to March 6, 2023, accrued interest at a variable rate of interest based on the one month LIBOR rate, subject to a 2% floor, plus 7.5% per annum. In connection with the 15th amendment to the Credit Agreement, from March 6, 2023 through March 31, 2023 , the spread to the benchmark rate on the RLOC was increased to 8.5% per annum. As of March 31, 2023, the calculated interest rate is 13.2%.

Our Term Loan is a variable rate loan that prior to March 6, 2023 accrued interest at a variable rate of interest based on the one month LIBOR rate, subject to a 1% floor, plus 8% per annum. The spread to the benchmark rate was unchanged in connection with the 15th amendment to the Credit Agreement.

The benchmark rate for both our RLOC and Term Loan facilities was changed from LIBOR to the one month term SOFR rate, in each case subject to a 3% floor, effective April 1, 2023.

Inflation Risk

Although we believe that inflation has indirectly impacted our business by negatively impacting consumer spending and the sales of our key merchants, we do not believe that inflation has directly had, or currently directly has, a material effect on our results of operations or financial condition.

Foreign Currency Risk

We had no material foreign currency risk for the three months ended March 31, 2023 and 2022. Our activities to date are conducted only in the United States.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports filed or submitted under the

Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2023. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were not effective as of March 31, 2023, due to the existence of two outstanding material weaknesses in internal control over financial reporting that were identified in connection with the audits of our consolidated financial statements as of December 31, 2022 and 2021 and for the years in the two-year period ended December 31, 2022, and which are still being remediated.

Material Weaknesses in Internal Control Over Financial Reporting

In connection with the audit of our financial statements as of December 31, 2022 and for the years in the two-year period ended December 31, 2022, our independent registered public accounting firm identified certain control deficiencies in the design and implementation of our internal control over financial reporting that in aggregate constituted material weaknesses. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. Our evaluation was based on the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Internal Control — Integrated Framework (2013).

The material weaknesses relate to (1) an insufficient number of personnel with an appropriate level of U.S. GAAP knowledge and experience to create the proper control environment for effective internal control over financial reporting and to ensure that oversight processes and procedures in applying nuanced guidance to complex accounting transactions for financial reporting are adequate and (2) a lack of controls in place to review journal entries, reconcile journal entries to underlying support and evaluate if journal entries are in compliance with U.S. GAAP before the entries are manually posted. These material weaknesses were first identified in connection with the audit of our financial statements for the fiscal year ended December 31, 2018 and have not yet been remediated.

Remediation Efforts to Address Material Weakness

As part of our plan to remediate these material weaknesses, we are performing a full review of our internal control procedures. We have implemented, and plan to continue to implement, new controls and new processes. We cannot assure you that the measures that we have taken, and that will be taken, to remediate these material weaknesses will, in fact, remedy the material weaknesses or will be sufficient to prevent future material weaknesses from occurring.

The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligations. While we are undertaking efforts to remediate these material weaknesses, the material weaknesses will not be considered remediated until our remediation plan has been fully implemented, the applicable controls operate for a sufficient period of time, and we have concluded, through testing, that the newly implemented and enhanced controls are operating effectively.

As part of continued remediation efforts, the Company hired Nancy Walsh as Chief Financial Officer. Ms. Walsh has extensive experience in leading the financial organization of publicly traded entities and maintaining an effective internal control environment. In addition, we continue to make progress with our external advisors on our COSO Integrated Control Framework and developing our internal control environment.

Changes in Internal Control Over Financial Reporting

Except as disclosed above, there were no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information
ITEM 1. LEGAL PROCEEDINGS

From time to time we may become involved with various legal proceedings. Refer to the information contained under the heading “Litigation risk” in Note 12 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

Our business is subject to a number of risks of which you should be aware before making a decision to invest in our securities. The summarized risks described below are not the only risks that we face. The following summarized risks as well as risks and uncertainties not currently known to us or that we currently deem to be immaterial may materially and adversely affect our business, results of operations, financial condition, earnings per share, cash flow or the trading price of our common stock. These summarized risks include, among others, the following:

Risks Related to Our Business, Strategy and Growth

- A large percentage of our gross originations is concentrated with a single merchant, and any deterioration in the business of, or in our relationship with this merchant or any other key merchant relationship or partner would materially and adversely affect our business, results of operations, financial condition and future prospects.
- The success of our business is dependent on consumers making payments on their leases when due and other factors affecting consumer spending and default behavior that are not under our control.
- Unexpected changes to consumer spending patterns could cause our proprietary algorithms and decisioning tools used in approving customers to no longer be indicative of our customer's ability to perform.
- If we are unable to attract additional merchants and retain and grow our relationships with our existing merchants, our results of operations, financial condition, and prospects would be materially and adversely affected.
- Our success depends on the effective implementation and continued execution of our strategies.
- Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.
- We rely on the accuracy of third-party data, and inaccuracies in such data could adversely impact our approval process.
- The success and growth of our business depends upon our ability to continuously innovate and develop new products and technologies.
- To the extent that we seek to grow through future acquisitions, or other strategic investments or alliances, we may not be able to do so effectively.

Risks Related to Our Indebtedness

- We have substantial indebtedness, which may reduce our capability to withstand adverse developments or business conditions
- The Credit Agreement includes restrictive covenants and financial maintenance covenants, which could restrict our operations or ability to pursue growth strategies or initiatives. Failure to comply with these covenants could result in an acceleration of repayment of the indebtedness under the credit Agreement, which would have a material adverse effect on our business, financial condition and results of operations
- A Change of Control as defined by our Credit Agreement could accelerate our obligation to pay our outstanding indebtedness, and we may not have sufficient liquid assets at that time to repay these amounts.

Financial Risks Related to Our Business

- We have a history of operating losses and may not be profitable in the future.
- Our revenue and operating results may fluctuate, which could result in a decline in our profitability and make it more difficult for us to grow our business.
- We rely on card issuers and payment processors. If we fail to comply with the applicable requirements of Visa or other payment processors, those payment processors could seek to fine us, suspend us or terminate our registrations which could have a material adverse effect on our business, results of operations, financial condition, and future prospects.
- Our ability to use our net operating loss carry forwards and certain other tax attributes may be limited.

Risks Related to Our Technology and Our Platform

- Real or perceived software errors, failures, bugs, defects, or outages could have adverse effects on our business, results of operations, financial condition, and future prospects.
- Our results depend on continued integration and support of our platform by our merchants.
- We are subject to stringent and changing laws, regulations, rules, standards and contractual obligations related to data privacy and security, which could increase the cost of doing business, compliance risks and potential liability and otherwise negatively affect our operating results and business.
- Any significant disruption in, or errors in, service on our platform or relating to vendors could prevent us from processing transactions on our platform or posting payments and have a material and adverse effect.
- Data security breaches or other security incidents with respect to our information technology systems or data, or those of third parties upon which we rely, could result in adverse consequences.
- We may be at risk of identity fraud, which may adversely affect the performance of the lease-to-own transactions facilitated through our platform.

Legal and Compliance Risks

- Failure or perceived failure to comply with existing or future laws, regulations, rules, contracts, self-regulatory schemes, standards, and other obligations including those related to data privacy and security (including security incidents) could harm our business. Compliance or the actual or perceived failure to comply with such obligations could increase the costs of our products or services, limit their use or adoption, and otherwise negatively affect our operating results and business.
- We are subject to securities litigation, which is expensive and could divert management attention and adversely impact our business.
- Our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting in connection with the audit of our financial statements as of and for the fiscal years ended December 31, 2022 and 2021, and we may identify additional material weaknesses in the future.
- Changes to tax laws or exposure to additional tax liabilities may have a negative impact on our operating results.
- We may be subject to legal proceedings from time to time which seek material damages.

Operational Risks Related to Our Business

- Uncertain market and economic conditions have had, and may in the future have, serious adverse consequences on our business, financial condition and share price.
- Failure to effectively manage our costs could have a material adverse effect on our profitability.
- Negative publicity about us or our industry could adversely affect our business, results of operations, financial condition, and future prospects.
- Misconduct and errors by our employees, vendors, and service providers could harm our business and reputation.
- The loss of the services of any of our executive officers could materially and adversely affect our business, results of operations, financial condition, and future prospects.
- Our business depends on our ability to attract and retain highly skilled employees.

Other Risks

- The majority of our management has limited experience in operating a public company.
- We will continue to incur significant costs as a result of operating as a public company, and our management will continue to devote substantial time for new compliance initiatives.
- Future sales, or potential future sales, by us or our stockholders in the public market could cause the market price for our Common Stock to decline.
- The price of our securities may change significantly in the future and stockholders could lose all or part of their investment as a result.

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the risks actually occur, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the trading price of our securities could decline.

Risks Relating to Our Business and Industry

Risks Related to Our Business, Strategy and Growth

A large percentage of our gross originations is concentrated with a single merchant, and any deterioration in the business of, or in our relationship with, this merchant or any other key merchant relationship or partner would materially and adversely affect our business, results of operations, financial condition, and future prospects.

We depend on continued relationships with Wayfair and other key merchant partners. Our top merchant partner, Wayfair, represented approximately 51% and 58% of our gross originations during the three months ended March 31, 2023 and 2022, respectively. Our top ten merchants in the aggregate represented approximately 79% and 81% of our gross originations during the three months ended March 31, 2023 and 2022, respectively There can be no guarantee that these relationships will continue or, if they do continue, that these relationships will continue to be successful. There is a risk that we may lose merchants for a variety of reasons, including a failure to meet key contractual or commercial requirements, or if merchants shift to in-house solutions (including providing a service competitive to us) or competitor providers

The concentration of a significant portion of our business and transaction volume with a single merchant or a limited number of merchants, exposes us disproportionately to events, circumstances, or risks affecting such single merchant, such as Wayfair, or other key merchants, including risks related to the macroeconomic environment, consumer spending changes, inflation, COVID-19, supply chain issues (including availability of raw materials from Russia and Ukraine), access to capital markets, labor shortages or other risks they may be facing with respect to their industry, business or results of operations. For example, inflation and supply chain issues due to disruptions from the COVID-19 pandemic and the Russia-Ukraine war coupled with the banking crisis in March 2023 and fears of a global recession, negatively impacted the sales of many of our merchants, including Wayfair, during the three months ended March 31, 2023, which in turn contributed to a decline in our total revenue during that period. If our key merchants, in particular Wayfair, are unable to acquire new customers or retain existing customers or are otherwise negatively impacted by the macroeconomic and geopolitical conditions, including the COVID-19 pandemic, our results of operations, financial condition and future prospects will be negatively impacted.

The loss of Wayfair as a merchant partner, in particular, would materially and adversely affect our business, results of operations, financial condition, and future prospects. In addition, a material modification in the merchant agreement with Wayfair or a significant merchant could affect our results of operations, financial condition, and future prospects.

We also depend on continued relationships with key partners that assist in obtaining and maintaining our relationships with merchants. There is a risk that e-commerce platforms with which we partner (such as Shopify, BigCommerce, WooCommerce, and Magneto) may limit or prevent Katapult from being offered as a payment option at checkout. We also face the risk that our key partners could become competitors of our business.

If our relationship with Wayfair or another key merchant deteriorates, they choose to no longer partner with us, or choose to partner with a competitor, or their business is negatively impacted by one or more factors, our business, results of operations, financial condition and future prospects will be materially and adversely affected.

The success of our business is dependent on consumers making payments on their leases when due and other factors affecting consumer spending and default behavior that are not under our control.

We generate substantially all of our revenue through payments on leases we provide to consumers to purchase the merchandise of our merchants and we bear the risk of non-payment or late payments by our customers. As such, the success of our business is dependent on consumers making payments on their leases when due. We primarily provide leases to non-prime consumers who do not have sufficient cash or credit to purchase home furnishings, automotive goods, electronics, computers, and other durable goods. The ability of these consumers to make payments to us when due may be impacted by a variety of factors, such as loss of employment, the emergence of significant unforeseen expenses as well as factors affecting consumer spending. Consumer spending is also affected by general economic conditions and other factors including levels of employment, disposable consumer income, inflation, prevailing interest rates, consumer debt and availability of credit, costs of

fuel, inflation, recession and fears of recession, banking crises and fears of banking crises, war and fears of war (including the conflict involving Russia and Ukraine), pandemics (such as COVID-19), inclement weather, tariff policies, tax rates and rate increases, timing of receipt of tax refunds, consumer confidence in future economic conditions and political conditions, and consumer perceptions of personal well-being and security. For example, during 2022 inflation increased rapidly, and although inflation appears to have started to moderate into early 2023, it still remains at levels not seen in 40 years. Food, energy, residential rent, and other costs have increased, reflecting a tight labor market and supply chain issues. Unfavorable changes in factors affecting discretionary spending for non-prime consumers as a result of one or more of these factors could reduce demand for our products and services resulting in lower revenue and negatively impacting our business and our financial results. In addition to reducing demand for our products, these factors may unfavorably impact our customers' ability or willingness to make the payments they owe us, resulting in increased customer payment delinquencies and lease merchandise write-offs and decreased gross margins, which could also materially and adversely impact our business, financial condition and results of operations.

If consumers are unable or unwilling to pay us due to one or more of these factors, our gross originations may not reflect and/or be directly correlated to our revenue. In addition, if our assumptions around consumers' ability to pay us after we have recognized revenue deteriorate, such deterioration could result in a material impairment, increase our cost of revenue and materially and adversely impact our business, financial condition, results of operations and prospects.

Our business may also be adversely impacted by, among other issues, other consumer finance companies increasing the availability of credit to our target consumer market in response to changes in consumer spending habits as a result of macro or other factors. If more credit is available to our target consumer market, we will face increased competition, which may negatively impact our gross originations and our business, results of operations, financial condition and future prospects.

Unexpected changes to consumer spending patterns could cause our proprietary algorithms and decisioning tools used in approving customers to no longer be indicative of our customer's ability to perform.

We believe our proprietary lease decisioning processes to be a key to the success of our business. The decisioning processes assume behavior and attributes observed for prior customers, among other factors, are indicative of performance by our future customers. Unexpected changes in customer behavior caused by general economic conditions and other factors, including, the significant increase in inflation in the U.S. which has reached levels not seen in 40 years, continued supply chain disruptions, the banking crisis in March 2023, the U.S. economy experiencing a potential prolonged recession and potential widespread job losses may mean that our decisioning tools do not function as intended. As a result, we may approve relatively more customers that are not able to perform, which would lead to increased incidence and costs related to impairment of property held for lease. When there are unexpected changes to consumer spending patterns, our decisioning process typically requires more frequent adjustments and the application of management analysis of the interpretation and adjustment of the results produced by our decisioning tools. Due to the challenging macro environment in recent months, for example, we expect we may need to make more frequent adjustments to our decisioning process in the near term. If our decisioning tools are unable to accurately predict and respond to changes to customer behaviors as a result of general economic or other factors, our ability to manage risk and avoid charge-offs may be negatively affected, which may result in insufficient reserves and materially and adversely impact our business, financial condition, results of operations and prospects.

If we are unable to attract additional merchants and retain and grow our relationships with our existing merchants, our results of operations, financial condition, and prospects would be materially and adversely affected.

Our continued success is dependent on our ability to attract new merchants and to maintain our relationship with our existing merchants and grow our gross originations (which we define as the retail price of the merchandise associated with lease-purchase agreements entered into through the Katapult platform and do not represent revenue earned) from those existing merchants through their e-commerce platforms, and also to expand our merchant base. Our ability to attract, retain and grow our relationships with merchants depends on the willingness of our merchants to partner with us. The attractiveness of our platform to merchants depends upon, among other things, our brand and reputation, ability to sustain our value proposition to merchants for consumer acquisition, the attractiveness to merchants of our digital and data-driven platform, the services, products and customer decisioning standards offered by our competitors, and our ability to perform under, and maintain, our merchant agreements.

In addition, competition for smaller merchants has intensified significantly in recent years, with many such merchants simultaneously offering several products and services that compete directly with the products and services offered by us. Having a diversified mix of merchants is important to mitigate risk associated with changing consumer spending behavior,

economic conditions and other factors that may affect a particular type of retailer. If we fail to retain any of our larger merchants or a substantial number of our smaller merchants, if we do not acquire new merchants, if we do not continually grow our gross originations from our merchants, or if we are not able to retain a diverse mix of merchants, our results of operations, financial condition, and prospects would be materially and adversely affected.

Our success depends on the effective implementation and continued execution of our strategies.

We are focused on our mission to provide innovative lease financing solutions to non-prime consumers and to enable everyday transactions at the merchant point of sale.

Growth of our business, including through the launch of new product offerings, requires us to invest in or expand our customer data and technology capabilities, engage and retain experienced management, and otherwise incur additional costs. For example, we launched our new mobile app and Katapult Pay in the third quarter of 2022. However, these product enhancements may not generate the additional customer and merchant engagement with our offerings that we expect. If these or other strategic initiatives are not successful longer-term, our competitiveness as well as our business and financial results may be materially and adversely affected. Our inability to address these concerns or otherwise to achieve targeted results associated with our initiatives could adversely affect our results of operations, or negatively impact our ability to successfully execute future strategies, which may result in an adverse impact on our business and financial results.

If we fail to maintain customer satisfaction and trust in our brand, our business, results of operations, financial condition, and prospects would be materially and adversely affected.

We provide an additional lease-to-own financing option for qualified consumers seeking to purchase durable goods from e-commerce merchants. If consumers do not trust our brand or do not have a positive experience, they will not use our products and services and be unable to attract or retain merchants. In addition, our ability to attract new consumers and merchants is highly dependent on our reputation and on positive recommendations from our existing customers and merchants. Any failure to maintain a consistently high level of customer service, or a market perception that we do not maintain high-quality customer service, would adversely affect our reputation and the number of positive customer referrals that we receive and the number of new and repeat customers. As a result, our business, results of operations, financial condition, and prospects would be materially and adversely affected.

If we are unable to attract new consumers and retain and grow our relationships with our existing consumers, our results of operations, financial condition, and prospects would be materially and adversely affected.

Our continued success depends on our ability to generate repeat use and increased gross originations from existing customers and to attract new consumers to our platform. Our ability to retain and grow our relationships with our consumers depends on the willingness of consumers to use our products and services. The attractiveness of our data-driven platform to consumers depends upon, among other things, the number and variety of our merchants and the mix of products and services available through our platform, our brand and reputation, customer experience and satisfaction, trust and perception of the value we provide, technological innovation, and the services, products and customer decisioning standards offered by our competitors. If we fail to retain our relationship with existing customers, if we do not attract new consumers to our platform, products and services, or if we do not continually expand usage, repeat customers and gross originations, our results of operations, financial condition, and prospects would be materially and adversely affected.

We operate in a highly competitive industry, and their inability to compete successfully would materially and adversely affect our results of operations, financial condition, and prospects.

We operate in a highly competitive industry. We face competition from a variety of businesses and new market entrants, including competitors with lease-to-own products for e-commerce goods and other types of digital payment platforms. We face competition from virtual lease-to-own companies, e-commerce retailers (including those that offer layaway programs and title or installment lending), online sellers of used merchandise, and various types of consumer finance companies that may enable our customers to shop at online retailers, as well as with online rental stores that do not offer their customers a purchase option. These competitors may have significantly greater financial and operating resources, greater name recognition and more developed products and services, which may allow them to grow faster. Greater name recognition, or better public perception of a competitor’s reputation, may help the competitor divert market share. Some competitors may be willing to offer competing products on an unprofitable basis (or may have looser decisioning standards or be willing to relax their decisioning standards) in an effort to gain market share, which could compel us to match their pricing strategy or lose business. Moreover, prime

lenders may loosen their underwriting standards and provide credit to non-prime consumers, which would impact the credit quality of our customers and our business and results of operations. In addition, some of our competitors may be willing to lease certain types of products that we will not agree to lease, enter into customer leases that have services, as opposed to goods, as a significant portion of the lease value, or engage in other practices related to pricing, compliance, and other areas that we will not, in an effort to gain market share at our expense. Our business relies heavily on relationships with our merchants. An increase in competition could cause our merchants to no longer offer our product and services in favor of our competitors, or to offer our product and the products of our competitors simultaneously, which could slow growth in our business and limit or reduce profitability. Merchants could also develop their own in house product that competes with our product. Furthermore, virtual lease-to-own competitors may deploy different business models, such as direct-to-consumer strategies, that forego reliance on merchant relationships that may prove to be more successful.

Our estimates of market opportunity and forecasts of market growth may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Our market opportunity estimates, including the size of the virtual lease-to-own market, and expectations about market growth are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Even if the markets in which we compete meet our size estimates and growth expectations, our business could fail to grow for a variety of reasons, which could adversely affect our results of operations.

We rely on the accuracy of third-party data, and inaccuracies in such data could adversely impact our approval process.

We use data from third parties as part of our proprietary risk model used to assess whether a consumer qualifies for a lease-purchase option from a merchant. We are reliant on these third parties to ensure that the data they provide is accurate. Inaccurate data could cause us to not approve transactions that otherwise would have been approved, or instead, approve transactions that would have otherwise been denied and may lead to a higher incidence of bad debts and could have an adverse impact on our results of operations and financial condition.

The success and growth of our business depends upon our ability to continuously innovate and develop new products and technologies.

Our solution is a technology-driven platform that relies on innovation to remain competitive. The process of developing new technologies and products is complex, and we build our own technology, using the latest in AI/ML, cloud-based technologies, and other tools to differentiate our products and technologies. In addition, our dedication to incorporating technological advancements into our platform requires significant financial and personnel resources and talent. Our development efforts with respect to these initiatives could distract management from current operations and could divert capital and other resources from other growth initiatives important to our business. In addition, the product and technological enhancements that we introduce may not function as we intend, or may not generate the benefits that we expect. We operate in an industry experiencing rapid technological change and frequent product introductions. We may not be able to make technological improvements as quickly as demanded by our consumers and merchants, which could harm our ability to attract consumers and merchants. In addition, we may not be able to effectively implement new technology-driven products and services as quickly as competitors or be successful in marketing these products and services to consumers and merchants. If we are unable to successfully and timely innovate and continue to deliver a superior merchant and consumer experience, the demand for our products and technologies may decrease and our growth, business, results of operations, financial condition, and future prospects could be materially and adversely affected.

Further, we use AI/ML in many aspects of our business, including fraud, credit risk analysis, and product personalization. The AI/ML models that we use are trained using various data sets. If the AI/ML models are incorrectly designed, the data we use to train them is incomplete, inadequate, or biased in some way, or we do not have sufficient rights to use the data on which our AI/ML models rely, the performance of our products, services, and business, as well as our reputation, could suffer or we could incur liability through the violation of laws, third-party privacy, or other rights, or contracts to which we are a party.

Our failure to accurately predict the demand or growth of our new products and technologies also could have a material and adverse effect on our business, results of operations, financial condition, and future prospects. New products and technologies are inherently risky, due to, among other things, risks associated with: the product or technology not working, or not working as expected; consumer and merchant acceptance; technological outages or failures; and the failure to meet consumer and merchant expectations. As a result of these risks, we could experience increased claims, reputational damage, or other adverse effects, which could be material. The profile of potential consumers using our new products and technologies also

may not be as attractive as the profile of the consumers that we currently serve, which may lead to higher levels of delinquencies or defaults than we have historically experienced. Additionally, we can provide no assurance that we will be able to develop, commercially market, and achieve acceptance of our new products and technologies. In addition, our investment of resources to develop new products and technologies and make changes or updates to our platform may either be insufficient or result in expenses that exceed the revenue actually generated from these new products. Failure to accurately predict demand or growth with respect to our new products and technologies could have a material and adverse effect on our business, results of operations, financial condition, and future prospects.

To the extent that we seek to grow through future acquisitions, or other strategic investments or alliances, we may not be able to do so effectively.

We may in the future seek to grow our business by exploring potential acquisitions or other strategic investments or alliances. We may not be successful in identifying businesses or opportunities that meet our acquisition or expansion criteria. In addition, even if a potential acquisition target or other strategic investment is identified, we may not be successful in completing such acquisition or integrating such new business or other investment. We may face significant competition for acquisition and other strategic investment opportunities from other well-capitalized companies, many of which have greater financial resources and greater access to debt and equity capital to secure and complete acquisitions or other strategic investments, than we do. As a result of such competition, we may be unable to acquire certain assets or businesses, or take advantage of other strategic investment opportunities that we deem attractive; the purchase price for a given strategic opportunity may be significantly elevated; or certain other terms or circumstances may be substantially more onerous.

Any delay or failure on our part to identify, negotiate, finance on favorable terms, consummate, and integrate any such acquisition or other strategic investment opportunity could impede our growth. Additional risks relating to potential acquisitions include difficulties in integrating the operations, systems, technologies, products and personnel of the acquired businesses, diversion of management’s attention from normal daily operations of the business and the challenges of managing larger and more widespread operations, the potential loss of key employees, vendors and other business partners of the businesses we acquire; and increased amounts of debt incurred in connection with such activities or dilutive issuances of our common stock.

There is no assurance that we will be able to manage our expanding operations effectively or that we will be able to continue to grow, and any failure to do so could adversely affect our ability to generate revenue and control our expenses. Furthermore, we may be responsible for any legacy liabilities of businesses we acquire or be subject to additional liability in connection with other strategic investments. The existence or amount of these liabilities may not be known at the time of acquisition, or other strategic investment, and may have an adverse effect on our business, results of operations, financial condition, and future prospects.

Risks Related to Our Indebtedness

We have substantial indebtedness, which may reduce our capability to withstand adverse developments or business conditions.

We have incurred substantial indebtedness. As of March 31, 2023, the total aggregate indebtedness under the senior secured Term Loan and RLOC, of Katapult SPV-1 LLC (the “Borrower”) was approximately $90.8 million of principal outstanding with Midtown Madison Management LLC, as agent for various funds of Atalaya Capital Management (the "Lender"). On March 6, 2023, in connection with the 15th amendment of our Credit Agreement, we refinanced our indebtedness with the Lender and repaid $25.0 million of principal on our outstanding term loan. We, together with our wholly-owned subsidiary, Katapult Group, Inc., have guaranteed the obligations of the Borrower under the Credit Agreement. Our payments on our outstanding indebtedness are significant in relation to our revenue and cash flow, which exposes us to significant risk in the event of downturns in our business (whether through competitive pressures or otherwise), our industry or the economy generally, since our cash flows would decrease but our required payments under our indebtedness would not. Economic downturns may impact our ability to comply with the covenants and restrictions in our Credit Agreement and to make payments on our indebtedness as they become due.

Our overall leverage and the terms of our Credit Agreement could also:

- make it more difficult for us to satisfy obligations;
- limit our ability to obtain additional financing in the future for working capital, capital expenditures or acquisitions;
- limit our ability to service our indebtedness;

- limit our ability to adapt to changing market conditions;
- restrict us from making strategic acquisitions or cause us to make non-strategic divestitures;
- require us to dedicate a significant portion of our cash flow from operations to paying the principal and interest on our indebtedness, thereby limiting the availability of our cash flow to fund future capital expenditures, working capital and other corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and in our industry generally; and
- place us at a competitive disadvantage compared with competitors that have a less significant debt burden.

In addition, the Credit Agreement, secured by a pledge over all of the assets of the Borrower is guaranteed by us and our wholly-owned subsidiary, Katapult Group, Inc., which in turn is secured by a pledge over all of our assets and the assets of Katapult Group, Inc.

The credit agreement governing the Credit Agreement includes restrictive covenants and financial maintenance covenants, which could restrict our operations or ability to pursue growth strategies or initiatives. Failure to comply with these covenants could result in an acceleration of repayment of the indebtedness under the Credit Agreement, which would have a material adverse effect on our business, financial condition and results of operations.

The Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants that restrict some of our activities. The negative covenants limit our ability to: incur additional indebtedness; pay dividends, redeem stock or make other distributions; amend our material agreements; make investments; create liens; transfer or sell the collateral for the Credit Agreement; make negative pledges; consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and enter into certain transactions with affiliates. Non-scheduled repayments of certain amounts under the Credit Agreement are subject to prepayment penalties, which would limit our ability to pay or refinance the Credit Agreement. Our ability to meet these covenants could be affected by events beyond our control, and we may be unable to satisfy them which would prevent us from pursuing certain growth strategies or initiatives due to this limitation. These or other limitations could decrease our operating flexibility and our ability to achieve our operating objectives. The Credit Agreement contains certain financial covenants. In particular, as of the end of each month, (1) we must maintain certain minimum Adjusted EBITDA levels and certain minimum Tangible Net Worth representing our total assets less certain capital expenses, prepaid expenses, intangible assets and total liabilities and (2) our Total Advance Rate (as defined in the Credit Agreement) may not exceed certain thresholds. We must also maintain minimum liquidity of at least $10.0 million in unrestricted cash and cash equivalents as of any date of determination. These financial covenants are restrictive and failure to comply with these covenants would have a material adverse effect on our business, financial condition, and results of operations.

Failure to comply with any of these covenants or other obligation or agreement under the credit agreement that is not cured within the specified period under the credit agreement would result in an event of default under the agreement and, if such event of default occurs before December 5, 2023, would require the issuance of warrants to purchase an additional 2,000,000 shares of our common stock with an exercise price of $0.01 per share to the Lender. In such event, if we are unable to negotiate with our Lender for a waiver or dispensation under the agreement, we would not be able to borrow under the Credit Agreement and our Lender would have the right to terminate the loan commitments under the Credit Agreement and accelerate repayment of all obligations under the Credit Agreement that would become due and payable immediately, which would have a material adverse effect on our business, results of operations and financial position. If we do not have sufficient liquid assets to repay amounts outstanding under the Credit Agreement, the Lender has the right to foreclose their liens against all of our assets and take possession and sell any such assets to reduce any such obligations.

A Change of Control as defined by our credit agreement could accelerate our obligation to pay our outstanding indebtedness, and we may not have sufficient liquid assets at that time to repay these amounts.

Under our Credit Agreement, all of the outstanding loans are required to be prepaid in full (together with accrued and unpaid interest and prepayment premium) and the RLOC will terminate if a Change of Control (as defined in the Credit Agreement) occurs that is not approved by the Lender. A Change of Control includes the occurrence of the following: (i) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire (such right, an “option right”), whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 35% or more of the equity securities of Katapult Holdings, Inc. entitled to vote for members of the board of directors (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), and (ii) certain changes in the

composition of our board of directors occurs during a twenty-four month period which were not recommended or approved by at least a majority of directors who were directors at the beginning of such twenty-four month period. Further, if a Change of Control occurs when the Term Loan is still outstanding before December 5, 2023, an additional warrant to purchase 2,000,000 shares of our common stock with an exercise price of $0.01 per share will be issued to the Lender.

Subsequent to December 31, 2022, and in connection with the 15th amendment of our Credit Agreement, we repaid $25.0 million of principal on our outstanding Term Loan. As of March 31, 2023, we had $61.5 million of principal outstanding under the RLOC. In addition, we had borrowings under our Term Loan of $29.3 million (including capitalized PIK interest) as of March 31, 2023.

If any specified Change of Control occurs and the Lender accelerates these obligations, we may not have sufficient liquid assets to repay amounts outstanding under the Credit Agreement.

Financial Risks Related to Our Business

We have a history of operating losses and may not be profitable in the future.

We incurred a net loss of approximately $9.1 million during the three months ended March 31, 2023. During the three months ended March 31, 2022, we generated a net loss of approximately $6.0 million. As of March 31, 2023, our accumulated deficit was approximately $85.8 million. In the fourth quarter of 2022 and continuing throughout the first quarter of 2023, we initiated a number of cost savings initiatives that we expect will significantly reduce operating expenses in the near term after giving affect to certain severance costs incurred in the first quarter of 2023. However, we may need to increase our operating expenses in the future in order to continue growing our business, attracting customers, merchants and funding sources, and further enhancing and developing our products and platforms. As we expand our offerings to additional markets, our offerings in these markets may be less profitable than the markets in which we currently operate. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. We may incur net losses in the future and may not be profitable on a quarterly or annual basis.

Our ability to timely raise capital in the future may be limited, or may be unavailable on acceptable terms, if at all.

The failure to raise capital when needed could harm our business, operating results and financial condition. Debt or equity issued to raise additional capital may reduce the value of our common stock. We cannot be certain when or if the operations of our business will generate sufficient cash to fund our ongoing operations or the growth of our business. We intend to make investments to support and grow our business and may require additional funds to respond to business challenges, including the need to develop or enhance our technology, expand our sales and marketing efforts or develop new products. Additional financing may not be available on favorable terms, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, operating results and financial condition. If we incur additional debt, the debt holders could have rights senior to holders of our common stock and/or existing debt to make claims on our assets. The terms of any additional debt could have covenants which restrict our operations, including our ability to pay dividends on our common stock, take specific actions, such as incurring additional debt, or make capital expenditures. If we issue additional equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock including liquidation or other preferences. Because the decision to issue securities in the future offering will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing or nature of any future issuances of debt or equity securities. As a result, stockholders will bear the risk of future issuances of debt or equity securities reducing the value of their common stock and diluting their interest.

Our revenue and operating results may fluctuate, which could result in a decline in our profitability and make it more difficult for us to grow our business.

Our revenue and operating results have varied, and may in the future vary, from quarter to quarter and by season. Periods of decline have resulted, and could in the future result, in an overall decline in profitability and make it more difficult for us to make payments on our indebtedness and grow our business. We expect our quarterly results to fluctuate in the future due to a number of factors, including general economic conditions in the markets where we operate, the cyclical nature of consumer spending, and seasonal sales and spending patterns of customers.

We rely on card issuers and payment processors. If we fail to comply with the applicable requirements of Visa or other payment processors, those payment processors could seek to fine us, suspend us or terminate our registrations, which could have a material adverse effect on our business, results of operations, financial condition, and future prospects.

We rely on card issuers and payment processors, and must pay a fee for this service. From time to time, payment processors such as Visa may increase the interchange fees that they charge for each transaction using one of their cards. The payment processors routinely update and modify their requirements. Changes in the requirements, including changes to risk management and collateral requirements, may impact our ongoing cost of doing business and we may not, in every circumstance, be able to pass through such costs to our merchants or associated participants. Furthermore, if we do not comply with the payment processors' requirements (e.g., their rules, bylaws, and charter documentation), the payment processors could seek to fine us, suspend us or terminate our registrations that allow us to process transactions on their networks. The termination of our registration due to failure to comply with the applicable requirements of Visa or other payment processors, or any changes in the payment processors' rules that would impair our registration, could require us to stop utilizing payment services from Visa or other payment processors, which could have a material adverse effect on our business, results of operations, financial condition, and future prospects.

Our ability to use our net operating loss carry forwards and certain other tax attributes may be limited.

Under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an "ownership change", generally defined as a greater than 50.0% change (by value) in its equity ownership over a three-year period, the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income may be limited or potentially significantly deferred compared to such ability in the absence of an "ownership change". The completion of the Business Combination may have triggered an "ownership change" limitation. We have not completed a formal study to determine if any "ownership changes" within the meaning of IRC Section 382 have occurred. If "ownership changes" within the meaning of Section 382 of the Code have occurred, and if we earn net taxable income, our ability to use our net operating loss carryforwards and other tax credits generated since inception to offset U.S. federal taxable income may be subject to limitations, which could potentially result in increased future tax liability to us and could require us to pay U.S. federal income taxes earlier than would be required if such limitations were not in effect. Similar rules and limitations may apply for state income tax purposes.

Risks Relating to Our Technology and Our Platform

Real or perceived software errors, failures, bugs, defects, or outages could adversely affect our business, results of operations, financial condition, and future prospects.

Our platform and our internal systems rely on software that is highly technical and complex. In addition, our platform and our internal systems depend on the ability of such software to store, retrieve, manage and otherwise process immense amounts of data, including personal data. As a result, undetected errors, failures, bugs, or defects may be present in such software or occur in the future in such software, including open source software and other software we license in from third parties, especially when updates or new products or services are released.

Any real or perceived errors, failures, bugs, defects, or outages in such software may not be found until our consumers use our platform and could result in outages or degraded quality of service on our platform that could adversely impact our business (including through causing us not to meet contractually required service levels), as well as negative publicity, loss of or delay in market acceptance of our products and services, and harm to our brand or weakening of our competitive position. In such an event, we may be required, or may choose, to expend significant additional resources in order to correct the problem. Any real or perceived errors, failures, bugs, defects, or outages in the software we rely on could also subject us to liability claims, result in data security breaches or other security incidents, impair our ability to attract new consumers, retain existing consumers, or expand their use of our products and services, which would adversely affect our business, results of operations, financial condition, and future prospects.

Our results depend on continued integration and support of our platform by our merchants.

We depend on our merchants, which generally accept most major credit cards and other forms of payment, to present our platform as a payment option and to integrate our platform into their website or in their store, such as by featuring our platform on their websites or in their stores and at checkout. We do not have any recourse against merchants when they do not feature our platform as a payment option. The failure by our merchants to effectively present, integrate, and support our platform, or to effectively explain lease-to-own transactions to potential customers, would have a material and adverse effect on our business, results of operations, financial condition, and future prospects.

We are subject to stringent and changing laws, regulations, rules, standards and contractual obligations related to data privacy and security, which could increase the cost of doing business, compliance risks and potential liability and otherwise negatively affect our operating results and business regulations.

In the ordinary course of business, we collect, receive, store, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, share and otherwise process a wide variety of data and information, including personal data and sensitive personal data, proprietary and confidential business data, trade secrets, and intellectual property. For example, we process the personal data, including sensitive personal data, of consumers, including Social Security numbers. We are subject to numerous data privacy and security obligations, such as various laws, regulations, rules, standards and contractual obligations that govern the processing of personal data by us or by third parties on our behalf.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, regulations and rules including data breach notification laws, personal data privacy laws, and consumer protection laws. For example, the Telephone Consumer Protection Act ("TCPA") imposes specific requirements relating to marketing to individuals using technology such as telephones, mobile devices, and text messages. TCPA violations can result in significant financial penalties, including penalties or criminal fines imposed by the Federal Communications Commission or fines of up to $1,500 per violation imposed through private litigation or by state authorities. Class action suits are the most common method for private enforcement. We are also subject to the rules and regulations promulgated under the authority of the FTC, which regulates unfair or deceptive acts or practices, including with respect to data privacy and security. Moreover, the United States Congress has recently considered, and is currently considering, various proposals for more comprehensive data privacy and security legislation, to which we may be subject if passed.

Data privacy and security are also areas of increasing state legislative focus and we are, or may in the future become, subject to various state laws and regulations regarding data privacy and security. For example, the CCPA broadly defines personal information, gives California residents expanded privacy rights and protections, and provides for civil penalties for violations and a private right of action for certain data breaches. The CCPA is indicative of a trend towards greater state-level regulation of data privacy and security in the U.S. A number of other states have enacted, or are considering enacting, comprehensive data privacy laws that share similarities with the CCPA, with at least four such laws (in Virginia, Colorado, Connecticut and Utah) having taken effect, or scheduled to take effect, in 2023. In addition, laws in all 50 U.S. states generally require businesses to provide notice under certain circumstances to consumers whose personal data has been disclosed as a result of a data breach. Further, several states and localities have also enacted, or are considering enacting, measures related to the use of artificial intelligence and machine learning in products and services. For additional information on data privacy and security laws, regulations and rules we are, or may in the future become, subject to, see the section titled "Business—Government Regulation."

In addition, privacy advocates and industry groups have proposed, and may propose, data privacy and security standards with which we are legally or contractually bound to comply. For example, we may also be subject to the Payment Card Industry Data Security Standard ("PCI DSS"), which requires companies that process payment card data to adopt certain measures to ensure the security of cardholder information, including using and maintaining firewalls, adopting proper password protections for certain devices and software, and restricting data access. Noncompliance with PCI-DSS can result in significant penalties or liability, litigation, loss of access to major payment card systems, damage to our reputation, and revenue losses. We may also rely on vendors to process payment card data, and those vendors may be subject to PCI DSS, and our business may be negatively affected if our vendors are fined or suffer other consequences as a result of PCI DSS noncompliance.

We also make public statements about our use and disclosure of personal data through our privacy policies, information on our website and press statements. Although we endeavor to comply with our public statements and documentation, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies and other statements that provide promises and assurances about data privacy and security can subject us to potential government or legal action if they are found to be deceptive, unfair or misrepresentative of our actual practices. Any concerns about our data privacy and security practices, even if unfounded, could damage our reputation and adversely affect our business.

Increasingly, some aspects of our business may be reliant on our ability to have our products and services be accepted by or compatible with a third-party platform, and any inability to do so could negatively impact our business. For example, Google has announced that it intends to phase out third-party cookies in its Chrome browser, which could make it more difficult for us to target advertisements. Individuals may increasingly resist our collecting, using, and sharing of personal data to deliver targeted advertising. Additionally, Apple introduced an iOS update in April 2021 that allowed users to more easily opt-out of tracking of activity across devices, which has impacted and may continue to impact our business. Individuals are becoming more aware of options related to consent, "do not track" mechanisms, and "ad-blocking" software, any of which could materially impact our ability to collect personal data and deliver relevant promotions or media. As a result, we may be required to change the way we market our products. Any of these developments could impair our ability to reach new or existing customers or otherwise negatively affect our operations. In addition, the CCPA grants California residents the right to opt-out of a business's sharing of their personal information for targeted advertising purposes.

Our obligations related to data privacy and security are quickly changing in an increasingly stringent fashion, creating some uncertainty as to the effective future legal framework. Additionally, these obligations may be subject to differing applications and interpretations, which may be inconsistent or conflict among jurisdictions. Preparing for and complying with these obligations requires significant resources and may necessitate changes to our information technologies, systems, and practices and to those of any third parties that process personal data on our behalf. In addition, these obligations may require us to change our business model. Our business model materially depends on our ability to process personal data, so we are particularly exposed to the risks associated with the rapidly changing legal landscape. For example, we may be at heightened risk of regulatory scrutiny, and any changes in the regulatory framework could require us to fundamentally change our business model.

Although we endeavor to comply with all applicable data privacy and security laws, regulations, rules, standards, and contractual obligations, we may at times fail (or be perceived to have failed) to do so. Moreover, despite our efforts, our personnel or third parties upon whom we rely may fail to comply with such obligations, which could negatively impact our business operations and compliance posture. For example, any failure by a third-party service provider to comply with applicable laws, regulations, rules, standards and contractual obligations could result in adverse effects, including inability to or interruption in our ability to operate our business and proceedings against us by governmental entities or others. If we fail, or are perceived to have failed, to address or comply with data privacy and security obligations, we could face significant consequences. These consequences may include, but are not limited to, government enforcement actions (e.g., investigations, fines, penalties, audits, inspections, and similar); litigation (including class claims; damages); additional reporting requirements and/or oversight; bans on processing personal data; and orders to destroy or not use personal data.

Any of these events could have a material adverse effect on our reputation, business, or financial condition, including but not limited to: loss of customers; interruptions or stoppages in our business operations; interruptions or stoppages of data collection needed to train our algorithms; inability to process personal data or to operate in certain jurisdictions; limited ability to develop or commercialize our products; expenditure of time and resources to defend any claim or inquiry; adverse publicity; or revision or restructuring of our operations.

Any significant disruption in, or errors in, service on our platform or relating to vendors, including events beyond our control, could prevent us from processing transactions on our platform or posting payments and have a material and adverse effect on our business, results of operations, financial condition, and future prospects.

We use vendors, such as our cloud computing web services provider, virtual card processing companies, and third-party software providers, in the operation of our platform. The satisfactory performance, reliability, and availability of our technology and our underlying network and infrastructure are critical to our operations and reputation and the ability of our platform to attract new and retain existing merchants and consumers. We rely on these vendors to protect their systems and facilities against damage or service interruptions from natural disasters, power or telecommunications failures, air quality issues, environmental conditions, computer viruses, cyber-attacks or other attempts to harm these systems, data security breaches or other security incidents, criminal acts, and similar events. If our arrangement with a vendor is terminated or if there is a lapse of service or damage to its systems or facilities, we could experience interruptions in our ability to operate our platform. We also may experience increased costs and difficulties in replacing that vendor and replacement services may not be available on commercially reasonable terms, on a timely basis, or at all. Any interruptions or delays in our platform availability, whether as a result of a failure to perform on the part of a vendor, any damage to one of our vendor's systems or facilities, the termination of any of our third-party vendor agreements, software bugs or failures, our or our vendor's error, natural disasters, terrorism, other man-made problems, or data security breaches or other security incidents, whether accidental or willful, or other factors, could harm our relationships with our merchants and consumers and also harm our reputation.

In addition, we source certain information from third parties. For example, our risk scoring model is based on algorithms that evaluate a number of factors and currently depend on sourcing certain information from third parties. In the event that any third-party from which we source information experiences a service disruption, whether as a result of maintenance, software bugs or failures, natural disasters, terrorism, other man-made problems, or data security breaches or other security incidents whether accidental or willful, or other factors, the ability to score and decision lease-to-own applications through our platform may be adversely impacted. Additionally, there may be errors contained in the information provided by third parties. This may result in the inability to approve otherwise qualified applicants through our platform, which may adversely impact our business by negatively impacting our reputation and reducing our transaction volume.

To the extent we use or are dependent on any particular third-party data, technology, or software, we may also be harmed if such data, technology, or software becomes non-compliant with existing laws, regulations, rules or standards, becomes subject to third-party claims of intellectual property infringement, misappropriation, or other violation, or malfunctions or functions in a way we did not anticipate. Any loss of the right to use any of this data, technology, or software

could result in delays in the provisioning of our products and services until equivalent or replacement data, technology, or software is either developed by us, or, if available, is identified, obtained, and integrated, and there is no guarantee that we would be successful in developing, identifying, obtaining, or integrating equivalent or similar data, technology, or software, which could result in the loss or limiting of our products, services, or features available in our products or services.

In addition, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. Our disaster recovery plan has not been tested under actual disaster conditions, and we may not have sufficient capacity to recover all data and services in the event of an outage. These factors could prevent us from processing transactions or posting payments on our platform, damage our brand and reputation, divert the attention of our employees, reduce our revenue, subject us to liability, and cause consumers or merchants to abandon our platform, any of which could have a material and adverse effect on our business, results of operations, financial condition, and future prospects.

Data security breaches or other security incidents with respect to our information technology systems or data, or those of third parties upon which we rely, could result in adverse consequences, including but not limited to regulatory investigations or actions, litigation, fines and penalties, disruptions of our business operations, reputational harm, loss of revenue or profits, and loss of customers.

Cyber-attacks, malicious internet-based activity, and online and offline fraud are prevalent and continue to increase. These threats are becoming increasingly difficult to detect. These threats come from a variety of sources, including traditional computer "hackers," threat actors, personnel (such as through theft or misuse), sophisticated nation states, and nation-state-supported actors. Some actors now engage and are expected to continue to engage in cyber-attacks, including without limitation nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, including cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our goods and services. The automated nature of our business and our reliance on digital technologies may make us an attractive target for, and potentially vulnerable to cyber-attacks. We and the third parties upon which we rely may be subject to a variety of evolving threats, including but not limited to: computer malware (including as a result of advanced persistent threat intrusions), malicious code (such as viruses and worms), social engineering (including phishing attacks), ransomware attacks, denial-of-service attacks (such as credential stuffing), personnel misconduct or error, supply-chain attacks, software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunication failures, earthquakes, fires, floods, and other similar threats.

Ransomware attacks, including by organized criminal threat actors, nation-states, and nation-state-supported actors, are becoming increasingly prevalent and severe and can lead to significant interruptions in our operations, loss of data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. Similarly, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties and infrastructure in our supply chain or our third-party partners' supply chains have not been compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our information technology systems (including our products or services) or the third-party information technology systems that support us and our services. We are incorporated into the supply chain of a large number of companies worldwide and, as a result, if our products are compromised, a significant number of companies could be simultaneously affected. The potential liability and associated consequences we could suffer as a result of such a large-scale event could be catastrophic and result in irreparable harm.

The United States government has raised concerns about a potential increase in cyber-attacks generally as a result of the military conflict between Russia and Ukraine and the related sanctions imposed by the United States and other countries. Furthermore, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies.

Any of the above identified or similar threats could cause a data security breach or other security incident. A data security breach or other security incident could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure, transfer, use or other processing of, or access to our, our customers', our vendors' or our merchants' confidential, proprietary, personal or other information. A data security breach or other security incident could disrupt our ability (and that of third parties upon whom we rely) to provide our platform, products, or services. We may expend significant resources in connection with investigating, mitigating or remediating, or modifying our business activities to protect against, actual or perceived data security breaches or other security incidents. Certain data privacy and security obligations may require us to implement and maintain specific security measures, as well as maintain industry-standard or reasonable security measures to protect our information technology systems which contain confidential, proprietary, personal and other information.

While we have implemented security measures designed to protect against data security breaches and other security incidents, there can be no assurance that these measures will be effective. We may be unable in the future to detect vulnerabilities in our information technology systems (including our products or services) because such threats and techniques change frequently, are often sophisticated in nature, and may not be detected until after a security incident has occurred. Despite our efforts to identify and remediate vulnerabilities, if any, in our information technology systems (including our products or services), our efforts may not be successful. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities.

We may rely upon third-party service providers and technologies to operate critical business systems to process confidential, proprietary, personal and other information in a variety of contexts, including, without limitation, third-party providers of cloud-based infrastructure, virtual card processing, encryption and authentication technology, employee email, and other functions. We may share or receive confidential, proprietary, personal or other information with or from third parties. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. Due to applicable laws, regulations, rules, standards and contractual obligations, we may be held responsible for data security breaches or other security incidents attributed to our third-party service providers as they relate to the information we share with them.

Any actual or perceived failure to comply with legal and regulatory requirements applicable to us, including those relating to data privacy and security, or any failure to protect the information that we collect from our consumers and merchants, including personal information, from cyber-attacks, data security breaches or other security incidents, or any such actual or perceived failure by our originating bank partners, may result in, among other things, revocation of required licenses or registrations, loss of approved status, private litigation, regulatory or governmental investigations, administrative enforcement actions, sanctions, civil and criminal liability, and constraints on our ability to continue to operate.

Applicable data privacy and security laws, regulations, rules, standards and contractual obligations may require us to notify relevant stakeholders of data security breaches and other security incidents. Such disclosures are costly, and the disclosure or the failure to comply with such requirements could lead to adverse consequences. If we (or a third party upon whom we rely) experience, or are perceived to have experienced, a data security breach or other security incident, or fail to make adequate or timely disclosures to the public, regulators or law enforcement agencies following any such event, we may experience adverse consequences. These consequences may include: interruptions to our operations (including availability of data), violation of applicable data privacy and security laws, regulations, rules, standards and contractual obligations; litigation (including class claims), damages, an obligation to notify regulators and affected individuals, the triggering of indemnification and other contractual obligations, government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing personal and other sensitive data; negative publicity; reputational damage; loss of consumers and ecosystem partners; monetary fund diversions; financial loss; and other similar harms. Additionally, our originating bank partners also operate in a highly regulated environment, and many laws and regulations that apply directly to our originating bank partners are indirectly applicable to us through our arrangements with our originating bank partners. Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our data privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

While we take precautions to prevent consumer identity fraud, it is possible that identity fraud may still occur or has occurred, which may adversely affect the performance of the lease-to-own transactions facilitated through our platform.

There is risk of fraudulent activity associated with our platform, consumers, and third parties handling consumer information. Our resources, technologies, and fraud prevention tools may be insufficient to accurately detect and prevent fraud. We bear the risk of loss for lease-to-own transactions facilitated through our platform. The level of fraud related charge-offs on the lease-to-own transactions facilitated through our platform could be adversely affected if fraudulent activity were to significantly increase.

We bear the risk of consumer fraud in a transaction involving us, a consumer, and a merchant, and we generally have no recourse to the merchant to collect the amount owed by the consumer. Significant amounts of fraudulent cancellations or chargebacks and the potential cost of remediation could adversely affect our business or financial condition. High profile fraudulent activity or significant increases in fraudulent activity could also lead to regulatory intervention, negative publicity, and the erosion of trust from our consumers and merchants, and could materially and adversely affect our business, results of operations, financial condition, future prospects, and cash flows.

Failure to adequately obtain, maintain, protect, defend and enforce our intellectual property and proprietary rights could harm our business, operating results and financial condition.

Our business depends on intellectual property and proprietary technology and information, the protection of which is crucial to the success of our business. We rely on a combination of patent, copyright, trademark, and trade secret laws in the United States, as well as license agreements, confidentiality procedures, non-disclosure agreements, and other contractual protections, to establish and protect our intellectual property and proprietary rights, including our proprietary technology, software, know-how, and brand.

Although we take steps to protect our intellectual property and proprietary rights, we cannot be certain that the steps we have taken will be sufficient or effective to prevent the unauthorized access, use, copying, reverse engineering, infringement, misappropriation or other violation of our intellectual property and proprietary technology and information, including by third parties who may use our intellectual property or proprietary technology or information to develop services that compete with ours. We may not be able to register or enforce all of our trademarks and any of our trademarks or other intellectual property rights may be challenged by others. In addition, we may be subject to claims by third parties that we have infringed, misappropriated or otherwise violated their intellectual property. These claims, regardless of their merit or our defenses, could be time-consuming and costly to defend, result in injunctions against us or the payment of damages by us, result in the diversion of significant operational resources and changes to our business model or result in ongoing royalty payments or significant settlement payouts. Our involvement in intellectual property disputes and any failure to adequately protect our intellectual property rights may cause our business, operating results and financial condition to suffer.

Further, we license certain technology, software, data and other intellectual property from third parties that are important to our business. Our business may suffer if any current or future licenses or other grants of rights to us terminate, if the licensors (or other applicable counterparties) fail to abide by the terms of the license or other applicable agreement, if the licensors fail to enforce the licensed intellectual property against infringing third parties or if the licensed intellectual property rights are found to be invalid or unenforceable.

Legal and Compliance Risks

Our business is subject to the requirements of various federal, state and local laws and regulations, which can require significant compliance costs and expose us to government investigations, significant additional costs, fines or other monetary penalties or settlements, and compliance-related burdens.

Our business is subject to extensive federal, state and local laws and regulations and an increased risk of regulatory actions as a result of the highly regulated nature of our industry and the focus of state and federal enforcement agencies on the lease-to-own industry in particular. Any adverse change in applicable laws or regulations, the passage of unfavorable new laws or regulations, or the manner in which any applicable laws and regulations are interpreted or enforced could dictate changes to our business practices that may be materially adverse to the Company. Further, our transactions are subject to various federal and state laws and regulations which may result in significant compliance costs as well as expose us to litigation. In particular, our rental-purchase transactions and the consumer-facing operations related thereto, such as collections and marketing, are subject to various other federal, state and/or local consumer protection laws. These laws, as well as the rental-purchase statutes under which we operate, provide various remedies in connection with violations, including restitution and other monetary penalties and sanctions which in certain circumstances can be significant.

We cannot determine with any degree of certainty whether any new laws or regulations will be enacted, or whether government agencies will initiate new or different interpretations of existing laws. The impact of new laws and regulations, or modifications by regulators concerning the interpretation or enforcement of existing laws, on our business is not known; however, any such changes could materially and adversely impact our business.

The laws and regulations applicable to our operations are subject to agency, administrative and/or judicial interpretation. Some of these laws and regulations have been enacted only recently and/or may not yet have been interpreted or may be interpreted infrequently. As a result of non-existent or sparse interpretations, ambiguities in these laws and regulations may create uncertainty with respect to the requirements of any applicable laws and regulations. Any ambiguity under a law or regulation to which we are subject may lead to regulatory investigations, governmental enforcement actions and private causes of action, such as class action lawsuits, with respect to our compliance with such laws or regulations.

Federal and state agencies have increased their focus on consumer financial products and services. State law enforcement agencies and regulators appear to have increased their scrutiny of entities operating within the personal property

rental-purchase, or “lease-to-own”, industry. For example, the California Department of Financial Protection and Innovation (“DFPI”) has issued subpoenas and is conducting investigations into practices of entities operating within the personal property rental-purchase industry. Similarly, state attorneys general also appear to have increased their scrutiny of the industry. As of the date of this filing, the Company has not received investigatory demands from California DFPI or state attorneys general. However, there can be no assurance that the Company will not be included in future actions of the same or similar nature and, if it is, that it would not lead to an enforcement action, consent order, or substantial costs, including legal fees, fines, penalties, and remediation expenses.

For information on data privacy and security laws, regulations, rules, standards and contractual obligations we are, or may in the future become, subject to, and the associated risks to our business, see the section titled “Risk Factors—Risks Relating to Our Technology and Our Platform—We are subject to stringent and changing laws, regulations, rules, standards and contractual obligations related to data privacy and security, which could increase the cost of doing business, compliance risks and potential liability and otherwise negatively affect our operating results and business.”

Our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting in connection with the audit of our financial statements as of and for the fiscal years ended December 31, 2022 and 2021 and we may identify additional material weaknesses in the future that may cause us to fail to meet our reporting obligations or result in material misstatements of our financial statements. If we fail to remediate any material weaknesses or if we otherwise fail to establish and maintain effective internal control over financial reporting, our ability to accurately and timely report our financial results could be adversely affected.

In connection with the audit of our financial statements for the fiscal years ended December 31, 2022 and 2021, our independent registered public accounting firm identified certain control deficiencies in the design and implementation of our internal control over financial reporting that in aggregate constituted material weaknesses. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. Our evaluation was based on the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Internal Control — Integrated Framework (2013).

The material weaknesses identified during the December 31, 2021 audit relate to (1) an insufficient number of personnel with an appropriate level of GAAP knowledge and experience to create the proper control environment for effective internal control over financial reporting and to ensure that oversight processes and procedures in applying nuanced guidance to complex accounting transactions for financial reporting are adequate, and (2) a lack of controls in place to review journal entries, reconcile journal entries to underlying support and evaluate if journal entries are in compliance with GAAP before the entries are manually posted. These material weaknesses had not been remediated as of March 31, 2023.

As part of our plan to remediate these material weaknesses, we are performing a full review of our internal control procedures. We have implemented, and plan to continue to implement, new controls and new processes. We cannot assure you that the measures that we have taken, and that will be taken, to remediate these material weaknesses will, in fact, remedy the material weaknesses or will be sufficient to prevent future material weaknesses from occurring. We also cannot assure you that we have identified all of our existing material weaknesses.

When evaluating our internal control over financial reporting, we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. If we are unable to remediate our existing material weakness or identify additional material weaknesses and are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting once we are no longer an emerging growth company, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

If we discover a material weakness in our internal control over financial reporting that we are unable to remedy or otherwise fail to maintain effective internal control over financial reporting or disclosure controls and procedures, our ability to report our financial results on a timely and accurate basis and the market price of our common stock may be adversely affected.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In addition to the material weaknesses in internal control over financial reporting identified in connection with the audit of our financial statements for the fiscal year ended December 31, 2022, subsequent testing by us or our independent registered public accounting firm, which has not performed an audit of our internal control over financial reporting, may reveal additional deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. To comply with Section 404, we expect to incur substantial cost, expend significant management time on compliance-related issues and hire additional accounting, financial, and internal audit staff with appropriate public company experience and technical accounting knowledge. Moreover, if we are not able to comply with the requirements of Section 404 in a timely manner or if we or our independent registered public accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources. Any failure to maintain effective disclosure controls and procedures or internal control over financial reporting could have an adverse effect on our business and operating results, and cause a decline in the price of our common stock.

Changes to tax laws or exposure to additional tax liabilities may have a negative impact on our operating results.

Continued developments in U.S. tax reform and changes to tax laws and rates in other jurisdictions where we do business could adversely affect our results of operations and cash flows. It is also possible that provisions of U.S. tax reform could be subsequently amended in a way that is adverse to us.

In addition, we may undergo tax audits in various jurisdictions in which we operate. Although we believe that our income tax provisions and accruals are reasonable and in accordance with generally accepted accounting principles in the United States, and that we prepare our tax filings in accordance with all applicable tax laws, the final determination with respect to any tax audits and any related litigation, could be materially different from our historical income tax provisions and accruals. The results of a tax audit or litigation could materially affect our operating results and cash flows in the periods for which that determination is made. In addition, future period net income may be adversely impacted by litigation costs, settlements, penalties and interest assessments.

We are subject to legal proceedings and claims from time to time that may seek material damages or otherwise may have a material adverse effect on our business. The costs we incur in defending ourselves or associated with settling any of these proceedings, as well as a material final judgment or decree against us, could materially adversely affect our financial condition by requiring the payment of the settlement amount, a judgment or the posting of a bond and/or such matters could otherwise materially and adversely impact our business.

We are subject to legal proceedings and claims from time to time that may seek material damages or otherwise may have a material adverse effect on our business. For example, in April 2021, Daiwa Corporate Advisory Services filed a complaint against us for breach of contract with respect to transactions in connection with our Merger. In addition, in August 2021, a putative securities class action complaint was filed against us and certain of our officers. These cases are still pending. See “Part I, Item 1. Note 12 - Commitments and Contingencies” in this Quarterly Report on Form 10-Q for more information. The costs we incur in defending ourselves or associated with settling any of these proceedings, as well as a material final judgment or decree against us, could materially adversely affect our financial condition by requiring the payment of the settlement amount, a judgment or the posting of a bond and/or such matters could otherwise materially and adversely impact our business.

In addition, others in our industry have defended class action lawsuits alleging various regulatory violations and have paid material amounts to settle such claims. If we are named in any such class action lawsuits or other legal proceedings, significant settlement amounts or final judgments could materially and adversely affect our liquidity and capital resources.

To attempt to limit costly and lengthy consumer, employee and other litigation, including class actions, we require our customers and employees to sign arbitration agreements, including class action waivers. In addition to opt-out provisions contained in such agreements, recent judicial and regulatory actions have attempted to restrict or eliminate the enforceability of such agreements and waivers. If we are not permitted to use arbitration agreements and/or class action waivers, or if the enforceability of such agreements and waivers is restricted or eliminated, we could incur increased costs to resolve legal actions brought by customers, employees and others, as we would be forced to participate in more expensive and lengthy dispute resolution processes.

Operational Risks Related to Our Business

Uncertain market and economic conditions have had, and may in the future have, serious adverse consequences on our business, financial condition and share price.

The global economy, including credit and financial markets, has experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, increases in inflation rates, higher interest rates and uncertainty about economic stability. For example, in March 2023 a global banking crisis led to significant volatility in the capital markets, as well as fears of further contagion and recession. Similarly, the ongoing military conflict between Russia and Ukraine has had, and is expected to continue to have, global economic consequences, including disruptions of the global supply chain and energy markets. Any such volatility and disruptions may have adverse consequences on us or the third parties on whom we rely. If the equity and credit markets deteriorate, including as a result of political unrest or war, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, more costly or more dilutive. Increased inflation rates can adversely affect us by increasing our costs, including labor and employee benefit costs. In addition, higher inflation could also adversely affect discretionary spending for non-prime consumers, which could reduce demand for our products and services. Any significant increases in inflation and related increase in interest rates could have a material adverse effect on our business, results of operations and financial condition.

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 margins. 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, advertising and marketing expenses, operating leases, data costs, payment processing costs, cost of capital, or indirect spending could materially adversely affect our profitability.

Negative publicity about us or our industry could adversely affect our business, results of operations, financial condition, and future prospects.

Negative publicity about us or our industry, including the transparency, fairness, user experience, quality, and reliability of our platform or lease-to-own platforms in general, effectiveness of our risk model, our ability to effectively manage and resolve complaints, our data privacy and security practices, litigation, regulatory activity, misconduct by our employees, funding sources, service providers, or others in our industry, the experience of consumers and investors with our platform or services or lease-to-own platforms in general, even if inaccurate, could adversely affect our reputation and the confidence in, and the use of, our platform, which could harm our reputation and cause disruptions to our platform. For instance, in October 2020, a data breach broker purported to offer customer records from a number of companies, including us, for sale on a hacker forum. Although we determined with third party firms and our internal team that the compromised data did not include confidential proprietary or personal data, we cannot guarantee that this publicity or any similar publicity in the future will not have a negative effect on our business or reputation. Any such reputational harm could further affect the behavior of consumers, including their willingness to utilize lease-to-own programs through our platform or to make payments on their leases. As a result, our business, results of operations, financial condition, and future prospects would be materially and adversely affected.

Misconduct and errors by our employees, vendors, and service providers could harm our business and reputation.

We are exposed to many types of operational risk, including the risk of misconduct and errors by our employees, vendors, and other service providers. Our business depends on our employees, vendors, and service providers to process a large number of increasingly complex transactions, including transactions that involve significant dollar amounts and lease-to-own transactions that involve the use and disclosure of personally identifiable information and business information. We could be adversely affected if transactions were redirected, misappropriated, or otherwise improperly executed, personal and business information was disclosed to unintended recipients, or an operational breakdown or failure in the processing of other transactions occurred, whether as a result of human error, a purposeful sabotage or a fraudulent manipulation of our operations or systems. In addition, the manner in which we store and use certain personal data and interact with consumers and merchants through our platform is governed by various federal and state laws. If any of our employees, vendors, or service providers take, convert, or misuse funds, documents, or data, or fail to follow protocol when interacting with consumers and merchants, we could be liable for damages and subject to regulatory actions and penalties. We could also be perceived to have facilitated or

participated in the illegal misappropriation of funds, documents, or data, or the failure to follow protocol, and therefore be subject to civil or criminal liability. For example, our operations are subject to certain laws generally prohibiting companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business, such as the U.S. Foreign Corrupt Practices Act, and similar anti-bribery laws in other jurisdictions. Violations by our employees, contractors or agents of policies and procedures we have implemented to ensure compliance with these laws could subject us to civil or criminal investigations in the U.S. and in other jurisdictions, could lead to substantial civil and criminal, monetary and non-monetary penalties, and related shareholder lawsuits, could cause us to incur significant legal fees, and could damage our reputation. It is not always possible to identify and deter misconduct or errors by employees, vendors, or service providers, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses. Any of these occurrences could result in our diminished ability to operate our business, potential liability to consumers and merchants, inability to attract future consumers and merchants, reputational damage, regulatory intervention, and financial harm, which could negatively impact our business, results of operations, financial condition, and future prospects.

The loss of the services of any of our executive officers could materially and adversely affect our business, results of operations, financial condition, and future prospects.

The experience of our executive officers are valuable assets to us. Our executive officers have significant experience in the financial technology industry and would be difficult to replace. Competition for senior executives in our industry is intense, and we may not be able to attract and retain qualified personnel to replace or succeed any of our executive officers. Failure to retain any of our executive officers could have a material adverse effect on our business, results of operations, financial condition, and future prospects.

Our business depends on our ability to attract and retain highly skilled employees.

Our future success depends on our ability to identify, hire, develop, motivate, and retain highly qualified personnel for all areas of our organization, in particular, a highly experienced sales force, data scientists, and engineers. Competition for these types of highly skilled employees, is extremely intense. Trained and experienced personnel are in high demand and may be in short supply. Many of the companies with which we compete for experienced employees have greater resources than we do and may be able to offer more attractive terms of employment. In addition, we invest significant time and expense in training our employees, which increases their value to competitors that may seek to recruit them. We may not be able to attract, develop, and maintain the skilled workforce necessary to operate our business, and labor expenses may increase as a result of a shortage in the supply of qualified personnel. If we are unable to maintain and build our highly experienced sales force, or are unable to continue to attract experienced engineering and technology personnel, as well as other qualified employees, our business, results of operations, financial condition, and future prospects could be materially and adversely affected.

Additional Risks Relating to Ownership of Company Securities

Nasdaq may delist our securities from trading on its exchange, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.

Currently, our common stock and public warrants are publicly traded on the Nasdaq Capital Market ("Nasdaq"). In order to continue listing our securities on the Nasdaq, we will be required to maintain certain financial, distribution and stock price levels. On April 21, 2023, we received a letter from the Listing Qualifications Department of Nasdaq notifying us that, for the last 30 consecutive business days, the closing bid price for our common stock was below $1.00 per share, which is the minimum closing bid price required for continued listing. In accordance with Nasdaq rules, we have 180 calendar days from the date of the Notice, or until October 18, 2023, to regain compliance with the minimum closing bid price requirement. In order to regain compliance, we intend to continue actively monitoring the bid price for our common and will consider available options to resolve the deficiency, including seeking approval from stockholders of an amendment to our certificate of incorporation to effect a reverse stock split by a ratio of not less than 1-for-25 and no more than 1-for-40, with the exact ratio to be determined by our board and effected at such time and date, if at all, as determined by our board. There can be no guarantee that a reverse stock split, if effected, will enable us to regain compliance with the minimum bid requirement.

If we do not regain compliance during the compliance period, we may be eligible for an additional 180-calendar day period to regain compliance, provided that on the 180th day of the first compliance period it meets the applicable market value of publicly held shares requirement for continued listing and all other applicable standards for initial listing on The Nasdaq Capital Market (except the minimum bid price requirement), based on our most recent public filings and market information and notifies Nasdaq our intent to cure the deficiency. If we do not regain compliance within the allotted compliance periods, including any extensions that may be granted by Nasdaq, our stock will be subject to delisting.

If Nasdaq delists our securities from trading on its exchange and we are not able to list our securities on another national securities exchange, we expect our securities could be quoted on an over-the-counter market. If this were to occur, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a determination that our common stock is a "penny stock" which will require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as "covered securities." Since our common stock and public warrants are listed on the Nasdaq, they are covered securities. Although the states are preempted from regulating the sale of its securities, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. If we are no longer listed on the Nasdaq, our securities would not be covered securities and it would be subject to regulation in each state in which it offers its securities, including in connection with the initial business combination.

The price of our securities may change significantly in the future and stockholders could lose all or part of their investment as a result.

The trading price of our common stock and public warrants is likely to be volatile and the trading price of our securities have experienced extreme volatility and a significant decline. The securities markets have experienced significant volatility as macroeconomic conditions, such as high inflation and the ongoing conflict between Russia and Ukraine. Market volatility, as well as general economic, market, or political conditions, could reduce the market price of shares of our common stock regardless of our operating performance. Our operating results have been below and could continue to be below the expectations of public market analysts and investors due to a number of potential factors, including:

- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- factors affecting consumer spending that are not under our control;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- declines in the market prices of stocks generally;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, acquisitions, joint ventures, other strategic relationships or capital commitments;
- any significant change in our management;
- changes in general economic or market conditions or trends in our industry or markets;
- changes in business or regulatory conditions, including new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- future sales of our common stock or other securities;
- investor perceptions or the investment opportunity associated with our common stock relative to other investment alternatives;
- the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;

- the development and sustainability of an active trading market for our stock;
- actions by institutional or activist stockholders;
- changes in accounting standards, policies, guidelines, interpretations or principles; and
- other events or factors, including those resulting from natural disasters, war (including the conflict involving Russia and Ukraine), pandemics (including COVID-19), acts of terrorism or responses to these events.

These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock or public warrants is low.

The majority of our management has limited experience in operating a public company.

Our executive officers have limited experience in the management of a publicly traded company. Their limited experience in dealing with the increasingly complex laws pertaining to public companies could be a disadvantage in that it is possible that an increasing amount of our management's time may be devoted to these activities which will result in less time being devoted to our management and growth. We may not have adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal control over financial reporting required of public companies in the U.S. The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company in the U.S. may require costs greater than expected. It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company which may increase our operating costs in future periods.

We will continue to incur significant costs as a result of operating as a public company, and our management will continue to devote substantial time for new compliance initiatives.

As a public company, we will continue to incur significant legal, accounting and other expenses that we did not incur as a private company, and these expenses may increase after we are no longer an emerging growth company, as defined in Section 2(a) of the Securities Act of 1933, as amended. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of Nasdaq and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel will need to continue to devote a substantial amount of time to these compliance initiatives. The increased costs will impact our financial position. These rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be forced to accept reduced policy limits, higher retention levels, or incur substantially higher costs to maintain the same or similar coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements.

Because there are no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We intend to retain future earnings, if any, for future operations, expansion and debt repayment and there are no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of our common stock will be at the sole discretion of our board of directors. Our board of directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, implications on the payment of dividends by us to our stockholders or by its subsidiaries to it and such other factors as our board of directors may deem relevant. In addition, our ability to pay dividends is limited by covenants of our existing and outstanding indebtedness and may be limited by covenants of any future indebtedness that we incur. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

If securities analysts do not publish research or reports about our business or if they downgrade our stock or our sector, our stock price and trading volume could decline.

The trading market for our common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We will not control these analysts. In addition, some financial analysts may have limited expertise with our model and operations. Furthermore, if one or more of the analysts who cover us downgrade our stock or industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of

our stock could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on it regularly, we could lose visibility in the market, which in turn could cause its stock price or trading volume to decline.

Future sales, or potential future sales, by us or our stockholders in the public market could cause the market price for our common stock to decline.

The sale of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that it deems appropriate.

The lock-up agreement contained in the Amended and Restated Registration Rights Agreement (the "A&R RRA") with us expired and the shares of common stock held by the stockholders party to the A&R RRA are eligible for resale which could result in the market price of shares of our common stock dropping significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our common stock or other securities.

In addition, common stock reserved for future issuance under our equity incentive plans will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements, lock-up agreements and, in some cases, limitations on volume and manner of sale applicable to affiliates under Rule 144, as applicable. The aggregate number of shares of our common stock initially reserved for future issuance under our 2021 equity incentive plan was 8,932,162, and as of March 31, 2023, there were 2,140,282 shares of common stock available for future issuance under the 2021 equity incentive plan.

In the future, we may also issue securities in connection with investments or acquisitions. The amount of shares of common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding shares of common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to our stockholders.

Warrants are exercisable for our common stock, which would increase the number of shares eligible for future resale in the public market and result in dilution to our existing stockholders.

Outstanding warrants to purchase an aggregate of 12,832,500 shares of our common stock became exercisable 30 days after the completion of the Merger. Each warrant entitles the holder thereof to purchase one (1) share of our common stock at a price of $11.50 per whole share, subject to adjustment. Warrants may be exercised only for a whole number of shares of common stock. In addition, in connection with the amendment to the Credit Agreement in March 2023, we issued a warrant to purchase up to 2,000,000 shares of our common stock at an exercise price of $0.01 per share, which vests upon the earliest to occur of September 6, 2023 and a Change of Control. In addition, under the terms of the credit agreement, we may be required to grant an additional 2,000,000 shares of common stock at the same exercise price under the warrant upon the earlier to occur of (i) December 5, 2023, so long as any amount of the principal balance of the Term Loan remains outstanding, (ii) an Acquisition (as defined in the Warrant) of the Company and (iii) an Event of Default occurs under the Credit Agreement prior to December 5, 2023. Such shares will become vested upon the first to occur of (i) three months after the grant date and (ii) an Acquisition of the Company. To the extent such warrants are exercised, additional shares of our common stock will be issued, which will result in dilution to the then existing holders of our common stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of our common stock.

The JOBS Act permits "emerging growth companies" like us to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies.

We qualify as an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, which we refer to as the "JOBS Act." As such, we will take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies for as long as it continues to be an emerging growth company, including (i) the exemption from the auditor attestation requirements with respect to internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, (ii) the exemptions from say-on-pay, say-on-frequency and say-on-golden parachute voting requirements and (iii) reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements. As a result, our stockholders may not have access to certain information they deem important. We will remain an emerging growth company until the earliest of

(i) December 31, 2024, (b) in which we have total annual gross revenue of at least $1.235 billion or (c) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that are held by non-affiliates exceeds $700 million as of the last business day of our prior second fiscal quarter, and (ii) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the exemption from complying with new or revised accounting standards provided in Section 7(a)(2)(B) of the Securities Act as long as we are an emerging growth company. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies, but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

We cannot predict if investors will find our common stock less attractive because we will rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for common stock and our stock price may be more volatile.

Anti-takeover provisions in our organizational documents could delay or prevent a change of control.

Certain provisions of our Amended and Restated Charter and Amended and Restated Bylaws have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions provide for, among other things:

- the ability of our board of directors to issue one or more series of preferred stock;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings;
- limiting the ability of stockholders to act by written consent; and
- our board of directors have the express authority to make, alter or repeal our Amended and Restated Bylaws.

These anti-takeover provisions could make it more difficult for a third party to acquire us, even if the third party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

Our Amended and Restated Charter designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or stockholders.

Our Amended and Restated Charter provides that, subject to limited exceptions, any (1) derivative action or proceeding brought on behalf of us, (2) action asserting a claim of breach of a fiduciary duty owed by any director, officer, stockholder or employee to us or our stockholders, (3) action asserting a claim arising pursuant to any provision of the DGCL or our Amended and Restated Charter or our Amended and Restated Bylaws, or (4) action asserting a claim governed by the internal affairs doctrine shall, to the fullest extent permitted by law, be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, another state or federal court located within the State of Delaware. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our Amended and Restated Charter described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for

disputes with us or its directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our Amended and Restated Charter inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit #	Description
10.1†	Fifteenth Amendment to Loan and Security Agreement, dated as of March 6, 2023, by and among Katapult SPV-1 LLC, Katapult Group, Inc., Katapult Holdings, Inc., Midtown Madison Management LLC and the lenders party thereto.
10.2	Warrant to Purchase Stock, dated as of March 6, 2023, issued by Katapult Holdings, Inc., to Midtown Madison Management LLC as holder (incorporated by reference to Exhibit 10.39 of the Company's Form 10-K, filed with the SEC on March 9, 2023).
10.3	Revolving Note, dated as of March 6, 2023, issued by Katapult SPV-1 LLC to Midtown Madison Management LLC (incorporated by reference to Exhibit 10.40 of the Company's Form 10-K, filed with the SEC on March 9, 2023).
10.4	Amended and Restated Revolving Note, dated as of March 6, 2023, issued by Katapult SPV-1 LLC to Midtown Madison Management LLC as holder (incorporated by reference to Exhibit 10.41 of the Company's Form 10-K, filed with the SEC on March 9, 2023).
31.1*	Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002
31.2*	Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002
32.1**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document)

* Filed herewith.
** Furnished herewith and not deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.
† Certain of the exhibits and schedules to these exhibits have been omitted in accordance with Regulation S-K Item 601(a)(5). The registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 11, 2023

/s/ Nancy Walsh

Nancy Walsh
Chief Financial Officer
(Principal Financial Officer)

Certain confidential information contained in this document, marked by [***], has been omitted because the registrant has determined that the information (i) is not material and (ii) is the type that the registrant treats as private or confidential.

FIFTEENTH AMENDMENT
TO LOAN AND SECURITY AGREEMENT

This Fifteenth Amendment to Loan and Security Agreement (this "**Amendment**") is entered into this 6th day of March, 2023, by and among (a) **KATAPULT SPV-1 LLC**, a Delaware limited liability company ("**Borrower**"), (b) **KATAPULT GROUP, INC.**, a Delaware corporation ("**Holdings**"), (c) **KATAPULT HOLDINGS, INC.**, a Delaware corporation ("**Parent Entity**"), (d) **MIDTOWN MADISON MANAGEMENT LLC**, a Delaware limited liability company, as administrative, payment and collateral agent for each of the Lenders (in such capacities, "**Agent**") and (d) each of the Lenders party hereto.

RECITALS

1. Borrower, Holdings, Agent and Lenders have entered into that certain Loan and Security Agreement, dated as of May 14, 2019, as amended by that certain First Amendment to Loan and Security Agreement, dated as of June 14, 2019, as amended by that certain Second Amendment to Loan and Security Agreement, dated as of November 8, 2019, as amended by that certain Third Amendment to Loan and Security Agreement, dated as of November 20, 2019, as amended by that certain Fourth Amendment to Loan and Security Agreement, dated as of December 16, 2019, as amended by that certain Fifth Amendment to Loan and Security Agreement, dated as of April 3, 2020, as amended by that certain Sixth Amendment to Loan and Security Agreement, dated as of April 29, 2020, as amended by that certain Seventh Amendment to Loan and Security Agreement, dated as of May 6, 2020, as further amended by that certain Eighth Amendment to Loan and Security Agreement, dated as of September 28, 2020, as further amended by that certain Ninth Amendment and Joinder to Loan and Security Agreement, dated as of December 4, 2020, as further amended by that certain Tenth Amendment and Joinder to Loan and Security Agreement, dated as of January 13, 2021, as further amended by that certain Eleventh Amendment to Loan and Security Agreement, dated as of July 1, 2021, as further amended by that certain Twelfth Amendment to Loan and Security Agreement, dated as of December 15, 2021, as further amended by that certain Thirteenth Amendment to Loan and Security Agreement, dated as of March 14, 2022, and as further amended by that certain Fourteenth Amendment to Loan and Security Agreement, dated as of May 9, 2022 (as heretofore and as may be hereafter further amended, modified, restated, amended or restated from time to time the "Loan Agreement").

2. Agent, Borrower and each Lender have agreed to execute this Amendment for the purpose of effectuating the matters set forth herein, all on the terms and conditions set forth herein.

Agreement

Now, Therefore, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. Capitalized terms used but not defined in this Amendment shall have the meanings given to them in the Loan Agreement as amended by this Amendment (the "**Loan Agreement**").

2. Amendments to Loan Agreement.

2.1 Effective as of the date hereof, the Loan Agreement is hereby amended (a) to delete the stricken text (indicated textually in the same manner as the following examples: ~~stricken text~~ and ~~stricken text~~) and (b) to add the double-underlined text (indicated textually in the same manner as the following examples: double-underlined text and double-underlined text), in each case, as set forth in the marked copy of the Loan Agreement, along with those certain exhibits, schedules and appendices to the Loan Agreement, attached hereto as Exhibit A and made a part hereof for all purposes.

3. Limited Effect of Amendment.

3.a Except to the extent expressly set forth herein, this Amendment does not, and shall not be construed to, constitute a waiver of any past, present or future violation of the Loan Agreement, the other Loan Documents or any other related document, and shall not, directly or indirectly in any way whatsoever either: (i) impair, prejudice or otherwise adversely affect Agent's or the Lenders' right at any time to exercise any right, privilege or remedy in connection with the Loan Agreement, any other Loan Document or any other related document (all of which rights are hereby expressly reserved by Agent and the Lenders), (ii) amend or alter any provision of the Loan Agreement, any other Loan Document or any other related document, (iii) constitute any course of dealing or other basis for altering any obligation of Borrower, Holdings, Parent Entity or any of their respective Affiliates or any right, privilege or remedy of Agent or any Lender under the Loan Agreement, any other Loan Document or any other related document or (iv) constitute any consent (deemed or express) by Agent or any Lender to any prior, existing or future violations of the Loan Agreement, any other Loan Document or any other related document. There are no oral agreements among the parties hereto, and no prior or future discussions or representations regarding the subject matter hereof shall constitute a waiver of any past, present or future violation of the Loan Agreement, any other Loan Document or any other related document.

3.b This Amendment shall be construed in connection with and as part of the Loan Agreement and all terms, conditions, representations, warranties, covenants and agreements set forth in the Loan Agreement, as amended by this Amendment, are hereby ratified and confirmed and shall remain in full force and effect.

4. Representations and Warranties and Covenants. To induce Agent and Lenders to enter into this Amendment, Borrower, Holdings and Parent Entity, jointly and severally, hereby represent and warrant to Agent and each Lender as follows:

4.a Immediately after giving effect to this Amendment (a) the representations and warranties contained in the Loan Agreement are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (b) no Regulatory Trigger Event, Default Trigger Event, First Payment Default Trigger Event, Default or Event of Default has occurred and is continuing;

4.b Each of Borrower, Holdings and Parent Entity has the power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement;

4.c The execution and delivery by Borrower, Holdings and Parent Entity of this Amendment and the performance by Borrower, Holdings and Parent Entity of their respective obligations under the Loan Agreement have been duly authorized by all requisite action of such parties and have been duly executed and delivered by such parties;

4.d The execution and delivery by Borrower, Holdings and Parent Entity of this Amendment and the performance by Borrower, Holdings and Parent Entity of their obligations under the Loan Agreement, as amended by this Amendment, do not require any order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by any governmental or public body or authority, or subdivision thereof, binding on either Borrower, Holdings or Parent Entity, except as already have been obtained or made; and

4.e This Amendment has been duly executed and delivered by each of Borrower, Holdings and Parent Entity and is the binding obligation of each of Borrower, Holdings and Parent Entity, enforceable against each of Borrower, Holdings and Parent Entity in accordance with its terms, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors' rights generally and to the effect of general principles of equity (whether in a proceeding at law or in equity).

5. Conditions Precedent to Effectiveness of Amendment Against Agent and Lenders. This Amendment shall not be effective against Agent or any Lender unless and until each of the following conditions shall have been satisfied as of the date hereof, in Agent's sole discretion:

5.a Agent shall have received this Amendment, duly executed by Borrower, Holdings and Parent Entity;

5.b Agent shall have received such additional documents, instruments and information as Agent may request;

5.c Borrower shall have prepaid the principal balance of the Term Loan in part in an aggregate amount equal to $25,000,000;

5.d Borrower shall have issued and delivered a Warrant, in form and substance satisfactory to Agent in its Permitted Discretion;

5.e Borrower shall have paid to Agent, on behalf of itself and the Lenders, all other fees, costs and expenses due and owing to Agent and the Lenders as of the date hereof; and

5.f After giving effect to this Amendment, no Regulatory Trigger Event, Default Trigger Event, First Payment Default Trigger Event, Default or Event of Default has occurred and is continuing.

6. Integration. This Amendment and the Loan Agreement represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties and negotiations between the parties about the subject matter of this Amendment and the Loan Agreement merge into this Amendment and the Loan Agreement.

7. Counterparts. This Amendment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Signature pages delivered by facsimile or other electronic means shall have the same effect as manually executed signature pages. The words "execution," "executed," "signed," "signature," and words of like import in this Amendment shall be deemed to include electronic signatures, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature.

8. Release. BORROWER, HOLDINGS AND PARENT ENTITY, TOGETHER WITH THEIR RESPECTIVE PARENTS, DIVISIONS, SUBSIDIARIES, AFFILIATES, MEMBERS, MANAGERS, PARTICIPANTS, PREDECESSORS, SUCCESSORS, AND ASSIGNS, AND EACH OF ITS CURRENT AND FORMER DIRECTORS, OFFICERS, SHAREHOLDERS, MEMBERS, MANAGERS, PARTNERS, AGENTS, AND EMPLOYEES, AND EACH OF THEIR RESPECTIVE PREDECESSORS, SUCCESSORS, HEIRS, AND ASSIGNS (INDIVIDUALLY AND COLLECTIVELY, "**RELEASORS**") HEREBY VOLUNTARILY AND KNOWINGLY RELEASES AND FOREVER WAIVES AND DISCHARGES AGENT AND EACH LENDER AND THEIR RESPECTIVE PARENTS, DIVISIONS, SUBSIDIARIES, AFFILIATES, MEMBERS, MANAGERS, PARTICIPANTS, PREDECESSORS, SUCCESSORS, AND ASSIGNS, AND EACH OF ITS CURRENT AND FORMER DIRECTORS, OFFICERS, SHAREHOLDERS, MEMBERS, MANAGERS, PARTNERS, ATTORNEYS, AGENTS, AND EMPLOYEES, AND EACH OF THEIR RESPECTIVE PREDECESSORS, SUCCESSORS, HEIRS, AND ASSIGNS (INDIVIDUALLY AND COLLECTIVELY, THE "**RELEASED PARTIES**") FROM ALL POSSIBLE CLAIMS, COUNTERCLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS, EXPENSES AND LIABILITIES WHATSOEVER, WHETHER KNOWN OR UNKNOWN, ANTICIPATED OR UNANTICIPATED, SUSPECTED OR UNSUSPECTED, FIXED, CONTINGENT OR CONDITIONAL, OR AT LAW OR IN EQUITY, IN ANY CASE ORIGINATING IN WHOLE OR IN PART ON OR BEFORE THE DATE HEREOF THAT ANY OF THE RELEASORS MAY NOW OR HEREAFTER HAVE AGAINST THE RELEASED PARTIES (OR ANY OF THEM), IF ANY, IRRESPECTIVE OF WHETHER ANY SUCH CLAIMS ARISE OUT OF CONTRACT, TORT, VIOLATION OF LAW OR REGULATIONS, OR OTHERWISE, INCLUDING WITHOUT LIMITATION ARISING DIRECTLY OR INDIRECTLY FROM THE LOAN AGREEMENT, THE LOAN DOCUMENTS, THE EXERCISE OF ANY RIGHTS AND REMEDIES UNDER THE LOAN DOCUMENTS AND/OR NEGOTIATION FOR AND EXECUTION OF THIS AMENDMENT OR THE LOAN DOCUMENTS, INCLUDING, WITHOUT LIMITATION, ANY CONTRACTING FOR, CHARGING, TAKING, RESERVING, COLLECTING OR RECEIVING INTEREST IN EXCESS OF THE HIGHEST LAWFUL RATE APPLICABLE. EACH OF THE RELEASORS WAIVES THE BENEFITS OF ANY LAW, WHICH MAY PROVIDE IN SUBSTANCE: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY IT MUST HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE DEBTOR." EACH OF THE RELEASORS UNDERSTANDS THAT THE FACTS WHICH IT BELIEVES TO BE TRUE AT THE TIME OF MAKING THE RELEASE PROVIDED FOR HEREIN MAY LATER TURN OUT TO BE DIFFERENT THAN IT NOW BELIEVES, AND THAT INFORMATION WHICH IS NOT NOW KNOWN OR SUSPECTED MAY LATER BE DISCOVERED. EACH OF THE RELEASORS ACCEPTS THIS POSSIBILITY, AND EACH OF THEM ASSUMES THE RISK OF THE FACTS TURNING OUT TO BE DIFFERENT AND NEW INFORMATION BEING DISCOVERED; AND EACH OF THEM FURTHER AGREES THAT THE RELEASE PROVIDED FOR HEREIN SHALL IN ALL RESPECTS CONTINUE TO BE EFFECTIVE AND NOT SUBJECT TO TERMINATION OR RESCISSION BECAUSE OF ANY DIFFERENCE IN SUCH FACTS OR ANY NEW INFORMATION. RELEASORS AGREE THAT (I) THE COMMENCEMENT OF ANY LITIGATION OR LEGAL PROCEEDINGS BY ANY RELEASOR OR ANY OF THEIR RESPECTIVE AFFILIATES AGAINST ANY RELEASED PARTY WITH RESPECT TO ANY CLAIMS, COUNTERCLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS, EXPENSES AND LIABILITIES RELEASED HEREBY, PURPORTED TO BE RELEASED HEREBY OR ARISING ON OR BEFORE THE DATE HEREOF, AND/OR (II) THE COMMENCEMENT OF ANY CLAIM, INITIATION OR COMMENCEMENT OF ANY CLAIM OR PROCEEDING IN FAVOR OF, THROUGH OR BY ANY RELEASOR WHICH ALLEGES THAT THE RELEASE HEREIN IS INVALID OR UNENFORCEABLE IN ANY

RESPECT, SHALL, IN EACH CASE, CONSTITUTE AN IMMEDIATE EVENT OF DEFAULT.

9. Waiver of Compliance with Article 9 of UCC. To the extent not prohibited by applicable law, each of Borrower, Holdings and Parent Entity: (a) waives its right to receive notice under, and any other rights in respect to, Sections 9-611, 9-620(e), 9-621 and 9-623 of the UCC following the occurrence and during the continuance of an Event of Default; (b) waives any right to object to the sale, transfer, conveyance or surrender of the Collateral following the occurrence and during the continuance of an Event of Default; (c) waives any obligation of Agent to dispose of the Collateral under the UCC or otherwise following the occurrence and during the continuance of an Event of Default; (d) waives any other right, whether legal or equitable, which Borrower, Holdings or Parent Entity may possess in and to the Collateral following the occurrence and during the continuance of an Event of Default; (e) agrees that the transactions contemplated herein have been effected and negotiated in a commercially reasonable manner; and (f) agrees that Agent and each Lender has acted in, and has effected and negotiated the transactions contemplated herein, in good faith. Each of Borrower, Holdings and Parent Entity acknowledges and agrees that the waivers set forth in this Section 9 and elsewhere in this Agreement constitute material consideration for the agreement of Agent and the Lenders to execute, deliver and accept this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, this Amendment is being executed as of the date first written above.

BORROWER:

KATAPULT SPV-1 LLC

By: /s/ Orlando Zayas
Name: Orlando Zayas
Title: Chief Executive Officer

Address:
500 7th Avenue, 8th Floor
New York, New York 10018

HOLDINGS:

KATAPULT GROUP, INC.

By: /s/ Orlando Zayas
Name: Orlando Zayas
Title: Chief Executive Officer

Address:
500 7th Avenue, 8th Floor
New York, New York 10018

PARENT ENTITY:

KATAPULT HOLDINGS, INC.

By: /s/ Orlando Zayas
Name: Orlando Zayas
Title: Chief Executive Officer

Address:
500 7th Avenue, 8th Floor
New York, New York 10018

AGENT:

MIDTOWN MADISON MANAGEMENT LLC

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

CLASS A LENDERS:

ATALAYA SPECIAL OPPORTUNITIES FUND VII LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA ASSET INCOME FUND IV LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA ASSET INCOME FUND (CAYMAN) IV LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA SPECIAL OPPORTUNITIES FUND (CAYMAN) VII LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA ASSET INCOME FUND V LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

CLASS B LENDERS:

ATALAYA SPECIAL OPPORTUNITIES FUND VII LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA ASSET INCOME FUND IV LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA ASSET INCOME FUND V LP
By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA SPECIAL OPPORTUNITIES FUND (CAYMAN) VII LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA ASSET INCOME FUND (CAYMAN) IV LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA ASSET INCOME FUND (CAYMAN) V LP
By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

EXHIBIT A
Conformed Loan Agreement

[Attached]

$175,000,000 SENIOR SECURED TERM LOAN AND REVOLVING LOAN FACILITY

LOAN AND SECURITY AGREEMENT

between

KATAPULT SPV-1 LLC,

as Borrower,

and

KATAPULT GROUP, INC., as Holdings

And

KATAPULT HOLDINGS, INC., as Parent Entity

and

MIDTOWN MADISON MANAGEMENT LLC
as Agent

and

THE FINANCIAL INSTITUTIONS PARTY HERETO FROM TIME TO TIME

as Lenders

Dated as of
May 14, 2019

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LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (the "**Agreement**") dated as of May 14, 2019, is entered into by and among **KATAPULT SPV-1 LLC**, a Delaware limited liability company ("**Borrower**"), **KATAPULT GROUP, INC**, a Delaware corporation ("**Holdings**"), **KATAPULT HOLDINGS, INC.**, a Delaware corporation ("**Parent Entity**"), each of the lenders from time to time party hereto (individually each a "**Lender**" and collectively the "**Lenders**") and **MIDTOWN MADISON MANAGEMENT LLC**, a Delaware limited liability company, as administrative, payment and collateral agent for itself, as a Lender, and for the other Lenders (in such capacities, "**Agent**").

WHEREAS, pursuant to the Purchase and Sale Agreement, the Borrower desires to purchase from Holdings all of its rights, title and interest in and to the Collateral, including, but not limited to, the Pledged Leases which were originated by Holdings and the Inventory related thereto;

WHEREAS, on the Closing Date Lenders made available to Borrower a senior secured revolving credit facility in an initial maximum principal amount of up to Fifty Million and No/100 Dollars ($50,000,000.00) (the "**Initial Revolving Commitment Amount**");

WHEREAS, as of the Eighth Amendment Effective Date Lenders had increased the Initial Revolving Commitment Amount to a maximum principal amount of up to One Hundred Twenty-Five Million and No/100 Dollars ($125,000,000.00) (the "**Existing Revolving Commitment Amount**");

WHEREAS, on the Ninth Amendment Effective Date, certain of the Lenders have agreed, upon and subject to the provisions, terms and conditions hereinafter set forth, to make available to Borrower a new senior secured term loan credit facility in an initial maximum principal amount of up to Fifty Million and No/100 Dollars ($50,000,000.00) to provide for working capital and general corporate needs and as otherwise provided herein;

WHEREAS, on the Fifteenth Amendment Effective Date, Lenders have agreed, upon and subject to the provisions, terms and conditions hereinafter set forth, to decrease the Existing Revolving Commitment Amount to a maximum principal amount of up to Seventy-Five Million and No/100 Dollars ($75,000,000.00) to provide for working capital and general corporate needs and as otherwise provided herein;

WHEREAS, pursuant to the terms of this Agreement, Lenders shall have the exclusive right to increase the Existing Revolving Commitment Amount hereunder up to an aggregate total of Two Hundred Fifty Million and No/100 Dollars ($250,000,000.00);

WHEREAS, Borrower is willing to grant Agent, for the benefit of itself and the other Lenders, a first priority lien on and security interest in the Collateral to secure the Loans and other financial accommodations being granted by the Lenders to Borrower; and

WHEREAS, Lenders are willing to make the Loans available to Borrower upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which hereby are acknowledged, Borrower, Agent and Lenders hereby agree as follows:

I. DEFINITIONS

1.1 General Terms

For purposes of the Loan Documents and all Annexes thereto, in addition to the definitions above and elsewhere in this Agreement or the other Loan Documents, the terms listed in this Article I shall have the meanings given such terms in this Article I. All capitalized terms used which are not specifically defined shall have the meanings provided in Article 9 of the UCC in effect on the date hereof to the extent the same are used or defined therein. Unless otherwise specified, if a provision of this Agreement or any other Loan Document requires the consent of or approval of Agent or any Lender, such consent or approval shall be in Agent's or such Lender's sole discretion. Unless otherwise specified herein, this Agreement and any agreement or contract referred to herein shall mean such agreement as modified, amended or supplemented from time to time. Unless otherwise specified, as used in the Loan Documents or in any certificate, report, instrument or other document made or delivered pursuant to any of the Loan Documents, all accounting terms not defined in this Article I or elsewhere in this Agreement shall have the meanings given to such terms in and shall be interpreted in accordance with GAAP. Unless otherwise specified herein, the words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

"Account Lessee" shall mean any Person that is an obligor in respect of any Lease.

"Additional Interest" shall have the meaning set forth in Section 3.6(b).

"Adjusted Current Lease Balance" shall mean for each Lease, (a) if the ratio of the Original Net Lease Cost to Lease Cost is equal to or greater than ninety percent (90%), the Current Lease Balance, and (b) if the ratio of the Original Net Lease Cost to Lease Cost is less than ninety percent (90%), the lesser of (i) the Original Net Lease Cost and (ii) the Current Lease Balance.

"Adjusted EBITDA (T3M)" shall mean, as of each month end, as calculated for Parent Entity on a consolidated basis, the sum of (a) the total Parent Consolidated Net Income during the preceding three months, plus (b) the total interest expense of Parent Entity and its consolidated subsidiaries accrued and all other debt issuance costs incurred by Parent Entity and its consolidated subsidiaries during the preceding three months, plus (c) the total tax expense accrued by Parent Entity and its consolidated subsidiaries during the preceding three months, plus (d) the total depreciation and amortization expense accrued by Parent Entity and its consolidated subsidiaries during the preceding three months, plus (e) all non-cash stock compensation and warrant expenses, plus (f) any loss on extinguishment of debt, plus (g) any increase to non-cash loss provisioning (including increases to impairment reserve) during the preceding three months, minus (h) any decrease to non-cash loss provisioning (including decreases to impairment reserve) during the preceding three months.

"Adjusted EBITDA (YTD)" shall mean, as of each month end, as calculated for Parent Entity on a consolidated basis, the sum of (a) the total Parent Consolidated Net Income for the YTD Period ending on the last day of such month, plus (b) the total interest expense of Parent Entity and its consolidated subsidiaries accrued and all other debt issuance costs incurred by Parent Entity and its consolidated subsidiaries during the YTD Period ending on the last day of such month, plus (c) the total tax expense accrued by Parent Entity and its consolidated subsidiaries during the YTD Period ending on the last day of such month, plus (d) the total depreciation and amortization expense accrued by Parent Entity and its consolidated subsidiaries during the YTD Period ending on the last day of such month, plus (e) all non-cash stock

compensation and warrant expenses, plus (f) any loss on extinguishment of debt, plus (g) any increase to non-cash loss provisioning (including increases to impairment reserve) during the YTD Period ending on the last day of such month, minus (h) any decrease to non-cash loss provisioning (including decreases to impairment reserve) during the YTD Period ending on the last day of such month.

"Adjusted Parent Consolidated Net Income" shall mean, for any period, as calculated for Parent Entity on a consolidated basis, the sum of (a) the total Parent Consolidated Net Income for such period, plus (b) the total depreciation and amortization expense accrued by Parent Entity and its consolidated subsidiaries during such period plus (c) all non-cash stock compensation and warrant expenses during such period.

"Adjusted Term SOFR" means, as of any date of determination, the rate per annum equal to (a) the Term SOFR Rate as of such date plus (b) a percentage per annum equal to 0.10%; provided if, as of any date of determination, "Adjusted Term SOFR" as determined in the manner as set forth above is less than three percent (3.00%), "Adjusted Term SOFR" for such date shall be deemed to be three percent (3.00%) for purposes of this Agreement.

"Administration Fee" shall have the meaning set forth in Section 3.4.

"Advance" shall mean any borrowing under and advance of the Loan, including, but not limited to, the Term Loan, each Revolving Advance and any Protective Advance. Any amounts paid by Agent on behalf of Borrower under any Loan Document shall be an Advance for purposes of this Agreement.

"Advance Rate" shall mean, as of any date of determination, (a) for the period beginning on the Closing Date and ending on the date that is nine (9) months after the Closing Date, eighty-five percent (85%) and (b) thereafter, so long as no Advance Rate Trigger Event, Default or Event of Default exists, ninety percent (90%). If any Advance Rate Trigger Event has occurred, the Advance Rate shall be immediately reduced by five percent (5%); provided, that if, following any such Advance Rate Trigger Event, there occurs three (3) consecutive calendar months in which such Advance Rate Trigger Event no longer exists and no other Advance Rate Trigger Event, Default or Event of Default has occurred, then the Advance Rate shall be increased by five percent 5%.

"Advance Rate Trigger Event" shall mean the occurrence of any of the following events with respect to the portfolio of Pledged Leases securing the Loan, in each case, to be tested as of the last day of each calendar month but without giving effect to any Vintage Pool created prior to the February 2019 Vintage Pool:

(a) The Charge-off Percentage Ratio for any Vintage Pool exceeds the Advance Rate Trigger Charge-off Percentage Ratio for the corresponding thirty (30) day period set forth on Exhibit H-4 since the first payment date for each Lease within each such Vintage Pool. For the avoidance of doubt, the first thirty day period following the origination date for each Lease within each Vintage Pool shall be Period 1; or

(b) The Cumulative Cash Collection Percentage Ratio for any Vintage Pool is less than the Advance Rate Trigger Cumulative Cash Collection Percentage Ratio for the corresponding thirty (30) day period set forth on Exhibit H-3 since the first payment date for each Lease within each such Vintage Pool. For the avoidance of doubt, the first thirty day period following the origination date for each Lease within each Vintage Pool shall be Period 1; or

(c) The average First Payment Default Ratio for the three most recent Vintage Pools (excluding the Vintage Pool originated during the month ending on the date of determination (i.e. as of end of December 2019, excluding the December 2019 Vintage Pool)) exceeds the Advance Rate Trigger First Payment Default Ratio (Trailing Three Months T+30) ratio set forth on Exhibit H-2; or

(d) The First Payment Default Ratio for any Vintage Pool within the three most recent Vintage Pools (excluding the Vintage Pool originated during the month ending on the date of determination (i.e. as of end of December 2019, excluding the December 2019 Vintage Pool)) exceeds the Advance Rate Trigger First Payment Default Ratio (T+30) ratio set forth on Exhibit H-1.

"Advensus" means Nearshore Call Center Services LTD, dba Advensus, a British Virgin Islands corporation.

"Affiliate" or "affiliate" shall mean, as to any Person, any other Person (a) that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person, (b) who is a director or officer (i) of such Person, (ii) of any Subsidiary of such Person, or (iii) of any Person described in clause (a) above with respect to such Person. For purposes of this definition, the term "control" (and the correlative terms, "controlled by" and "under common control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies, whether through the ability to exercise voting power, by contract or otherwise.

"Agent" shall have the meaning assigned to it in the introductory paragraph hereof.

"Agent Advance" shall have the meaning assigned to it in Section 13.4.

"Agreement" shall have the meaning assigned to it in the introductory paragraph hereof.

"Allocation Notice" shall have the meaning assigned to it in Section 2.12(b).

"Amortized Lease Cost" shall mean, for any Lease and as of any date of determination, the product of (i) the cumulative payments received to date (excluding upfront payments, application fees and/or merchant discounts) related to such Lease and (ii) the quotient of (x) one and (y) the Lease Contract Multiple of such Lease.

"Anticipated SPAC Transaction" means a business combination transaction between Parent Entity and FinServ Acquisition Corp. and/or its Affiliates.

"Applicable Benchmark Rate" shall mean, (i) at all times prior to April 1, 2023 (the "Benchmark Transition Date"), the LIBOR Rate, and (ii) from and after the Benchmark Transition Date, Adjusted Term SOFR.

"Applicable Rate" shall mean the interest rates applicable from time to time under this Agreement.

"Applicable Law" shall mean any and all federal, state, local and/or applicable foreign statutes, ordinances, rules, regulations, court orders and decrees, administrative orders and decrees, and other legal requirements of any and every conceivable type applicable to the Loan, the Loan Documents, Borrower, Guarantors or the Collateral or any portion thereof, including, but not limited to, in each case, as applicable, Credit Protection Laws, credit disclosure laws and regulations, the Fair Labor Standards Act, and all state and federal usury laws.

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and (a) that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender or (b) is a Person (other than a natural person) primarily engaged in the making of commercial loans having total assets in excess of $500,000,000.

"Approved State" shall mean a state listed on Exhibit J attached hereto.

"Availability" shall mean, at any date of determination, the lesser of (a) the Borrowing Base or (b) the aggregate of the Revolving Loan Commitments, minus, in each case, the aggregate principal balance of the outstanding Advances.

"Available Amounts" shall mean, as of any Payment Date, the sum of (a) all payments, including all Scheduled Payments, any prepayments, fees or other amounts collected from or on behalf of the Account Lessees on the Pledged Leases during the related Due Period, (b) all liquidation proceeds from the sale or disposition of any Pledged Lease and/or any property related thereto during the related Due Period, whether to a third party purchaser or an Affiliate of the Borrower, (c) any amount received by the Borrower or the Servicer related to a payment from the Guarantors regarding any Guaranty since the most recent Payment Date, (d) all other proceeds of the Collateral received by the Borrower or Servicer during the Due Period, including, but not limited to, judgment awards or settlements, late charges and other income collected from any source arising in connection with the Collateral and (e) all interest earned on the amounts on deposit in the Collateral Account since the previous Payment Date.

"Backup Servicer" shall mean Vervent Inc. (as successor to First Associates Loan Servicing, LLC), or such other Person designated and engaged by the Agent and, prior to the occurrence of an Event of Default, approved by the Borrower to succeed Vervent Inc. as Backup Servicer to perform the duties described in Section 6.13 hereunder and such other duties as may be agreed to by such Person, all in accordance with the terms, provisions, and conditions a Backup Servicing Agreement.

"Backup Servicer Fee" shall mean any fee payable monthly by Borrower to a Backup Servicer, such fee, including, without limitation, fees for verification services, to be as specified in the applicable Backup Servicing Agreement.

"Backup Servicing Agreement" shall mean that any Backup Servicing Agreement, to be entered into by and among Agent, Borrower and Backup Servicer regarding the provision of certain services by the Backup Servicer with respect to the Leases, as the same may be amended, modified, supplemented, restated, replaced or renewed in writing from time to time.

"Bankruptcy Code" shall mean Title 11 of the United States Code, 11 U.S.C. §§ 101 et. seq., as amended from time to time.

"Benchmark Transition Date" shall have the meaning assigned to it in the definition of "Applicable Benchmark Rate."

"Board" shall have the meaning assigned to it in Section 6.18 hereof.

"Borrower" shall have the meaning assigned to it in the introductory paragraph hereof.

"Borrowing Base" shall mean the (a) product of (i) the Advance Rate multiplied by (ii) the aggregate sum of the Adjusted Current Lease Balance for all Eligible Leases pledged as Collateral hereunder.

"Borrowing Base Certificate" shall mean a Borrowing Base Certificate substantially in the form of Exhibit A hereto.

"Business Day" shall mean any day that is not a Saturday, Sunday or other day on which (a) commercial banks in New York City are authorized or required by law to remain closed, (b) with respect to LIBOR, banks are not open for dealings in dollar deposits in the London interbank market or (c) with respect to the Term SOFR Rate, the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"Calculated Rate" shall have the meaning assigned to it in Section 2.2(a) hereof.

"Cash Equivalents": (a) securities with maturities of twelve (12) months or less from the date of acquisition or acceptance which are issued or fully guaranteed or insured by the United States, or any agency or instrumentality thereof, (b) bankers' acceptances, certificates of deposit and eurodollar time deposits with maturities of nine (9) months or less from the date of acquisition and overnight bank deposits, in each case, of any Lender or of any international or national commercial bank with commercial paper rated, on the day of such purchase, at least A-1 or the equivalent thereof by S&P or P-1 or the equivalent thereof by Moody's, (c) commercial paper or any other short term, liquid investment having a rating, on the date of purchase, of at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's and that matures or resets not more than nine (9) months after the date of acquisition, (d) investments in money market funds and (e) investments in mutual funds or other pooled investment vehicles, in each case acceptable to the Agent in its sole discretion, the assets of which consist solely of the foregoing.

"Change in Law" shall mean (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 3.3 by any lending office of such Lender or by such holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that notwithstanding anything herein to the contrary, all requests, rules, guidelines or directives concerning liquidity and capital adequacy issued by any Governmental Authority (x) under or in connection with the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended to the date hereof and from time to time hereafter, and any successor statute and (y) in connection with the implementation of the recommendations of the Bank for International Settlements or the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority), shall be a "Change in Law" regardless of the date adopted, issued, promulgated or implemented.

"Change of Control" shall mean:

(a) at any time prior to a Public Company Transition Date, the occurrence of any of the following:

(i) Blumberg Capital, CURO Financial Technologies Corp., Tribeca Ventures, Anchorage Capital and each other entity designated as a "Permitted Holder" on Exhibit I attached hereto, as amended from time to time with the consent of Agent (such consent not to be unreasonably withheld), at any time for any reason cease to collectively own at least 51% of the issued and outstanding Equity Interests of Parent Entity (as the same may be adjusted for any combination, recapitalization or reclassification into a greater or smaller number of shares or units);

(ii) Parent Entity at any time for any reason ceases to own 100% of the issued and outstanding Equity Interests of Holdings (as the same may be adjusted for any combination, recapitalization or reclassification into a greater or smaller number of shares or units), free and clear of all Liens, rights, options, warrants or other similar agreements or understandings other than in favor of Agent, Lenders or their Affiliates**;**

(iii) Holdings at any time for any reason ceases to own 100% of the issued and outstanding Equity Interests of Borrower (as the same may be adjusted for any combination, recapitalization or reclassification into a greater or smaller number of shares or units), free and clear of all Liens, rights, options, warrants or other similar agreements or understandings other than in favor of Agent, Lenders or their Affiliates; or

(iv) Parent Entity at any time ceases, directly or indirectly, to possess, directly or indirectly, the power to direct or cause the direction of the management or policies, whether through ownership of securities or other interests by contract or otherwise of Holdings; or

(v) any "change in/of control" or "sale" or "disposition" or "merger" or similar event as defined in any certificate of incorporation or formation or statement of designations or operating agreement or partnership agreement or trust agreement of Borrower or Holdings or in any document governing indebtedness of such Person (other than any Loan Documents) which in any such case gives the holder of such indebtedness the right to accelerate or otherwise require payment of such indebtedness prior to the maturity date thereof; and

(b) at any time after a Public Company Transition Date, the occurrence of any of the following:

(i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire (such right, an "option right"), whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of 35% or more of the equity securities of the Parent Entity entitled to vote for members of the board of directors or equivalent governing body of the Parent Entity 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); or

(ii) during any period of 24 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Parent Entity cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (b) (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (b) (i) and (b) (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; and

(iii) Parent Entity at any time for any reason ceases to own 100% of the issued and outstanding Equity Interests of Holdings (as the same may be adjusted for any

combination, recapitalization or reclassification into a greater or smaller number of shares or units), free and clear of all Liens, rights, options, warrants or other similar agreements or understandings other than in favor of Agent, Lenders or their Affiliates;

(iv) Holdings at any time for any reason ceases to own 100% of the issued and outstanding Equity Interests of Borrower (as the same may be adjusted for any combination, recapitalization or reclassification into a greater or smaller number of shares or units), free and clear of all Liens, rights, options, warrants or other similar agreements or understandings other than in favor of Agent, Lenders or their Affiliates; or

(v) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of the assets of the Parent Entity and the assets of its Subsidiaries taken as a whole to any "person" (as that term is defined in Section 13(d)(3) of the Exchange Act) (other than to the Parent Entity or its Subsidiaries).

Notwithstanding the foregoing, an initial public offering of the Parent Entity or a SPAC Transaction, the consummation of which would constitute a "Change of Control" under any other portion of this definition shall not be a "Change of Control".

"Charged-off Lease" shall mean (a) any Pledged Lease for which any portion of a Scheduled Payment (without giving effect to any modifications of such Pledged Lease after the date such Pledged Lease was first pledged hereunder or under any other Loan Document) is delinquent more than ninety twenty (90) days, (b) with respect to which Servicer or Borrower shall have reasonably determined in good faith that the related Account Lessee will not resume making Scheduled Payments, (c) unless otherwise approved by Agent in writing in its sole discretion, the related Account Lessee shall have become the subject of a proceeding under a Debtor Relief Law and Servicer or Borrower shall have been notified thereof or (d) that has been specifically and separately reserved against by Borrower or deemed charged-off or non-collectible by Borrower or Servicer.

"Charge-off Percentage Ratio" shall mean, with respect to any Vintage Pool, the percentage equivalent to a fraction, (a) the numerator of which is the aggregate Lease Cost of such Lease related to such Vintage Pool that have become and remain Charged-off Leases and (b) the denominator of which is the aggregate Lease Cost of the Pledged Leases in such Vintage Pool.

"Charter and Good Standing Documents" shall mean, for the applicable Person, (i) a copy of the certificate of incorporation, certificate of formation, statutory certificate of trust or other applicable charter document certified as of a date not more than five (5) Business Days before the Closing Date by the applicable Governmental Authority of the jurisdiction of incorporation of such Person, (ii) a copy of the bylaws, operating agreement, trust agreement or other applicable organizational document certified as of the Closing Date by the corporate secretary or assistant secretary of such Person, (iii) an original certificate of good standing as of a date not more than five (5) Business Days before the Closing Date issued by the applicable Governmental Authority of the jurisdiction of incorporation of such Person and of every other jurisdiction in which such Person is otherwise required to be in good standing, and (iv) copies of the resolutions of the Board of Directors (or other applicable governing body) and, if required, stockholders or other equity owners authorizing the execution, delivery and performance of the Loan Documents to which such Person, as applicable, is a party, certified by an authorized officer of such Person as of the Closing Date.

"Claims" shall mean any and all liabilities, obligations, losses, damages, penalties, claims, actions, litigation, proceedings, investigations, judgments, suits, fees, costs, expenses,

charges, advances and disbursements of any kind (including, without limitation, fees, costs, expenses and charges of counsel (including in-house counsel)).

"Class A Lender" shall mean each Lender having a Revolving Loan Commitment or holding Revolving Advances.

"Class A Obligations" shall mean all Obligations owed to the Class A Lenders in respect of the Revolving Advances.

"Class B Lender" shall mean each Lender having a Term Loan Commitment or holding a portion of the Term Loan.

"Closing" shall mean the satisfaction, or written waiver by Agent and the Lenders, of all of the conditions precedent set forth in this Agreement required to be satisfied prior to the consummation of the transactions contemplated hereby.

"Closing Date" shall mean the date of this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder.

"Collateral" shall mean, collectively and each individually, all collateral and/or security granted and/or securities pledged to Agent for the benefit of itself and the other Lenders, by Borrower pursuant to the Loan Documents including, without limitation, the items set forth in Section 2.8 of this Agreement.

"Collateral Assignment of Purchase Agreement" shall mean that certain Collateral Assignment of Purchase and Sale Agreement, dated on or about the Closing Date, executed by Borrower in favor of Agent and agreed to and acknowledged by Holdings, as the same may be amended, restated or modified from time to time.

"Collateral Account" shall mean, individually and collectively, (a) that certain deposit account at Collateral Account Bank held in the name of Borrower, with account number 1001851631 or (b) following the occurrence and during the continuance of an Event of Default, such other deposit account as designated from time to time by Agent in a written notice to Borrower and Servicer.

"Collateral Account Bank" shall mean Pacific Western Bank or such other bank where the Collateral Account is being held from time to time in accordance with the terms of this Agreement."

"Collateral Account Control Agreement" shall mean any full dominion account control agreement by and among Agent, Borrower and Collateral Account Bank, which pledges a Collateral Account and all funds and sums contained therein to Agent, for the benefit of the Lenders, and provides for disposition of funds therefrom, as the same may be amended, modified, supplemented, restated, replaced or renewed in writing from time to time.

"Contingent Obligations" shall mean, as to any Person, any obligation of such Person guaranteeing or intending to guaranty any Indebtedness, leases, dividends or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary

obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or to hold harmless the owner of such primary obligation against loss in respect thereof, provided, however, that the term "Contingent Obligation" shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"Contract Right" shall mean any right of Borrower to payment under a contract for the sale or lease of goods or the rendering of services, which right is at the time not yet earned by performance.

"Convertible Note" shall mean those certain convertible notes of Parent Entity listed on Schedule 1.1(a) attached hereto.

"Credit Card Account" shall mean an arrangement whereby an Account Lessee makes Scheduled Payments under a Lease via pre-authorized debit or charge to a Major Credit Card.

"Credit Party" shall mean individually, Borrower and each Guarantor and "Credit Parties" shall mean, collectively, the Borrower and Guarantors.

"Credit Protection Laws" shall mean all federal, state and local laws in respect of the business of extending credit to borrowers, including without limitation, the Truth in Lending Act (and Regulation M promulgated thereunder), Equal Credit Opportunity Act, Fair Credit Reporting Act, Fair Debt Collection Practices Act, Gramm-Leach-Bliley Financial Privacy Act, Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended, all rules and regulations issued by the Consumer Financial Protection Bureau, Dodd–Frank Wall Street Reform and Consumer Protection Act, anti-discrimination and fair lending laws, laws relating to servicing procedures or maximum charges and rates of interest, and other similar laws, each to the extent applicable, and all applicable regulations in respect of any of the foregoing.

"Cumulative Cash Collection Percentage Ratio" shall mean, with respect to any Vintage Pool, the percentage equivalent to a fraction, the numerator of which is the sum of all payments (including prepayments and application and/or other upfront payments, but excluding any sales tax payments) collected from or on behalf of the Account Lessees on each Pledged Lease in such Vintage Pool since the date that such Pledged Lease was originated and the denominator of which is the sum of the Lease Costs (as determined for each Pledged Lease as of the date such Pledged Lease was originated) of each Pledged Lease with respect to such Vintage Pool.

"Current Lease Balance" shall mean, for any Lease and as of any date of determination (i) the Lease Cost less (ii) the Amortized Lease Cost of such Lease at such time.

"Debtor Relief Law" shall mean, collectively, the Bankruptcy Code and all other United States or foreign applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization or similar debtor relief laws from time to time in effect affecting the rights of creditors generally, as amended from time to time.

"Deemed Liquidation Event" shall have the meaning set forth in the certificate of incorporation of Holdings, as in effect on the Ninth Amendment Effective Date, provided, that in no event shall any transaction involving the purchase of capital stock from one holder of Equity

Interests of Holdings by another holder of Equity Interests of Holdings constitute a Deemed Liquidation Event.

"Default" shall mean any event, fact, circumstance or condition that, with the giving of applicable notice or passage of time, if any, or both, would constitute or be or result in an Event of Default.

"Default Rate" shall have the meaning assigned to it in Section 3.2 hereof.

"Default Trigger Event" shall mean the occurrence of any of the following events with respect to the portfolio of Pledged Leases securing the Loan, in each case, to be tested as of the last day of each calendar month but without giving effect to any Vintage Pool created prior to the February 2019 Vintage Pool:

(a) The Charge-off Percentage Ratio for any Vintage Pool exceeds the Charge-off Trigger Percentage Ratio for the corresponding month set forth on Exhibit H-4 since the first payment date for each Lease within each such Vintage Pool. For the avoidance of doubt, the first thirty day period following the origination date for each Lease within each Vintage Pool shall be Period 1; or

(b) The Cumulative Cash Collection Percentage Ratio for any Vintage Pool is less than the Default Trigger Cumulative Cash Collection Percentage Ratio for the corresponding month set forth on Exhibit H-3 since the first payment date for each Lease within each such Vintage Pool. For the avoidance of doubt, the first thirty day period following the origination date for each Lease within each Vintage Pool shall be Period 1.

"Defaulted Lease" shall mean (a) any Pledged Lease for which any portion of a Scheduled Payment (without giving effect to any modifications of such Pledged Lease after the date such Pledged Lease was first pledged hereunder or under any other Loan Document) is delinquent more than sixty (60) days, (b) with respect to which Servicer or Borrower shall have reasonably determined in good faith that the related Account Lessee will not resume making Scheduled Payments, (c) unless otherwise approved by Agent in writing in its sole discretion, the related Account Lessee shall have become the subject of a proceeding under a Debtor Relief Law and Servicer or Borrower shall have been notified thereof or (d) that has been specifically and separately reserved against by Borrower or deemed charged-off or non-collectible by Borrower or Servicer.

"Defective Lease" shall mean any Pledged Lease with an uncured breach of any representation or warranty of Borrower or that Holdings made under the Purchase and Sale Agreement.

"Deposit Account" shall mean, individually and collectively, any bank or other depository accounts of Borrower (or if referring to another Person, such other Person's).

"Designee" shall have the meaning assigned to it in Section 6.18 hereof.

"Distributable Amounts Limit" means (i) the product of (a) the cumulative Adjusted Parent Consolidated Net Income since August 1, 2020 and (b) fifty percent (50.0%), minus (ii) the cumulative aggregate amount paid by the Parent Entity to repurchase shares pursuant to clause (B) of the proviso to Section 7.4 since the Ninth Amendment Effective Date, excluding amounts paid by the Parent Entity in respect of any ROFR Share Repurchases since the Ninth Amendment Effective Date.

"Division" shall mean, with respect to any Person which is an entity, the division of such Person into two (2) or more separate such Persons, with the dividing Person either continuing or terminating its existence as part of such division, including as contemplated under Section 18-217 of the Delaware Limited Liability Act for limited liability companies formed under Delaware law, or any analogous action taken pursuant to any other Applicable Law with respect to any corporation, limited liability company, partnership or other entity. The word "Divide," when capitalized, shall have a correlative meaning.

"Dollars" and "$" shall mean lawful money of the United States of America.

"Due Period" shall mean, for any Payment Date, the calendar week ending on the immediately preceding Friday.

"Excess Unrestricted Cash" shall mean, (i) if Liquidity is equal to or greater than $25,000,000, an amount equal to the difference between the amount of Liquidity as of such date of determination and $10,000,000 and (ii) if Liquidity is less than $25,000,000, zero.

"Exit Additional Interest" shall have the meaning assigned to it in Section 3.6(c) hereof.

"Eighth Amendment Effective Date" shall mean September 28, 2020.

"Eligible Leases" shall mean those Leases that meet, as of any date of determination, all of the following requirements:

(i) such Lease has a Lease Term of no more than eighteen (18) months;

(ii) such Lease has a Current Lease Balance of (x) not more than $3,500 or (y) solely with respect to Leases used to acquire automobile-related parts, not more than $5,000; provided that the aggregate amount of Eligible Leases by virtue of this clause (y) shall not exceed $1,000,000 as of any date of determination;

(iii) payments under such Lease are due in Dollars and the Portfolio Documents do not permit the currency in which such Lease is payable to be changed, and all previous payments have been made by the related Account Lessee and not by Holdings, Borrower or any Affiliate thereof;

(iv) payments in respect of such Lease shall be due and payable weekly, bi-weekly, monthly or semi-monthly in equal installments;

(v) such Lease and all related Portfolio Documents shall be in full force and effect and shall represent a legal, or valid and binding and absolute and unconditional payment obligation of the applicable Account Lessee enforceable against such Account Lessee in accordance with its terms for the amount outstanding thereof without any right of rescission, offset, counterclaim or defense, except to the extent that enforceability may be limited by Debtor Relief Laws and general principles of equity, and is not contingent in any respect for any reason;

(vi) to Borrower's knowledge after due inquiry, the applicable Account Lessee is not the subject of any proceeding under any Debtor Relief Law;

(vii) such Lease is not a Defaulted Lease;

(viii) such Lease would not cause the percentage of Eligible Leases for which the Account Lessee thereon nor any guarantor thereof is an employee, officer, director or Affiliate of, Holdings or Borrower to exceed 1% of Eligible Leases;

(ix) Holdings or Borrower shall not be engaged in any adverse litigation with the applicable Account Lessee in respect of such Lease;

(x) such Lease shall have been originated, documented and closed in accordance with the Underwriting Guidelines in all material respects and such Lease and related Portfolio Documents shall not have been modified from their original terms in any material respect;

(xi) the applicable Account Lessee's Lease application and the Portfolio Documents evidencing such Lease shall have been delivered to Agent or Backup Servicer in accordance with Section 2.9 hereof and the related Verification Certificate shall not have any exceptions noted by the Backup Servicer;

(xii) such Lease shall comply in all material respects with all Applicable Laws and all statutory or other applicable cancellation or rescission periods related thereto have expired;

(xiii) to Borrower's knowledge, all amounts and information in respect of such Lease or furnished to Agent in connection therewith shall be true and correct and undisputed by the Account Lessee thereon or any guarantor thereof;

(xiv) such Lease shall not be a renewal, amendment, modification, waiver or extension of any Defective Lease or Defaulted Lease that was previously substituted with an Eligible Lease, except as otherwise approved in writing by Agent;

(xv) neither Borrower nor Holdings shall have made a Material Modification with respect to such Lease without the consent of Agent;

(xvi) such Lease shall not be evidenced by a judgment or have been reduced to judgment;

(xvii) such Lease shall not be a revolving line of credit;

(xviii) such Lease shall not have been specifically and separately reserved against by Borrower or Holdings (except for loss provisions that Borrower or Holdings makes as part of its policies in accordance with GAAP), have been the subject of fraud of any kind or deemed charged-off or non-collectible by Holdings, Borrower or Servicer in accordance with standard servicing procedures;

(xix) the form of Portfolio Documents relating to such Lease shall be (i) substantially in the form of the Portfolio Documents in use by Holdings or Borrower as of the Closing Date or as modified in accordance with Schedule 6.8 hereof, (ii) substantially in the form attached hereto as Exhibit D or (iii) otherwise in form and content acceptable to Agent in its sole discretion and approved in advance by Agent in writing, in each case, except as may be required by Applicable Law;

(xx) following the sale of such Lease to Borrower, such Lease shall be 100% owned by Borrower and no other Person (other than Borrower and Agent) owns or claims any legal or beneficial interest therein;

(xxi) the Lease and all other Portfolio Documents requiring the signature of an Account Lessee was signed with a digital or electronic signature that complies with the Uniform Electronic Transaction Act or, as applicable to the jurisdiction governing such Lease, the Electronic Signatures in Global and National Commerce Act (E-Sign Act), including all consumer consent and other applicable provisions thereof;

(xxii) such Lease represents the undisputed, bona fide transaction created by Holdings in the ordinary course of Holdings' business and completed in accordance with the terms and provisions contained in the related Portfolio Documents;

(xxiii) the Account Lessee thereunder is a resident of the United States and/or its territories;

(xxiv) such Lease and the Inventory related to such Lease has been absolutely sold, transferred and conveyed by Holdings to Borrower and purchased and accepted by Borrower from Holdings, pursuant to the Purchase and Sale Agreement and, after giving effect to such sale, transfer and conveyance, such Lease shall be 100% owned by Borrower and no other Person (other than Borrower) owns or claims any legal or beneficial interest therein;

(xxv) no facts, events or occurrences exist that, in any way, impair the validity or enforcement thereof or tend to reduce the amount payable thereunder from the amount of the Lease shown on any schedule, or on all contracts, invoices or statements delivered to Agent with respect thereto;

(xxvi) all Account Lessees in connection with such Lease were of sufficient age to have the legal capacity to contract at the time any contract or other document giving rise to the Lease was executed and generally have the ability to pay their debts as they become due;

(xxvii) no proceedings or actions are pending, in existence or are, to Borrower's knowledge, threatened against any Account Lessee with respect to such Lease could reasonably be expected to materially impair such Account Lessee's ability to perform its obligations under the applicable Lease, provided, that Borrower shall have no obligation to make any inquiry of any Account Lessee regarding the same;

(xxviii) such Lease and the Collateral related to such Lease have not been assigned or pledged to any Person other than Agent, for the benefit of itself and the other Lenders;

(xxix) except as would not result in a failure to satisfy the requirements set forth in clause (xiv) above no instrument of release or waiver has been executed in connection with any Portfolio Document with respect to such Lease, and the Account Lessee in respect of such Lease has not been released from its obligations thereunder, in whole or in part, and no action has been taken by the Borrower to release any collateral from the Portfolio Documents with respect to such Lease;

(xxx) the Account Lessee related to such Lease does not reside in a state for which a Regulatory Trigger Event has occurred and is continuing;

(xxxi) such Lease is not a Defective Lease;

(xxxii) no buyout or repurchase option with respect to such Lease or the Inventory that is the subject of such Lease has been exercised by the Account Lessee related to such Lease;

(xxxiii) the goods that are the subject of such Lease shall consist solely of Inventory and related items;

(xxxiv) the Lease Contract Multiple with respect to such Lease is not less than 1.7x.

(xxxv) such Lease is for the leasing of goods that have been fully delivered, and at the time of delivery were new and in good working order, and for which there are no outstanding disputes;

(xxxvi) the goods which are the subject of such Lease have not been (i) returned to Borrower by the Account Lessee, (ii) repossessed by Borrower, or (iii) acquired by the Account Lessee by exercising any option to acquire said goods;

(xxxvii) such Lease is not a Lease that would cause (a) the Eligible Leases pledged as Collateral with Account Lessees who resided in any single State at the time of the origination of such Lease to exceed thirty percent (30%) (as determined on the basis of the aggregate Current Lease Balances of the Eligible Leases pledged as Collateral) or (b) the Eligible Leases pledged as Collateral with Account Lessees who resided at the time of the origination of such Lease in all of the four (4) States with the highest aggregate Current Lease Balances of the Eligible Leases pledged as Collateral to exceed fifty-five percent (55%) (as determined on the basis of the aggregate Current Lease Balances and the Eligible Leases pledged as Collateral);

(xxxviii) such Lease is not a Lease that would cause Eligible Leases pledged as Collateral originated through (i) the Wayfair Inc. retail partnership to, commencing January 1, 2022, exceed sixty-five percent (65%) or (ii) any other single retail partnership of Borrower, Holdings or Parent Entity to exceed, unless otherwise approved by the Agent in writing, twenty-five percent (25%) (in each case, as determined on the basis of the aggregate Current Lease Balances of the Eligible Leases pledged as Collateral); provided that upon the occurrence of a SPAC Transaction, the limitation with respect to the Wayfair Inc. retail partnership shall no longer apply;

(xxxix) such Lease is not a Lease that would cause the quotient of Original Net Lease Cost to Lease Cost or all Eligible Leases to be less than 95%.

(xl) such Lease is not a Lease that would cause Eligible Leases pledged as Collateral that constitute Unmatured Defaulted Leases to exceed ten percent (10%) (as determined on the basis of the aggregate Current Lease Balances of the Eligible Leases pledged as Collateral);

(xli) such Lease is not a Lease that would cause the average Current Lease Balance of all Eligible Leases to exceed $1,000;

(xlii) such Lease shall have been originated in an Approved State.

"Equity Interests" shall mean, with respect to any Person, its equity ownership interests, its common stock and any other capital stock or other equity ownership units of such Person authorized from time to time, and any other shares, options, interests, participations or other equivalents (however designated) of or in such Person, whether voting or nonvoting, including, without limitation, common stock, options, warrants, preferred stock, phantom stock, membership units (common or preferred), stock appreciation rights, membership unit appreciation rights, convertible notes or debentures, stock purchase rights, membership unit purchase rights and all securities convertible, exercisable or exchangeable, in whole or in part, into any one or more of the foregoing.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder.

"ERISA Affiliate" shall mean, with respect to any Person, any trade or business (whether or not incorporated) which is treated as a single employer with such Person under Section 414 of the Code or Section 4001 of ERISA.

"Event of Default" shall mean the occurrence of any event set forth in Article VIII.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Excluded Deposit Account" shall mean (i) deposit accounts or trust accounts specifically and exclusively used for payroll, payroll taxes, deferred compensation and other employee wage and benefit payments to or for the direct benefit of a Credit Party's employees, and (ii) escrow accounts and other accounts holding funds for third parties, including that certain account maintained in the name of Holdings at Silicon Valley Bank having account number 3302893366 so long as it is maintained for the benefit of Holdings' landlord with respect to the real property located at 27 West 24th Street, Suite 1101, New York, NY 10010.

"Excluded Taxes" shall have the meaning assigned to it in Section 13.8(a) hereof.

"Fair Valuation" shall mean the determination of the value of the consolidated assets of a Person on the basis of the amount which may be realized by a willing seller within a reasonable time through collection or sale of such assets at market value on a going concern basis to an interested buyer who is willing to purchase under ordinary selling conditions in an arm's length transaction.

"FATCA" shall mean 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), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Fifteenth Amendment Effective Date" shall mean March 6, 2023.

"First Payment Default Ratio" shall mean, with respect to any Vintage Pool as of the date on which all Leases in such Vintage Pool have had their first Scheduled Payment date occur and, subsequently, thirty (30) calendar days have elapsed, the percentage equivalent of the fraction (a) whose numerator is the number of Pledged Leases comprising such Vintage Pool whose first Scheduled Payment (excluding any Scheduled Payment that was due on the date of origination of a Lease) was thirty (30) calendar days delinquent and (b) whose denominator is the number of all Pledged Leases comprising such Vintage Pool for which, as of the date of determination, have had their first Scheduled Payment date occur and, subsequently, thirty (30) calendar days have elapsed.

"First Payment Default Trigger Event" shall mean the occurrence of any of the following events with respect to the portfolio of Pledged Leases securing the Loan, in each case, to be tested as of the last day of each calendar month but without giving effect to any Vintage Pool created prior to the January 2019 Vintage Pool:

(a) The average First Payment Default Ratio for the three most recent Vintage Pools (excluding the Vintage Pool originated during the month ending on the date

of determination (i.e. as of end of December 2019, excluding the December 2019 Vintage Pool)) exceeds the Default Trigger First Payment Default Ratio (Trailing Three Months T+30) set forth on Exhibit H-2; or

(b) The First Payment Default Ratio for any Vintage Pool (excluding the Vintage Pool originated during the month ending on the date of determination (i.e. as of end of December 2019, excluding the December 2019 Vintage Pool)) exceeds the Default Trigger First Payment Default Ratio (T+30) ratio set forth on Exhibit H-1.

"Fourteenth Amendment Effective Date" shall mean May 9, 2022.

"GAAP" shall mean 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.

"Governmental Authority" shall mean any federal, state, municipal, national, local or other governmental department, court, commission, board, bureau, agency or instrumentality or political subdivision thereof, or any entity or officer exercising executive, legislative or judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case, whether of the United States or a state, territory or possession thereof, a foreign sovereign entity or country or jurisdiction or the District of Columbia.

"Guarantor" shall mean, at any time, collectively and each individually, all guarantors of the Obligations or any part thereof at such time, including, without limitation, the Payment Guarantors and the Indemnity Guarantors.

"Guaranty" shall mean, collectively and each individually, all guarantees executed by any Guarantors, including, but not limited to, the Payment Guaranty and the Indemnity Guaranty.

"Hedging Transaction" of any Person shall mean (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into by such Person that is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, spot transaction, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, 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.

"Holdings" shall have the meaning assigned to it in the introductory paragraph hereof.

"Increase OID" shall have the meaning assigned to it Section 3.5(c) hereof.

"Indebtedness" of any Person shall mean, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed (in which case non-recourse Indebtedness, for the purpose of this clause (f), shall be limited to the fair market value of the property subject to such Lien), (g) all Guaranties or other Contingent Obligations by such Person of Indebtedness of others, (h) all capital lease obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Persons" shall have the meaning assigned to it in Section 12.4 hereof.

"Indemnified Taxes" shall have the meaning assigned to it in Section 13.8(a) hereof.

"Indemnity Guarantor" shall mean each of Holdings, Parent Entity and each other Person party to the Indemnity Guaranty from time to time.

"Indemnity Guaranty" shall mean each Indemnity Guaranty, dated as of the date hereof, made by each Indemnity Guarantor in favor of Agent, as amended from time to time.

"Ineligible Lease" shall mean any Lease that fails at any time to meet all of the criteria set forth in the definition of "Eligible Lease" set forth herein.

"Ineligible Transferee" shall have the meaning assigned to it in Section 12.2(a) hereof.

"Initial Term Loan Funding Date" means, the date that the initial Term Loan is funded hereunder.

"Insured Event" shall have the meaning assigned to it in Section 12.4 hereof.

"Interest Reserve Account" shall mean that certain deposit account at Silicon Valley Bank held in the name of Holdings, with account number 3302706538, funded solely via capital contributions from the direct and indirect holders of its Equity Interests, which shall at all times contain cumulative gross deposits since the Closing Date in an amount equal to or greater than the product of (a) the sum of (i) one and (ii) the months that have elapsed since the Closing Date and (b) $75,000.00.

"Inventory" shall mean furniture, household furnishings, appliances, consumer electronics (including cell phones), fitness equipment, tools and/or other moveable but non-perishable goods, together with accessories related thereto.

"Key Man Trigger Event" shall mean the failure of Orlando Zayas to be the Chief Executive Officer of Holdings, unless a successor chief executive officer approved by the Agent is appointed within ninety (90) days thereafter.

"Lease Contract Multiple" shall mean, for each Pledged Lease, quotient of (a) the aggregate dollar amount of the scheduled payments (excluding upfront payments, application fees, and/or merchant discounts) owed by an Account Lessee over the term of such Pledged Lease and (b) the Lease Cost of such Pledged Lease.

"Lease Cost" shall mean, for any Pledged Lease, the total purchase price paid (excluding any delivery, installation and warranty costs charged to the applicable Account Lessee) by Holdings to purchase the Inventory that is the subject of such Pledged Lease at the origination of such Pledged Lease.

"Lease Term" shall mean, with respect to any Pledged Lease, the original term of the Lease to expiration calculated in calendar months.

"Leases" shall mean all rights to payment (including, without limitation, the Scheduled Payments) owing by an Account Lessee in respect of a lease or leases, lease-to-own or other financial accommodations made or extended by Borrower (or a predecessor in interest, including, without limitation, Holdings) to or for the benefit of such Account Lessee in connection with the purchase of Inventory. Any such Lease shall include, without limitation, all rights (including payment rights and enforcement rights), claims and entitlements under or pursuant to all related Portfolio Documents in respect thereof, and all supporting obligations in connection therewith.

"Lender" and "Lenders" shall have the meanings assigned to them in the introductory paragraph hereof.

"Lender Addition Agreement" shall have the meaning assigned to it in Section 12.2(a) hereof.

"Lending Office" shall mean the office or offices of any Lender set forth opposite its name on the signature page hereto, as updated from time to time.

"LIBOR Rate" shall mean, in respect of any calendar month, a rate per annum rounded upwards, if necessary, to the nearest 1/1000 of 1% (3 decimal places) equal to the rate of interest which is identified and normally published by Bloomberg Professional Service page USD-LIBOR-ICE (or any equivalent page used by Bloomberg Professional Service from time to time or, if Bloomberg Professional Service no longer reports the LIBOR Rate, another nationally-recognized rate reporting source acceptable to Agent) as the offered rate for loans in United States dollars for a one (1) month period as of 11:00 a.m. (London time) first calendar day of such month (or, in the case of the month that includes the date hereof, the date hereof). If, prior to the Benchmark Transition Date, (i) Bloomberg Professional Service (or another nationally-recognized rate reporting source acceptable to Agent) no longer reports the LIBOR Rate or (ii) Agent determines in good faith that the rate so reported no longer accurately reflects the rate available to Agent in the London Interbank Market or (iii) if such index no longer exists or if page USD-LIBOR-ICE no longer exists or accurately reflects the rate available to Agent in the London Interbank Market, then in each case of the foregoing clauses (i) through (iii), Agent may select a comparable replacement index or replacement page, as the case may be, (provided that such replacement rate is approved by the Borrower (which approval shall not be unreasonably withheld or delayed); provided that (a) in the case that the conditions set forth in the foregoing clause (i) through (iii) are likely to continue to occur or exist for an indefinite time frame or (b) the supervisor for the administrator of the screen rate used by the Agent pursuant this definition or a Governmental Authority having jurisdiction over the Agent, in each case, has made a public statement identifying a specific date after which such screen rate shall no longer be used or published for determining interest rates for loans, in the case of the foregoing clauses (a) and (b), Agent in its Permitted Discretion, may select a comparable replacement index or replacement

page that gives due consideration to the then prevailing market convention for determining a rate of interest for privately placed secured loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable to effect a comparable overall yield to that which was in place immediately prior to the occurrence of any of the foregoing events described by clauses (i) through (iii) in the foregoing clause (provided that such replacement rate and amendments are approved by the Borrower (which approval shall not be unreasonably withheld or delayed). Notwithstanding the foregoing, in no event shall the LIBOR Rate with respect to (x) the Revolving Calculated Rate be less than two percent (2.00%) at any time and (y) with respect to the Term Loan Calculated Rate be less than one percent (1.00%) at any time.

"Lien" shall mean any mortgage, deed of trust, deed to secure debt, or pledge, security interest, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement or any lease in the nature thereof), or any other arrangement pursuant to which title to the property is retained by or vested in some other Person for security purposes.

"Liquidity" means, as of any date of determination, the amount of unrestricted cash and Cash Equivalents on hand of Parent Entity and its Subsidiaries as of such date; provided that any funds held in the Total Advance Rate Reserve Account shall not be included in the calculation of Liquidity.

"Loan" shall mean, collectively, the Term Loan, each Revolving Advance made by Lenders to the Borrower, any Protective Advances or other Advances by Agent or Lenders pursuant to the terms hereof, and all Obligations related thereto.

"Loan Documents" shall mean, collectively and each individually, this Agreement, the Notes, the Security Documents, each Servicing Agreement, the Backup Servicing Agreement, the Borrowing Base Certificate, the Collateral Account Control Agreement, any other blocked account agreement or account control agreement and all other agreements, documents, instruments and certificates heretofore or hereafter executed or delivered to Agent and/or Lenders in connection with any of the foregoing or the Loan, as the same may be amended, modified or supplemented from time to time.

"Major Credit Card" shall mean a bank card issued by any VISA USA, Inc., MasterCard International Incorporated, American Express Company or Discover Bank.

"Material Agreements" shall mean (a) all instruments, agreements, indentures or notes governing the terms of any Indebtedness, (b) the Purchase and Sale Agreement, (c) the Servicing Agreement and (d) all other agreements, documents, contracts, indentures and instruments (i) involving the performance of services, delivery of goods or materials, or payments by or to the applicable Person of an amount or value in excess of $500,000 in the aggregate per year for agreements of Borrower and $1,000,000 in the aggregate per year for agreements of any other Credit Party, other than (i) leases of real property, (ii) merchant service agreements, (iii) payment processing agreements, (vi) professional service contract, (vii) service agreements (including with respect to software and other information technology), and (viii) employment agreements or (ii) of which a default, breach or termination could reasonably be expected to result in a Material Adverse Effect.

"Material Adverse Effect" shall mean any event, condition, obligation, liability or circumstance or set of events, conditions, obligations, liabilities or circumstances or any change(s) which:

(i) has had or reasonably could be expected to have a material adverse effect upon or change in (a) the legality, validity or enforceability of any Loan Document, (b) the perfection or priority of any Lien granted to Agent or any Lender under any of the Security Documents or (c) the value, validity, enforceability or collectability of a material portion of the Pledged Leases or any of the other Collateral;

(ii) has been or reasonably could be expected to be material and adverse to the value of the business, operations, properties, assets, liabilities or financial condition of any Credit Party; or

(iii) has materially impaired or reasonably could be expected to materially impair the ability of the Credit Parties to perform any of the Obligations or their obligations under the Loan Documents.

"Material Modification" means any modification of a Lease that would (a) forgive any scheduled repayment, (b) reduce the interest rate, (c) reduce the Current Lease Balance of the Lease or (d) be materially adverse to Agent and/or Lenders.

"Maturity Date" shall mean June 4, 2025.

"Maximum Revolving Loan Amount" shall mean at any time the aggregate amount of the Revolving Loan Commitments held by all Lenders at such time.

"Maximum Rate" shall mean the highest lawful and non-usurious rate of interest applicable to the Loan, that at any time or from time to time may be contracted for, taken, reserved, charged, or received on the Loan and the Obligations under the laws of the United States and the laws of such states as may be applicable thereto, that are in effect or, to the extent allowed by such laws, that may be hereafter in effect and that allow a higher maximum nonusurious and lawful interest rate than would any Applicable Laws now allow.

"Minimum Utilization Additional Interest" shall have the meaning set forth in Section 3.6 hereof.

"Minimum Utilization Ratio" shall mean, for the periods described in the table below, the applicable percentage set forth below for such period:

Period	Minimum Utilization Ratio
Each of the first twelve (12) months following the Closing Date	0%
Each of the months occurring thirteen (13) months following the Closing Date through (and including) twenty-four (24) months following the Closing Date	25%
Each of the months occurring twenty five (25) months following the Closing Date through (and including) the end of the Maturity Date	50%

"Monthly Servicing Report" shall mean each monthly report prepared by the Servicer in accordance with the Servicing Agreement substantially in the form of Exhibit C attached hereto.

"Ninth Amendment" means that certain Ninth Amendment to Loan and Security Agreement, dated as of the Ninth Amendment Effective Date.

"Ninth Amendment Effective Date" means December 4, 2020.

"Non-Consenting Lender" shall have the meaning assigned to it in Section 10.4(d).

"Non-Funding Lender" shall have the meaning assigned to it in Section 13.7.

"Note(s)" shall mean, individually and collectively, any Notes payable to the order of the Agent, for the benefit of Lenders, or payable to a Lender, executed by Borrower evidencing the Loan, as the same may be amended, modified, supplemented and/or restated from time to time.

"Obligations" shall mean, without duplication, all present and future obligations, Indebtedness and liabilities of Borrower to Agent and Lenders at any time and from time to time of every kind, nature and description, direct or indirect, secured or unsecured, joint and several, absolute or contingent, due or to become due, matured or unmatured, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, under any of the Loan Documents or otherwise relating to this Agreement, any Notes and/or the Loan, including, without limitation, principal, interest (including PIK Interest), all applicable fees, charges and expenses and/or all amounts paid or advanced by Agent or a Lender on behalf of or for the benefit of Borrower for any reason at any time, and including, in each case, obligations of performance as well as obligations of payment and interest that accrue after the commencement of any proceeding under any Debtor Relief Law by or against Borrower.

"OFAC" shall mean the U.S. Department of Treasury's Office of Foreign Asset Control.

"Original Net Lease Cost" shall mean, for each Lease, the difference between (a) the total retail price charged to the Account Lessee (including any delivery, installation and warranty costs) related to such Lease and (b) any upfront Account Lessee payments (including, but not limited to, application fees), and merchant discounts associated with such Lease.

"Other Lender" shall have the meaning assigned to it in Section 13.7 hereof.

"Other Taxes" shall have the meaning assigned to it in Section 13.8(b) hereof.

"PAC" shall mean an arrangement whereby an Account Lessee makes Scheduled Payments under a Pledged Lease via pre-authorized debit.

"Parent Consolidated Net Income" shall mean, for any period, an amount equal to (a) the net income (or loss) of the Parent Entity and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP, minus (b) any net extraordinary, nonrecurring or unusual gains, plus (c) any net extraordinary, nonrecurring or unusual losses not to exceed five percent (5%) of "Parent Consolidated Net Income". For the avoidance of doubt, any net extraordinary, nonrecurring or unusual losses beyond five percent (5%) of "Parent Consolidated Net Income" shall be subject to the approval of Agent in its Permitted Discretion.

"Parent Entity" shall have the meaning assigned to it in the introductory paragraph hereof.

"Parent Entity Co-Sale Agreement" shall mean that certain Amended and Restated Right of First Refusal and Co-Sale Agreement dated as of April 12, 2019 by and among the Parent Entity, the investors listed on Exhibit A thereto, and the key holders listed on Exhibit B thereto,

as amended by that certain Omnibus Amendment to Series C Investment Documents dated as of September 18, 2020 with an effective date of April 12, 2019, as the same may be otherwise amended, restated, supplemented or otherwise modified from time to time.

"Participant" shall have the meaning assigned to it in Section 12.2(b) hereof.

"Patriot Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, P.L. 107-56, as amended.

"Payment Date" shall mean the Wednesday of each calendar week that the Loans are outstanding, or if such day is not a Business Day, on the next succeeding Business Day.

"Payment Guarantor" shall mean each of Holdings, Parent Entity, each subsidiary of Holdings (other than Borrower) and each other Person party to the Payment Guaranty from time to time.

"Payment Guaranty" shall mean that certain Payment Guaranty and Security Agreement dated as of the date hereof made by Holdings, Parent Entity and each subsidiary of Holdings (other than Borrower) from time to time party thereto, in favor of Agent, as amended from time to time.

"Permit" shall mean collectively all licenses, leases, powers, permits, franchises, certificates, authorizations and approvals.

"Permitted Discretion" shall mean a determination or judgment made in good faith in the exercise of reasonable (from the perspective of a secured lender) credit or business judgment.

"Permitted Indebtedness" shall mean: (a) the Obligations; (b) existing Indebtedness listed on Schedule 7.1 hereof; (c) Indebtedness consisting of Permitted Loans made by one or more Credit Parties to any other Credit Party; (d) interest rate hedges that are entered into by Credit Parties to hedge their risks with respect to outstanding Indebtedness of Credit Parties and not for speculative or investment purposes; (e) trade debt incurred in the ordinary course of business, (f) subject to the terms thereof, Indebtedness permitted under Section 2.13(d) and indemnity guarantees of any such Indebtedness and (g) unsecured Indebtedness in respect of financing insurance premiums in the ordinary course of business.

"Permitted Liens" shall mean Liens of Borrower permitted under Section 7.2 hereof.

"Permitted Loan" shall mean, with respect to any Credit Party, an intercompany loan owed by such Credit Party to another Credit Party, which intercompany loan is subject to a subordination agreement substantially in form and substance satisfactory to Agent in its Permitted Discretion.

"Person" shall mean an individual, a partnership, a corporation, a limited liability company, a business trust, a joint stock company, a trust, an unincorporated association, a joint venture, a Governmental Authority or any other entity of whatever nature.

"PIK Interest" shall mean interest that is paid in kind, and not in cash, by capitalizing such interest as principal of the outstanding Loan as provided herein.

"Pledge Agreement" shall mean that certain Pledge Agreement made by Holdings in favor of Agent, as the same may be amended, modified, supplemented and/or restated from time to time.

"Pledged Leases" shall mean each Lease pledged as Collateral hereunder in accordance with Section 2.8 hereof or any other Loan Document. For the avoidance of doubt, the term "Pledged Leases" shall not include any Third Party Serviced Lease.

"Portfolio Documents" shall mean, collectively, any Lease or contract, and any other agreement or document executed and delivered by an Account Lessee in connection with such Lease to or for the benefit of Holdings or any subsequent transferee thereof, including renewals, extensions, modifications and amendments thereof.

"Prepayment Date" shall mean (i) the date of prepayment of Revolving Advances and/or the Term Loan pursuant to Section 2.5(b) or Section 2.5(c), as applicable, and (ii) or the date of any prepayment of the Loans pursuant to Section 2.6(a) or Section 2.6(b), as applicable.

"Pro Rata Share" shall mean, (a) with respect to any Lender as to all Lenders holding Revolving Loan Commitments, the percentage obtained by dividing (i) the aggregate amount of the Revolving Loan Advances outstanding made by such Lender by (ii) the aggregate amount of all the Revolving Loan Advances outstanding, as such percentage may be adjusted by assignments as permitted hereunder; provided, however, that if no Revolving Loan Advances are outstanding, then the percentage shall be obtained by dividing (i) the Revolving Loan Commitment held by such Lender by (ii) the aggregate amount of all of the Revolving Loan Commitments and (b) with respect to any Lender as to all Lenders holding Term Loan Commitments, the percentage obtained by dividing (i) the Term Loan Commitment held by such Lender by (ii) the aggregate amount of all of the Term Loan Commitments.

"Protective Advance" shall have the meaning assigned to it Section 2.7(b).

"Public Company Transition Date" shall mean the date on which the Parent Entity becomes subject to the periodic reporting requirements of Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended following an initial public offering or a SPAC Transaction.

"Purchase and Sale Agreement" shall mean that certain Master Purchase and Sale Agreement, dated as of the Closing Date, by and between Holdings, as seller of the Pledged Leases, and Borrower, as purchaser of the Pledged Leases, as the same may be amended, modified, supplemented, restated, replaced or renewed in writing from time to time.

"Receipt" shall have the meaning assigned to it in Section 12.5 hereof.

"Register" shall have the meaning assigned to it in Section 12.2(c) hereof.

"Regulatory Trigger Event" shall mean (x) a "Level One Regulatory Trigger Event" which shall mean, the commencement by any Governmental Authority of any formal inquiry or investigation (which for the avoidance of doubt excludes any Routine Inquiry), legal action or proceeding, against (i) any of Borrower, Holdings, Servicer, any third party that has been engaged by Servicer as a sub-servicer or any of Borrower's Affiliates challenging its authority to originate, hold, own, service, collect, pledge or enforce any Pledged Lease with respect to the residents of any state, or otherwise alleging any non-compliance by any of Borrower, Holdings, Servicer, any third party that has been engaged by Servicer as a sub-servicer or any of Borrower's Affiliates with such state's Applicable Laws related to originating, holding, collecting, pledging, servicing or enforcing such Pledged Leases or otherwise related to such Pledged Leases; (ii) any of Borrower, Holdings, Servicer, any third party that has been engaged by Servicer or as a sub-servicer or any of Borrower's Affiliates, relating to the operation of its business; or (iii) the consumer leasing industry or consumer retail installment contract industry or any member of such industries, which the Agent, in its Permitted Discretion, believes would

have a material adverse effect on either of such industries, as a whole, which inquiry, investigation, legal action or proceeding is not released or terminated in a manner acceptable to Agent in its Permitted Discretion within forty-five (45) calendar days of commencement thereof or (y) a "Level Two Regulatory Trigger Event" which shall mean the issuance or entering of any stay, order, judgment, cease and desist order, injunction, temporary restraining order, or other judicial or non-judicial sanction, order or ruling against any of Borrower, Holdings, Servicer, any third party that has been engaged by Servicer as a sub-servicer or any of Borrower's Affiliates related in any way to the originating, holding, collecting, pledging, servicing or enforcing of any Pledged Leases or rendering the Purchase and Sale Agreement or Portfolio Documents unenforceable in such state; provided, that, in each case, upon the favorable resolution of such inquiry, investigation, action or proceeding as determined by Agent in its Permitted Discretion and confirmed by written notice from Agent (whether by judgment, withdrawal of such action or proceeding or settlement of such action or proceeding), such Regulatory Trigger Event for such Governmental Authority shall cease to exist immediately upon such determination by Agent.

"Release Price" shall mean an amount equal to the then Current Lease Balance of the Pledged Lease as of the close of business on the last Business Day of the Due Period relating to the Payment Date immediately preceding the date on which the release is to be made.

"Relevant Governmental Body" means the Board of Governors of the Federal Reserve System or the NYFRB, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the NYFRB, or any successor thereto.

"Request for Revolving Advance" shall have the meaning assigned to it in Section 4.2(a) hereof.

"Required Loan Overadvance Principal Payment" shall mean, with respect to any Payment Date, the positive difference, if any, as of the last day of the calendar week immediately preceding such Payment Date of (a) the outstanding principal balance of the Revolving Advances (prior to giving effect to any payments to be made on such Payment Date) minus (b) the Borrowing Base.

"Requisite Lenders" shall mean at any time Lenders then holding fifty-one percent (51%) or more of the aggregate amount of the Advances then outstanding, provided, that at any time that Agent and its Affiliates collectively own more than thirty five percent (35%) or more of the aggregate amount of the Advances then outstanding, then Requisite Lenders must include Agent and any matter requiring the consent or approval of Requisite Lenders shall require the consent or approval of Agent.

"Responsible Officer" shall mean the chief executive officer, chief financial officer or the president of Borrower, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants or delivery of financial information, the chief financial officer, the treasurer or the controller of Borrower, or any other officer having substantially the same authority and responsibility, and in all cases such person shall be listed on an incumbency certificate delivered to Agent, in form and substance acceptable to Agent in its sole discretion.

"Revolving Advance" or "Revolving Loan Advance" shall have the meaning assigned to it in Section 2.1 hereof.

"Revolving Advance Prepayment Additional Interest" shall mean additional interest payable to Agent upon any Prepayment Date that occurs during the period commencing on the Fifteen Amendment Effective Date and ending on November 30, 2023 (the "Revolving Advance Prepayment Additional Interest Period") with respect to the Revolving Advances in an amount

equal to the amount of interest that would have accrued on the sum of the Revolving Loan Commitment in effect on such Prepayment Date if fully drawn during the period commencing with such Prepayment Date and ending on November 30, 2023 at a per annum rate equal to the Revolving Calculated Rate; provided that (i) if the prepayment of Revolving Advances on such Prepayment Date is made pursuant to a refinancing of the Loan by Agent or any of its Affiliates, or (ii) if the Borrower has submitted to the Agent a written request for an increase in the Revolving Commitment Amount at any time during the Revolving Advance Prepayment Additional Interest Period when the outstanding principal of the Revolving Advances is equal to or exceeds ninety percent (90%) of the then-existing Maximum Revolving Loan Amount, (A) either (1) each of the Lenders and the Agent shall not have not agreed in writing to such request within ten (10) Business Days following such request, or (2) if such request was approved by the Agent and each of the Lenders within ten (10) Business Days following such request, an amendment to this Agreement effecting the increase in the Revolving Commitment Amount so requested shall not have become effective within forty-five (45) days of such request except due to the failure of the Borrower to execute such amendment if such proposed amendment does not contain any other material amendments to this Agreement or any other Loan Document that are adverse to the Borrower, and (B) no Default or Event of Default shall have occurred and be continuing at any time during the period commencing at the time of such request and ending on the forty-fifth (45th) day thereafter, then the Revolving Advance Prepayment Additional Interest payable on such Prepayment Date shall be $0.

"Revolving Calculated Rate" shall have the meaning assigned to it in Section 2.2 hereof.

"Revolving Credit Period" shall mean the period beginning on the Closing Date and ending on the Maturity Date, unless terminated earlier in accordance with the provisions hereof.

"Revolving Loan Commitment" shall mean the commitment of a Class A Lender to make or otherwise fund Revolving Loan Advances and "Revolving Loan Commitments" shall mean such commitments of all Lenders to fund Revolving Loan Advances in the aggregate. The amount of each Lender's Revolving Loan Commitment, if any, is set forth on Schedule B attached hereto, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The aggregate amount of the Revolving Loan Commitments as of the Fifteenth Amendment Effective Date is $75,000,000.00, provided, that, upon the election of the Agent and any Lenders that elect to increase their Revolving Loan Commitment, pursuant to Section 2.13, the Revolving Loan Commitments may be increased incrementally up to, but shall never exceed, $250,000,000.

"ROFR Share Repurchases" "shall have the meaning assigned to it Section 7.4.

"Routine Inquiry" shall mean, without limitation, any inquiry, written or otherwise, made by a competent Governmental Authority with legal authority to regulate the activities of Borrower, Holdings or their respective Affiliates with respect to the Leases, made via a form letter or otherwise in connection with the routine transmittal of a consumer complaint or an alleged failure to comply with such State's lending licensing requirements or its deferred deposit or "payday" lending laws or similar laws that are not applicable to Borrower, Holdings or their respective Affiliates with respect to the Leases.

"Scheduled Payment" shall mean the originally scheduled weekly, bi-weekly or monthly payment by or on behalf of an Account Lessee on a Lease.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Security Documents" shall mean this Agreement, each Guaranty, the Collateral Assignment of Purchase Agreement, the Pledge Agreement, UCC financing statements, the

Collateral Account Control Agreement, other agreements related to Deposit Accounts, and all other documents or instruments necessary to create or perfect the Liens in the Collateral, as such may be modified, amended or supplemented from time to time.

"Servicer" shall mean Holdings or such other Person, prior to the occurrence of an Event of Default, designated and engaged by the Borrower and approved by Agent (including, without limitation, Advensus).

"Servicer Default" shall mean a "Servicer Event of Default" as such term is defined in the Servicing Agreement.

"Servicer Physical Payment Address" shall have the meaning assigned to it in Section 2.3(a) hereof.

"Servicing Agreement" shall mean (a) that certain Servicing Agreement, dated as of the Closing Date, by and among the Borrower, Holdings and Agent, as the same may be amended, modified, supplemented, restated, replaced or renewed in writing from time to time and (b) each other agreement pursuant to which Pledged Leases will be serviced and administered in accordance with the terms of this Agreement.

"Servicing Fee" shall mean the fee payable monthly to Holdings pursuant to the Servicing Agreement, which shall be equal to the product of (i) three percent (3%) and (ii) the sum of the amounts described in clauses (a), (c) and (e) of the definition of "Available Amounts" collected by Servicer during the calendar month immediately preceding the Payment Date on which fee is to be paid to the Servicer.

"Servicing Policy" means servicing, collections and payment plan policies of each Servicer, copies of which are attached hereto as Exhibit G, as such policies may be amended from time to time in compliance with the applicable Servicing Agreement.

"Settlement Date" shall have the meaning assigned to it in Section 13.5(a)(ii) hereof.

"Significant Debt Facility" shall mean any credit facility, note, agreement or indenture or other debt instrument evidencing Indebtedness of Parent Entity or Holdings and/or their Subsidiaries in excess of $1,000,000 (all indebtedness (x) made on substantially the same terms and (y) held by the same lenders or Affiliates of such lenders shall be considered in totality when calculating compliance with this threshold).

"SOFR" means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website on the immediately succeeding Business Day.

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"Solvency Certificate" shall have the meaning assigned to it in Section 4.1(e) hereof.

"SPAC Transaction" means a business combination transaction or series of transactions whereby the Parent Entity or a newly formed holding company of the Parent Entity formed to facilitate such transaction or series of transactions is acquired by or combined with any special

purpose acquisition company (SPAC) or one or more newly formed merger subsidiaries of such special purpose acquisition company (SPAC), with the purpose of taking, directly or indirectly, the Parent Entity public without going through the traditional initial public offering process. To the extent there is any inconsistency between this definition and the definition of "SPAC Transaction" in any other Loan Document, including, without limitation, the Warrants, this definition shall control. For the sake of clarity, a SPAC Transaction includes the Anticipated SPAC Transaction.

"Specified Regulatory Change" means a legal or regulatory change, the effect of which is to materially and adversely impair the ability of any Borrower, Holdings or Parent Entity to originate, own, hold, pledge, service, collect or enforce the Pledged Leases or similar assets.

"Subsidiary" shall mean, as to any Person, any other Person in which more than fifty percent (50%) of all Voting Equity Interests is owned directly or indirectly by such Person or one or more of its Subsidiaries.

"Tangible Net Worth" shall mean, for any Person, without duplication, an amount equal to, such Person's (a) total assets, minus (b) capitalized information technology expenses, capitalized transaction expense and other capitalized expenses, minus (c) prepaid expenses, minus (d) other intangible assets, minus (e) total liabilities. For the avoidance of doubt the calculation of the Tangible Net Worth hereunder shall be made without including any accrued and unpaid PIK Interest.

"Tangible Net Worth to Term Loan Ratio" means the ratio of (a) Tangible Net Worth of Parent Entity and its Subsidiaries, on a consolidated basis, to (b) the outstanding principal balance of the Term Loan (including PIK Interest).

"Taxes" shall mean present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto (including penalties, interest and additions to tax), imposed by any Governmental Authority.

"Termination Date" shall have the meaning assigned to it in Section 11.1 hereof.

"Term Loan" shall have the meaning assigned to it in Section 2.1 hereof.

"Term Loan Commitment" shall mean, as to any Class B Lender, the obligation of such Lender (if applicable), to make its Term Loan on the Initial Term Loan Funding Date. The amount of each Lender's Term Loan Commitment, if any, is set forth on Schedule B attached hereto, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The aggregate amount of the Term Loan Commitments as of the Ninth Amendment Effective Date is $50,000,000.00.

"Term Loan Prepayment Additional Interest" shall mean additional interest payable to Agent upon any Prepayment Date with respect to the Term Loan in an amount equal to (i) if such Prepayment Date occurs after the twenty-four (24) month anniversary of the Initial Term Loan Funding Date but on or prior to the thirty (30) month anniversary of the Initial Term Loan Funding Date, $500,000.00 or (ii) if such Prepayment Date occurs after the date that is thirty (30) months after the Initial Term Loan Funding Date, $0.00.

"Term SOFR Administrator" shall mean the CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Agent in its reasonable discretion).

"Term SOFR Rate" shall mean, in respect of any calendar month, a rate per annum rounded upwards, if necessary, to the nearest 1/1000 of 1% (3 decimal places) equal to the one-month forward-looking term rate ("Term SOFR Reference Rate") based on SOFR appearing on Bloomberg Professional Service page TSFR1M (or any equivalent page used by Bloomberg Professional Service from time to time or, if Bloomberg Professional Service no longer reports the Term SOFR Rate, another nationally-recognized rate reporting source acceptable to Agent) as the offered rate for loans in United States dollars for a one (1) month period as of 5:00 p.m. (New York City time) on the day (such day "Periodic Term SOFR Determination Date") that is two (2) Business Days prior to the first calendar day of such month (or, in the case of the month that includes the date hereof, the date hereof), provided, however, that if as of 5:00 p.m. (New York City Time) on any Periodic Term SOFR Determination Date the Term SOFR Reference Rate for a one (1) month period has not been published, then the Term SOFR Rate will be the Term SOFR Reference Rate for a one (1) month period that was published on the first preceding Business Day for which such rate was published, so long as such preceding Business Day is not more than three (3) Business Days prior to such Periodic Term SOFR Determination Date. If Bloomberg Professional Service (or another nationally-recognized rate reporting source acceptable to Agent) no longer reports the Term SOFR Rate, then Agent may select a replacement for such page that displays the Term SOFR Reference Rate as published by Term SOFR Administrator. If (i) the Term SOFR Administrator permanently or indefinitely ceases to provide the Term SOFR Reference Rate, (ii) the Term SOFR Reference Rate has been determined and announced by the regulatory supervisor for the Term SOFR Administrator to be non-representative or (iii) the Governmental Authority having jurisdiction over the Term SOFR Administrator has made a public statement identifying a specific date after which the Term SOFR Reference Rate shall no longer be used or published for determining interest rates for loans, Agent in its Permitted Discretion, may select a comparable replacement rate that gives due consideration to the then prevailing market convention for determining a rate of interest for privately placed secured loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable to effect a comparable overall yield to that which was in place immediately prior to the occurrence of any of the foregoing events described by clauses (i) through (iii) in the foregoing clause (provided that such replacement rate and amendments are approved by the Borrower (which approval shall not be unreasonably withheld or delayed).

"Third Party Serviced Lease" shall mean any Lease originated through Holdings' origination platform on behalf of a third-party (including Metro PCS) and serviced by Holdings.

"Total Advance Rate" shall mean, as of any date of determination, a percentage equal to the quotient of (a) the sum of (i) the total principal amount outstanding under the Term Loan as of such date (inclusive of any PIK Interest) plus (ii) the difference between (x) the total amount of Revolving Loan Advances outstanding as of such date and the sum of (A) Excess Unrestricted Cash as of such date and (B) amount on deposit in Total Advance Rate Reserve Account as of such date divided, by (b) the aggregate Adjusted Current Lease Balance for all Eligible Leases pledged hereunder.

"Total Advance Rate Reserve Account" shall mean a deposit account or securities account established in the name of the Borrower on or after the Twelfth Amendment Effective Date to fund cure payments pursuant to pursuant to Section 6.19(c); provided that such deposit account or securities account must be subject to an account control agreement among the Borrower, the Agent and the depositary bank or securities intermediary, as applicable, maintaining such deposit account or securities account, in form and substance reasonably satisfactory to the Agent.

"Trailing Six Month Parent Consolidated Net Income" shall mean the sum of the Parent Consolidated Net Income for the prior six (6) calendar month period.

"Transferee" shall have the meaning assigned to it in Section 12.2(a) hereof.

"Twelfth Amendment Effective Date" shall mean December 15, 2021.

"UCC" shall mean 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, "UCC" shall mean 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.

"Underwriting Guidelines" shall mean Holdings' customary credit and underwriting and guidelines as set forth in its underwriting model, a copy of each is attached hereto as Exhibit E, as such guidelines are amended from time to time with the consent of Agent (which consent may be provided in Agent's Permitted Discretion), provided, that any material amendments thereto shall be subject to Agent's consent, which may be granted in Agent's Permitted Discretion.

"Unmatured Defaulted Lease" shall mean any Pledged Lease for which any portion of a Scheduled Payment (without giving effect to any modifications of such Pledged Lease after the date such Pledged Lease was first pledged hereunder or under any other Loan Document) is delinquent more than thirty (30) but less than sixty (60) days.

"Unrelated Connections" shall have the meaning assigned to it in Section 13.8(a) hereof.

"Utilization Ratio" shall mean, as of any date of determination, the percentage calculated as (a) the total outstanding principal balance of the Loans as of such date, divided by (b) the then applicable Maximum Revolving Loan Amount.

"Verification Certificate" shall mean the original certificate in the form annexed to the Backup Servicing Agreement, duly completed and signed by the Backup Servicer.

"Verification Deliverables" shall mean:

with respect to each Pledged Lease:

(a) an electronic schedule in a format described in the Backup Servicing Agreement containing a list of the proposed Leases to be pledged to Agent as Collateral for the Loan (including such Pledged Lease), and account information with respect thereto;

(b) complete and accurate copy of the electronic record of the original electronic credit application, Lease and the electronic signature by the related Account Lessee, and which shall originally be payable to Holdings and, with respect to each electronic Lease, a bill of sale (or other documentation acceptable to Agent in its Permitted Discretion) which evidences a complete chain of title and ownership from Holdings to Borrower, and such other documentation evidencing the pledge from Borrower in favor of Agent, all as further provided in the Backup Servicing Agreement;

(c) electronic copies of all other agreements and documents relating to such Lease; and

(d) a copy of each of the credit application, truth-in-lending disclosure, credit report and similar information provided by or related to each Account Lessee for such Lease; and

(e) such other documents not otherwise described above as Agent, as specified in writing to Borrower, may reasonably require from time to time.

"Vintage Pool" shall mean and refers to, at any given time, all Pledged Leases that were originated in a particular fiscal month. By way of example, and not by way of limitation, all Pledged Leases that were originated in a single fiscal month shall constitute one Vintage Pool, regardless of when Borrower purchases said Pledged Leases from Holdings.

"Voting Equity Interests" means, with respect to any Person, Equity Interests issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right to so vote has been suspended by the happening of such contingency.

"VPC Bridge Notes" shall mean each of the promissory notes made by Holdings in favor of Victory Park Capital Management listed on Schedule 1.1(b) hereof.

"Warrants" means (a) the Warrant issued by Holdings to Agent on or before the Ninth Amendment Effective Date, as amended, restated, supplemented or otherwise modified from time to time, and (b) the Warrant issued by Holdings to Agent on or about the Fifteenth Amendment Effective Date, as amended, restated, supplemented or otherwise modified from time to time.

"YTD Period" means, with respect to any month of any fiscal year, the period commencing on January 1st of such fiscal year and ending on the last day of such month.

II. LOAN, PAYMENTS, INTEREST AND COLLATERAL

2.1 The Revolving Loan Advances; Term Loan

(a) Revolving Loan Advances. Subject to the provisions of this Agreement, including, without limitation satisfaction or waiver in writing by Agent of all conditions set forth in Article IV hereof, each Lender severally agrees to make Advances (or to request Agent to make Agent Advances pursuant to Section 13.4(b)) up to such Lender's respective Revolving Loan Commitment to Borrower under the Loan from time to time on or prior to the last day of the Revolving Credit Period (collectively, the "**Revolving Advances**" or the "**Revolving Loan Advances**"). Each Revolving Loan Advance shall be made in an amount requested by Borrower not to exceed the Availability as of such date of determination by deposit into a Deposit Account designated by Borrower; provided, that under no circumstances shall the outstanding amount of the Revolving Loan Advances exceed the Maximum Revolving Loan Amount, and provided, further, no Lender shall be obligated to provide funding for any Revolving Loan Advance that would increase the aggregate of all outstanding amounts funded by such Lender (including any Revolving Loan Advances made by any predecessor in interest to such Lender) to an amount in excess of the stated principal amount of that Lender's Note or such Lender's Revolving Loan Commitment. Unless otherwise permitted by Agent, each Revolving Loan Advance shall be in an amount of at least Two Hundred Fifty Thousand Dollars ($250,000). No more than one (1) Revolving Loan Advance may be made hereunder in any calendar week. Any such request for a

Revolving Loan Advance by Borrower must be made by 1:00 p.m. EST two (2) Business Days prior to the proposed borrowing date and shall contain a certification from an officer of Borrower representing that all conditions precedent to the funding of such Revolving Advance contained herein are satisfied. Subject to the terms hereof Revolving Advances may be repaid and re-borrowed prior to the expiration of the Revolving Credit Period. The failure of any Lender to make any Advance required to be made by it shall not relieve any other Lender of its obligations hereunder; provided, that the Revolving Loan Commitment of each Lender is several and no Lender shall be responsible for any other Lender's failure to make required Advances. Notwithstanding anything else herein to the contrary, no Revolving Loan Advances shall be made or requested after the last day of the Revolving Credit Period. In connection with the initial Revolving Advance made to Borrower on or after the Closing Date, Agent shall retain (for the benefit of Lenders), the OID required to be paid in accordance with Section 3.5(a). In the event the Maximum Revolving Loan Amount is increased in accordance with Section 2.14 hereof, Agent may retain (for the benefit of Lenders) from the next Revolving Advance made to Borrower, any Increase OID required to be paid in accordance with Section 3.5(b) or (c) hereof from the Revolving Loan Advance(s) following such increase.

(b) Term Loan. Subject to the terms and conditions of this Agreement, each Class B Lender, severally and not jointly, will make a term loan to Borrowers in the amount equal to such Lender's Pro Rata Share of the Term Loan Commitments (the "Term Loan"). Subject to the satisfaction of the conditions set forth in Section 4.3 hereof, the Term Loan shall be advanced on the Initial Term Loan Funding Date. The Term Loan shall be, with respect to principal, payable in full on the Maturity Date.

(c) Notes. The Advances made by each Lender shall, to the extent requested by a Lender, be evidenced by a promissory note payable to the order of such Lender, substantially in the form of Exhibit B-1 with respect to Revolving Loan Advances and Exhibit B-2 with respect Advances of the Term Loan (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, a "**Note**"), executed by Borrower and delivered to the Agent on the Closing Date or Ninth Amendment Effective Date as applicable (or after the Closing Date or Ninth Amendment Effective Date in respect of any assignee of a Lender who becomes a Lender pursuant to Section 12.2 or any Lender who requests a Note after the Closing Date). The Note payable to the order of a Lender shall be in a stated maximum principal amount equal to such Lender's applicable Revolving Loan Commitment or Term Loan Commitment as applicable.

(d) Payment of the Loan. Borrower shall repay the Loan pursuant to and in accordance with the terms of this Agreement and the Notes evidencing the Loans. Each Revolving Advance shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date. All other amounts outstanding under the Loan and all other Obligations under the Loan shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date.

(e) Promptly following receipt of a Request for Revolving Advance in accordance with Section 4.2(a) and all other deliverables described therein, Agent shall advise each Class A Lender of the details thereof and of the amount of such Class A Lender's Revolving Advance to be made as a part of the requested Revolving Advance. Each Class A Lender shall make each Revolving Advance to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon (New York City time) to the account of Agent most recently designated by it for such purpose by notice to Lenders. Unless Agent shall have received notice from a Class A Lender prior to the proposed date of any Revolving Advance that such Class A Lender will not make available to Agent such Class A Lender's share of such Revolving Advance, Agent may assume that such Class A Lender has made such share available on such date in accordance with the previous sentence and may, in

reliance upon such assumption, make available to Borrower a corresponding amount. In lieu of the foregoing, Agent may, on behalf of any Class A Lender, make, or cause Lender that is an Affiliate of Agent to make, Revolving Advances hereunder upon satisfaction of the provisions of Section 4.2(a). Each Class A Lender shall, upon demand, reimburse Agent (or such Affiliate of Agent) for such Class A Lender's Pro Rata Share of each such Revolving Advance. In such event, if a Class A Lender has not in fact made its share of the applicable Revolving Advance available to Agent, then the applicable Lender and Borrower severally agree to pay to Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to Borrower to but excluding the date of payment to Agent, at the applicable Revolving Calculated Rate and, until such Lender has paid such amount to Agent, all amounts owed to such Lender hereunder (whether interest, fees, principal or otherwise) shall paid to Agent (or any Affiliate of Agent that has funded such amounts in lieu of such Lender) in such amount as is necessary to repay in full such unfunded amounts owed by such Lender and such Lender shall not be entitled to receive any amounts hereunder until such unfunded amounts have been repaid in full. If such Lender pays such amount to Agent, then such amount shall constitute such Lender's Pro Rata Share of such Revolving Advance. No Class A Lender shall be obligated to make a Revolving Advance on behalf of another Class A Lender.

2.2 Interest on the Loan

(a) The Borrower agrees to pay interest in respect of the outstanding principal amount of the Revolving Loan Advances, weekly in arrears in accordance with Section 2.4 to Agent for the account of Lenders, from the date the proceeds thereof are made available to the Borrower until paid in full, at a rate per annum equal to the lesser of (i)(A) the Applicable Benchmark Rate plus (B) eight and one half of one percent (8.5%) per annum (such rate, the "**Revolving Calculated Rate**") and (ii) the Maximum Rate. The Borrower agrees to pay interest in respect of the outstanding principal amount of the Term Loan, weekly in arrears, the Current Interest (as defined below) portion of which to be paid in accordance with Section 2.4, to Agent for the account of Lenders holding Term Loan Commitments, from the date the proceeds thereof are made available to the Borrower until paid in full, at a rate per annum equal to the lesser of (i) the Applicable Benchmark Rate plus (A) eight percent (8%) per annum ("**Current Interest**") plus (B) if Liquidity is equal to or greater than $25,000,000 as determined by the most recently delivered monthly financial statements, an additional four and one-half of one percent (4.5%) per annum and if Liquidity is less than $25,000,000 as determined by the most recently delivered monthly financial statements, an additional six percent (6%) per annum ("**PIK Interest**") to be paid in kind by capitalizing such PIK Interest and adding it to the outstanding principal balance of the Term Loan and (ii) the Maximum Rate (the "**Term Loan Calculated Rate**" and together with the Revolving Calculated Rate, the "**Calculated Rate**"). All such payments of interest shall be made weekly pursuant to Section 2.4, and, in any event, shall be due and owing no later than the Payment Date of each calendar week for the immediately preceding calendar week, provided, that, on any Interest Settlement Date on which interest has accrued, but has not been paid pursuant to Section 2.4, Agent shall be entitled to apply any or all Available Amounts on deposit in the Collateral Account to the payment of any accrued interest and fees for the preceding month payable to the Lenders pursuant to Section 13.5(a)(iii) hereof. The amount of PIK Interest accrued on any Payment Date shall automatically and without further action be added to the outstanding principal balance of the Term Loan on such Payment Date and any outstanding PIK Interest as of the Maturity Date shall be payable in cash as part of the principal required to be repaid on the earlier of (1) the Maturity Date or (2) the required repayment of the Term Loan, whether by reason of acceleration or otherwise. If Lenders are prevented from charging or collecting interest at the applicable Calculated Rate, to the extent permitted by law, then the interest rate shall continue to be the Maximum Rate until such time as Lenders have charged and collected the full amount of interest that would be chargeable and collectable if interest at the applicable Calculated Rate had always been lawfully chargeable and collectible. Whenever,

subsequent to the date of this Agreement, the LIBOR Rate or Adjusted Term SOFR, as applicable, is increased or decreased, the Applicable Rate shall be similarly changed without notice or demand of any kind by an amount equal to the amount of such change in the LIBOR Rate or Adjusted Term SOFR, as applicable (in each case, subject to the Maximum Rate).

(b) The weekly interest due on the principal balance of the Loan outstanding shall be computed for the actual number of days elapsed on the basis of a year consisting of 360 days and shall be calculated by determining the average daily principal balance of the Obligations under the Loan Documents outstanding for each day.

2.3 Loan Collections; Repayment.

(a) Borrower shall, or shall cause Servicer to, instruct the Account Lessee and the Servicer's payment processing company of each Pledged Lease to pay directly to the Collateral Account or by delivery to the addresses set forth in the Servicing Agreement (the "Servicer Physical Payment Address, all Scheduled Payments, prepayments (both voluntary and mandatory), and other amounts received of any and every description payable to Borrower by or on behalf of such Account Lessee pursuant to the applicable Pledged Lease, the related Portfolio Documents, or any other related documents or instruments. All such amounts delivered to the Servicer Physical Payment Address shall be received and held in trust for the sole and exclusive benefit of the Agent and shall be directed to the Collateral Account within two (2) Business Days after such amounts so received and held by the Servicer equals or exceeds $25,000. In the event that Servicer or Borrower receives any payments on any Pledged Lease directly from or on behalf of the Account Lessee thereof in a manner other than through a deposit into the Collateral Account or a payment at a Servicer Physical Payment Address, the Servicer or Borrower, as applicable, shall receive and hold all such payments in trust for the sole and exclusive benefit of Agent, and Servicer or Borrower, as applicable, shall deliver to the Collateral Account within two (2) Business Days after such amounts so received and held by the Servicer equals or exceeds $25,000 all such payments (in the form so received) as and when received by Servicer or Borrower, as applicable, unless Agent shall have notified Servicer or Borrower, as applicable, to deliver directly to Agent all payments in respect of the Leases after the occurrence and during the continuance of an Event of Default, in which event all such payments (in the form received) shall be endorsed by Servicer or Borrower, as applicable, to Agent and delivered to Agent promptly upon Servicer or Borrower's receipt thereof.

(b) At any time after the occurrence and during the continuance of an Event of Default, Agent shall have the right to notify any Account Lessee to mail or otherwise deliver payments directly to an address determined by Agent or to otherwise deposit such sums in the Collateral Account or any other deposit account established by Agent from time to time.

(c) All Scheduled Payments, interest, principal, prepayments (both voluntary and mandatory), and other amounts received of any and every description payable to Borrower by or on behalf of such Account Lessee pursuant to the applicable Lease, the related Portfolio Documents, or any other related documents or instruments with respect to the Leases pledged as Collateral for the Revolving Advances shall be paid directly to the Collateral Account.

2.4 Promise to Pay; Manner of Payment.

(a) Payments. On each Payment Date, payments shall be made by the Agent from the Collateral Account in the following order of priority and to the extent of the Available Amounts:

(i) to the Borrower, the portion of the Available Amounts that are identifiable as sales tax receipts received by Borrower or Servicer during the period since the prior Payment Date with respect to any Pledged Lease;

(ii) on the last Payment Date to occur in each calendar month, to Servicer, the Servicing Fee for such calendar month until paid in full, and any such fees that remain unpaid with respect to one or more prior Payment Dates, provided, that if Servicer is Holdings or an Affiliate of Holdings, such payments shall not be made if an Event of Default has occurred and is continuing as of such Payment Date unless otherwise agreed by Agent in its sole discretion;

(iii) on the last Payment Date to occur in each calendar month, to the Backup Servicer, the Backup Servicer Fee for such calendar month until paid in full, including any such fees that remain unpaid with respect to one or more prior Payment Dates;

(iv) to Agent, for the benefit of Lenders, first, any Protective Advances, together with all interest owed with respect to all Protective Advances, and second, any indemnities owed by Borrower or any Guarantor to Agent or any Lender, in each case, to the extent not previously reimbursed or paid;

(v) to Agent, for the benefit of itself and the Class A Lenders, all accrued and unpaid, costs, fees and expenses relating to the Revolving Advances as of such Payment Date;

(vi) to Agent, for the benefit of itself and the Class A Lenders, all accrued and unpaid interest (including any Revolving Advance Prepayment Additional Interest and Additional Interest) relating to the Revolving Advances as of such Payment Date;

(vii) if no Event of Default has occurred and is continuing, to Agent, for the benefit of itself and the Class A Lenders, the Required Loan Overadvance Principal Payment, if any;

(viii) to Agent, for the benefit of itself and the Class B Lenders, all accrued and unpaid, costs, fees and expenses relating to the Term Loan as of such Payment Date;

(ix) to Agent, for the benefit of itself and the Class B Lenders all accrued and unpaid interest (including any Term Loan Prepayment Additional Interest, but excluding PIK Interest) relating to the Term Loan as of such Payment Date;

(x) if no Event of Default has occurred and is continuing and if directed in writing by the Borrower, to Agent, for the benefit of itself and the Lenders, the Revolving Advances in the amount specified by the Borrower in such writing;

(xi) if an Event of Default has occurred and is continuing, to Agent, for the benefit of Lenders, any remaining Available Amounts in the Collateral Account to the extent of Obligations owing to Lenders to be applied in accordance with Section 2.4(c) hereof; and

(xii) to the Borrower, any remaining Available Amounts in the Collateral Account.

(b) In the event that amounts distributed under Section 2.4(a) as of each Payment Date are insufficient for payment of the amounts set forth in Section 2.4(a)(i),(ii), (iii), (iv), (v) and (vii) for such Payment Date, Borrower shall pay an amount equal to the extent of such insufficiency (i) through a Revolving Loan Advance (if available pursuant to the terms hereof) hereunder on such date of determination, or (ii) if insufficient Availability or another failure of a condition precedent to an Advance then exists, from a wire transfer of immediately available funds by Holdings or Borrower within two (2) Business Days of request by Agent. Agent shall distribute any such payment received by it for the account of any Lender to the appropriate Lender in accordance with the terms hereof.

(c) Following the occurrence and during the continuance of an Event of Default, payments shall be made by the Agent from the Collateral Account in the following order of priority and to the extent of the Available Amounts:

(i) on the last Payment Date to occur in each calendar month, to Servicer, the Servicing Fee for such calendar month until paid in full, and any such fees that remain unpaid with respect to one or more prior Payment Dates, provided, that if Servicer is Holdings or an Affiliate of Holdings, such payments shall not be made unless otherwise agreed by Agent in its sole discretion;

(ii) on the last Payment Date to occur in each calendar month, to the Backup Servicer, the Backup Servicer Fee for such calendar month until paid in full, including any such fees that remain unpaid with respect to one or more prior Payment Dates;

(iii) to Agent, for the benefit of Lenders, first, any Protective Advances, together with all interest owed with respect to all Protective Advances, and second, any indemnities owed by Borrower or any Guarantor to Agent or any Lender, in each case, to the extent not previously reimbursed or paid;

(iv) to Agent, for the benefit of itself and the Class A Lenders, all accrued and unpaid, costs, fees and expenses relating to the Revolving Advances as of such Payment Date;

(v) to Agent, for the benefit of itself and the Class A Lenders all accrued and unpaid interest (including any Revolving Advance Prepayment Additional Interest and Additional Interest) relating to the Revolving Advances as of such Payment Date;

(vi) to Agent, for the benefit of itself and the Class A Lenders the outstanding principal amount of the Advances in respect of the Class A Obligations until the aggregate outstanding principal amount of the Revolving Advances have been reduced to zero;

(vii) to Agent, for the benefit of itself and the Class B Lenders, all accrued and unpaid, costs, fees and expenses relating to the Term Loan as of such Payment Date;

(viii) to Agent, for the benefit of itself and the Class B Lenders (A) all accrued and unpaid interest (including any Term Loan Prepayment Additional Interest and Additional Interest) relating to the Term Loan as of such Payment Date;

(ix) to Agent, for the benefit of itself and the Class B Lenders the outstanding principal amount of the Term Loan until the aggregate outstanding principal amount of the Term Loan has been reduced to zero;

(x) to the Borrower, any remaining Available Amounts in the Collateral Account.

(d) Borrower absolutely and unconditionally promises to pay, when due and payable pursuant hereto, principal, interest and all other amounts and Obligations payable, hereunder or under any other Loan Document, without any right of rescission and without any deduction whatsoever, including any deduction for set-off, recoupment or counterclaim, notwithstanding any damage to, defects in or destruction of the Collateral or any other event, including obsolescence of any property or improvements. Except as expressly provided for herein, Borrower hereby waives setoff, recoupment, demand, presentment, protest, and all notices and demands of any description, and the pleading of any statute of limitations as a defense to any demand under this Agreement and any other Loan Document, all to the extent permitted by law. Each Revolving Advance shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date. All other amounts outstanding under the Loan and all other Obligations under the Loan shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date.

2.5 Voluntary Prepayments

(a) Except as set forth in Section 2.5(b) below, the Loan may be prepaid only through the collections of Scheduled Payments and any other amounts with respect to the Leases.

(b) Revolving Loan Voluntary Prepayment. Borrower may voluntarily prepay, in whole, but not in part, the principal balance of the Revolving Advances and all accrued and unpaid interest thereon at any time, so long as Borrower shall have identified the Prepayment Date and given Agent not less than thirty (30) calendar days prior written notice in advance of such proposed Prepayment Date. In connection with any prepayment of the principal balance of the Revolving Advances pursuant to this Section 2.5(b), Borrower shall be liable for the Revolving Advance Prepayment Additional Interest which shall be paid concurrently with such prepayment. Upon the payment by the Borrower in cash in full of the Obligations with respect to the Revolving Advances (other than indemnity obligations that are not then due and payable or with respect to which no claim has been made) pursuant to this Section 2.5(b), the Revolving Loan Commitments shall terminate.

(c) Term Loan Voluntary Prepayment. Borrower may voluntarily prepay, in whole, but not in part, the principal balance of the Term Loan and all accrued and unpaid interest thereon (including PIK Interest) at any time so long as Borrower shall have identified the Prepayment Date and given Agent not less than thirty (30) calendar days prior written notice in advance of such proposed Prepayment Date. In connection with any prepayment of the principal balance of the Term Loan made pursuant to this Section 2.5(c). In connection with any prepayment of the principal balance of the Term Loan made pursuant to this Section 2.5(c), Borrower shall be liable for the Term Loan Prepayment Additional Interest which shall be paid concurrently with such prepayment.

2.6 Mandatory Prepayments

(a) If a Change of Control occurs that has not been consented to in writing by Agent prior to the consummation thereof, on or prior to the first Business Day following the date of such Change of Control, Borrower shall prepay the Loan and all other Obligations (other than, indemnity obligations that are not then due and payable or with respect to which no claim has

been made) in full in cash together with accrued interest thereon to the date of such prepayment and all other amounts owing to Agent and Lenders under the Loan Documents, including Revolving Advance Prepayment Additional Interest and Term Loan Prepayment Additional Interest payable on such date, and whereupon the Revolving Loan Commitments shall be terminated; provided, that any such prepayment shall be in compliance with Section 6.16 hereof.

(b) In addition to and without limiting any provision of any Loan Document, if Borrower, in any transaction or series of related transactions, (a) sells any Pledged Lease or other material assets or other properties, (b) sells or issues any equity or debt securities, Equity Interests or other ownership interests other than, in each case, to Holdings or (c) incurs any Indebtedness except for Permitted Indebtedness, then it shall deposit 100% (or such lesser amount as is required to indefeasibly pay in cash in full the Obligations (other than indemnity obligations that are not then due and payable or with respect to which no claim has been made)) of the cash proceeds thereof (net of reasonable transaction costs and expenses and taxes) to the Collateral Account.

(c) In no event shall the sum of the aggregate outstanding principal balance of the Revolving Loan Advances exceed the lesser of (i) the Borrowing Base and (ii) the Maximum Revolving Loan Amount. If at any time and for any reason, the outstanding unpaid principal balance of the Revolving Loan Advances exceed the Maximum Revolving Loan Amount, Borrower shall promptly, and in any event within five (5) Business Days, without the necessity of any notice or demand, whether or not a Default or Event of Default has occurred or is continuing, prepay the principal balance of the Loan in an amount equal to the difference between the then aggregate outstanding principal balance of the Revolving Loan Advances and the Maximum Revolving Loan Amount. If at any time and for any reason, the outstanding unpaid principal balance of the Loan exceeds the Borrowing Base (including due to any Eligible Lease thereafter failing to meet the eligibility criteria and becoming an Ineligible Lease; provided, however, that if such Lease is an Ineligible Lease solely as a result of a Regulatory Trigger Event described in clause (xxx) of the definition of "Eligible Leases" Borrower shall have forty five (45) calendar days after the earlier of its discovery or receipt of notice thereof to comply with this clause(c) of Section 2.6), then Borrower shall without the necessity of any notice or demand, whether or not a Default or Event of Default has occurred or is continuing, either (*x*) prepay the principal balance of the Loan in an amount equal to the difference between the then aggregate outstanding principal balance of the Loan and the Borrowing Base or (*y*) increase the aggregate principal balance of Eligible Leases pledged to Agent in accordance with this Agreement so that the Borrowing Base is equal to or exceeds the then outstanding principal balance of the Loan. The pledge and delivery to Agent of additional Eligible Leases shall comply with the document delivery requirements set forth in Sections 2.9 and 4.2 of this Agreement, as applicable, and shall be accompanied by a certification from Borrower that demonstrates that after giving effect to the pledge to Agent of such additional Eligible Leases, the outstanding unpaid principal balance of the Loan is equal to or less than the Borrowing Base.

2.7 Payments by Agent; Protective Advances

(a) Should any amount required to be paid under any Loan Document be unpaid beyond any applicable cure period, such amount may be paid by Agent, for the account of Lenders, which payment shall be deemed a request for an Advance under the Loan as of the date such payment is due, and Borrower irrevocably authorizes disbursement of any such funds to Agent, for the benefit of itself and the Lenders, by way of direct payment of the relevant amount, interest or Obligations in accordance with Section 2.4 without necessity of any demand whether or not a Default or Event of Default has occurred or is continuing. No payment or prepayment of any amount by Agent, Lenders or any other Person shall entitle any Person to be subrogated to the rights of Agent and/or Lenders under any Loan Document unless and until the Obligations are repaid in full and the Loan Agreement and the other Loan Documents have been terminated.

Any sums expended or amounts paid by Agent and/or Lenders as a result of Borrower's failure to pay, perform or comply with any Loan Document or any of its Obligations may be charged to Borrower's account as an Advance under the Loan and added to the Obligations.

(b) Notwithstanding any provision of any Loan Document, Agent, in its sole discretion, shall have the right, but not any obligation, at any time that Borrower fails to do so, and from time to time, without prior notice, to: (i) discharge (at the Borrower's expense) taxes or Liens affecting any of the Collateral that have not been paid in violation of any Loan Document or that jeopardize the Agent's Lien priority in the Collateral, including any underlying collateral securing any Lease; or (ii) make any other payment (at the Borrower's expense) for the administration, servicing, maintenance, preservation or protection of the Collateral, or any underlying collateral securing any Lease (each such advance or payment set forth in clauses (i) and (ii), a "**Protective Advance**"). Agent shall be reimbursed for all Protective Advances pursuant to Section 2.4 and any Protective Advances shall bear interest at the Applicable Rate plus the Default Rate from the date the Protective Advance is paid by Agent until it is repaid. No Protective Advance by Agent shall be construed as a waiver by Agent, or any Lender of any Default, Event of Default, Default Trigger Event, First Payment Default Trigger Event or any of the rights or remedies of Agent or any Lender.

2.8 Grant of Security Interest; Collateral

(a) To secure the payment and performance of the Obligations, Borrower hereby grants to Agent, for the benefit of itself and the other Lenders, a valid, perfected and continuing first priority Lien upon all of Borrower's right, title, and interest, whether now owned or existing or hereafter from time to time acquired or coming into existence, in, to, and under all of Borrower's assets (collectively, the "**Collateral**"), including, but not limited to Borrower's right, title and interest, if any, in, to and under: (i) all Leases and all amounts due or to become due under the Leases, (ii) all Inventory and other personal property securing the payment of any Lease, (iii) all Portfolio Documents and all rights, remedies, powers, privileges, and claims under the Portfolio Documents, (iv) the Collateral Account and all funds and other property credited to the Collateral Account; (v) the Purchase and Sale Agreement, each Servicing Agreement, and the Backup Servicing Agreement and all rights, remedies, powers, privileges, and claims under those contracts, (vi) all Accounts, General Intangibles, Chattel Paper, Instruments, Documents, Goods, money and any rights to the payment of money or other forms of consideration of any kind, Deposit Accounts, Investment Property, letters of credit, Letter-of-Credit Rights, Contract Rights, Contracts, Supporting Obligations, Equipment, Inventory, Fixtures, Computer Hardware, Software, securities, Permits, intellectual property, and oil, gas and other minerals; (vii) all other personal property and other types of property of Borrower (except as limited in clause (iv) above), including, but not limited to, all goods (including, but not limited to, the Inventory) owned by Borrower, whether or not such goods are the subject of a Lease and (viii) all Proceeds of all of the foregoing and all other types of property of Borrower (except as limited in clause (iv) above).

(b) Borrower shall promptly notify Agent of any Commercial Tort Claims of the Borrower, individually or in the aggregate, involving damages of more than $500,000 related to any Collateral in which Borrower has an interest arising after the Closing Date and shall provide all necessary information concerning each such Commercial Tort Claim and take all necessary action with respect thereto to grant and perfect a first priority Lien thereon in favor of Agent for the benefit of itself and the other Lenders.

(c) Borrower has full right and power to grant to Agent, for the benefit of itself and the other Lenders, a perfected, first priority Lien on the Collateral pursuant to this Agreement, subject to Permitted Liens. Upon the execution and delivery of this Agreement, and upon the filing of the necessary financing statements and other documents and the taking of all

other necessary action, Agent will have a valid and first priority perfected Lien on the Collateral, subject to no transfer or other restrictions or Liens of any kind in favor of any other Person other than Permitted Liens. As of the Closing Date, no financing statement naming Borrower as debtor and describing any of the Collateral is on file in any public office except those naming Agent as secured party and those related to the Permitted Liens. As of the Closing Date, Borrower is not party to any agreement, document or instrument that conflicts with this Section 2.8.

(d) Borrower hereby authorizes Agent to prepare and file financing statements provided for by the UCC with all appropriate jurisdictions to perfect or protect the Lenders' security interest or rights hereunder, and to take such other action as may be required, in Agent's Permitted Discretion, in order to perfect and to continue the perfection of Agent's Lien on the Collateral, for the benefit of itself and the other Lenders, including a notice that any disposition of the Collateral, by either the Borrower or any other Person, shall be deemed to violate the rights of the Lender under the UCC. Such financing statements may indicate the Collateral as "all assets of the Debtor" or words of similar effect, or as being of an equal or lesser scope, or with greater detail, all in the Agent's sole discretion.

(e) For the avoidance of doubt, no Collateral shall be released (except as specifically set forth herein) until payment in full of all of the Obligations.

(f) Agent, Lenders and Borrower hereby agree that upon funding of any Revolving Loan Advance, the Borrowing Base Certificate prepared by Borrower and approved by Agent shall automatically supplement and add the Leases described therein to any Leases described in any previously-delivered Borrowing Base Certificate and shall constitute Collateral for purposes of this Agreement.

2.9 Collateral Administration

(a) All tangible Collateral (except Collateral in the possession of Backup Servicer or Agent) will at all times be kept by Borrower or Servicer at the locations set forth on Schedule 5.17B hereto, and shall not, without thirty (30) calendar days prior written notice to Agent, be moved therefrom other than to another such location, and in any case shall not be moved outside the continental United States. Borrower hereby agrees to deliver to the Agent and Backup Servicer or, upon the request of the Agent, to the Servicer, on or prior to the date of each Revolving Advance, the Verification Deliverables for each Lease that is to be added to the Collateral in connection with such Revolving Advance. From and after the funding of each Advance hereunder, the originals of all Leases constituting Collateral in respect of such Advance shall, regardless of their location, be deemed to be under Agent's dominion and control and deemed to be in Agent's possession. Any of Agent's officers, employees, representatives or agents, including, without limitation, Backup Servicer, shall have the right upon reasonable notice, at any time during normal business hours, in the name of Agent or any designee of Agent or Borrower, to verify the validity, amount or any other matter relating to the Collateral. Borrower shall cooperate fully with Agent in an effort to facilitate and promptly conclude such verification process. In addition to any provision of any Loan Document, Agent shall have the right at all times after the occurrence and during the continuance of an Event of Default to notify Account Lessees party to Leases held by Borrower that their Leases have been assigned to Agent and to collect such Leases directly in Agent's own name, for the benefit of itself and the Lenders, and to charge collection costs and expenses, including attorney's fees, to Borrower.

(b) As and when determined by Agent in its sole discretion, Agent will perform the searches described in clauses (i) and (ii) below against Borrower, Servicer and Holdings: (i) UCC searches with the Secretary of State and local filing offices of each jurisdiction where Borrower, Servicer or Holdings is organized; and (ii) judgment, bankruptcy,

federal tax lien and corporate and partnership tax lien searches, in each jurisdiction where Borrower, Servicer or Holdings maintains their executive offices, a place of business or any assets.

(c) Borrower shall keep accurate and complete records of the Collateral and all payments and collections thereon and shall submit such records to Agent on such periodic basis as Agent may request in its Permitted Discretion.

(d) In respect of the portion of the Collateral consisting of any Lease which is evidenced by an electronic record that is not a transferable record under Applicable Law, Borrower shall deliver to Agent or, at the request of Agent, Servicer (i) the original Portfolio Documents; and (ii) originals or true copies of the truth-in-lending disclosure statements and, if required by Agent, lease applications, any related Account Lessee's acknowledgments and understandings, and other receipts and payment authorization agreements, which shall be delivered, at Borrower's expense, to Agent at its address set forth herein or as otherwise specified by Agent and, except as otherwise expressly provided herein to the contrary, held in Agent's custody or, if Agent has so requested, Servicer's or Backup Servicer's custody until all of the Obligations have been fully satisfied or Agent expressly agrees to release such custody of such documents. In respect of the portion of the Collateral consisting of any Lease which is evidenced by an electronic record that is a transferable record under applicable law, Borrower shall deliver to Agent the control of such transferable electronic record in accordance with Applicable Law (to ensure, among other things, that Agent has a first priority perfected Lien in such Collateral), which shall be delivered, at Borrower's expense, to Agent at its address as set forth herein or as otherwise specified by Agent and, except as otherwise expressly provided herein to the contrary, held in Agent's possession, custody, and control until all of the Obligations have been fully satisfied or Agent expressly agrees to release such documents. Alternatively, Agent, in its sole discretion, may elect for the Servicer or Backup Servicer or any other agent to accept delivery of and maintain possession, custody, and control of all such documents and any instruments on behalf of Agent during such period of time. Borrower shall identify (or cause any applicable servicing agent to identify) on the related electronic record the pledge of such Lease by Borrower to Agent.

(e) Borrower hereby agrees to, and to cause Servicer to, take the following protective actions to prevent destruction of records pertaining to the Collateral: create an electronic file of the computerized information regarding the Collateral and provide Agent and Backup Servicer monthly with a copy of such file (A) no later than fifteen (15) days following the Closing Date and (B) no later than fifteen (15) days following the end of each calendar month following the Closing Date. Subject to the limitations set forth in Section 6.7 of this Agreement, Agent at all times during regular business hours (provided, that any electronic materials available on a website or through other remote electronic means for which Agent has been given access shall be available to Agent at all times) shall have the right to access and review any and all Portfolio Documents in Borrower's or Servicer's possession and any and all data and other information relating to Portfolio Documents as may from time to time be input to or stored within Borrower's or Servicer's computers and/or computer records including, without limitation, diskettes, tapes and other computer software and computer systems.

2.10 Power of Attorney

Borrower hereby acknowledges and agrees that Agent is hereby irrevocably made, constituted and appointed the true and lawful attorney for Borrower (without requiring Agent to act as such) with full power of substitution to do the following upon the occurrence and during the continuation of an Event of Default: (i) endorse the name of Borrower upon any and all checks, drafts, money orders and other instruments for the payment of money that are payable to Borrower and constitute collections on the Pledged Leases; (ii) execute and/or file in the name of

Borrower any financing statements, amendments to financing statements, schedules to financing statements, releases or terminations thereof, assignments, instruments or documents that it is obligated to execute and/or file under any of the Loan Documents (to the extent Borrower fails to so execute and/or file any of the foregoing within two (2) Business Days of Agent's request or the time when Borrower is otherwise obligated to do so); (iii) execute and/or file in the name of Borrower assignments, instruments, documents, schedules and statements that it is obligated to give Agent under any of the Loan Documents (to the extent Borrower fails to so execute and/or file any of the foregoing within two (2) Business Days of Agent's request or the time when Borrower is otherwise obligated to do so); (iv) execute and/or file such documents as may be necessary to register and/or otherwise perfect Agent's Lien on Borrower's owned goods, including, but not limited to, the Inventory, and (v) do such other and further acts and deeds in the name of Borrower that Agent may deem necessary to enforce, make, create, maintain, continue, enforce or perfect Lender's security interest, Lien or rights in any Collateral.

2.11 Deposit of Release Price or Substitution of Eligible Lease.

(a) Subject to Section 2.11(b), at any time, upon discovery by Borrower or upon notice from Holdings, Servicer or Agent that (i) any Lease is a Defaulted Lease, Borrower may, within ten (10) calendar days after the earlier of its discovery or receipt of notice thereof deposit the Release Price for such Lease in the Collateral Account. Notwithstanding the foregoing, Borrower may exercise its rights pursuant to this Section 2.11 solely with respect to the repurchase of Pledged Leases in a pool of Eligible Leases having an aggregate Current Lease Balance (measured as of the date of such repurchase) that is less than or equal to five percent (5%) of the sum of the funded Revolving Advances and the total unfunded Revolving Loan Commitment held by the Lenders with respect to such pool of Eligible Leases. Borrower shall deliver, or cause Servicer to deliver, a schedule of any Defaulted Leases so removed to Agent in connection with the Monthly Servicing Report and shall update all other reports and schedules accordingly.

(b) Release of Ineligible Lease. If the Release Price for any Defaulted Lease is deposited in the Collateral Account then, (a) the Agent's Lien on such Defaulted Lease and all related Collateral is automatically released without any further action and (b) Agent shall, and shall cause Backup Servicer to, at Borrower's sole cost and expense, deliver the related Portfolio Documents to Borrower or its designee and shall execute such documents, releases and instruments of transfer, prepared by Borrower at its sole cost and expense, or assignment and take such other actions as shall reasonably be requested by the Borrower to effect the release of such Defaulted Lease and the related Collateral.

2.12 Collateral Account

(a) Collateral Account. Deposits made into the Collateral Account shall be limited to amounts deposited therein by, or at the direction of, Borrower or Servicer in accordance with this Agreement or the Purchase and Sale Agreement, as applicable, and Available Amounts.

(b) Withdrawals. Other than as set forth in clause (c) below, Agent shall have the sole and exclusive right to withdraw or order a transfer of funds from the Collateral Account, in all events in accordance with the terms and provisions of the Collateral Account Control Agreement, the Monthly Servicing Report and this Agreement. In addition, notwithstanding anything in the foregoing to the contrary, the Servicer may request, but Agent is obligated to comply only if an Event of Default has not occurred and is then continuing with such request, withdrawals or order transfers of funds from the Collateral Account, to the extent such funds either (i) have been mistakenly deposited into the Collateral Account or (ii) related to items subsequently returned for insufficient funds or as a result of stop payments. In the case of any

withdrawal or transfer pursuant to the foregoing sentence, the Servicer shall provide Agent with notice of such request of withdrawal or transfer, together with reasonable supporting details, on the next Monthly Servicing Report to be delivered by the Servicer following the date of such withdrawal or transfer (or in such earlier written notice as may be required by Agent from the Servicer from time to time). Borrower shall cause the Servicer to deposit all proceeds of the Collateral processed by the Servicer to the Collateral Account within two (2) Business Days of receipt. On each Payment Date, amounts in the Collateral Account shall be applied to make the payments and disbursements described in Section 2.4 and this Section 2.12. Agent agrees to use its best efforts to provide Borrower and Servicer, at all times other than during the continuance of an Event of Default, with on-line access to view account related activity (such as deposits to and withdrawals from) the Collateral Account to view account related activity such as deposits to and withdrawals from the Collateral Account. On the date that is two (2) Business Days prior to each Payment Date, Agent shall deliver to Borrower a notice setting forth the allocation of funds in the Collateral Account to be made on such Payment Date in accordance with Section 2.4 hereto (each such notice, an "**Allocation Notice**"), provided, that the failure of Agent to deliver an Allocation Notice to Borrower with respect to any Payment Date shall not affect any of the rights of Agent or any Lender or any obligation of Borrower under this Agreement or any other Loan Document. Except with respect to any manifest error in any Allocation Notice, the application of funds pursuant to Section 2.4 for the following Payment Date shall be made in accordance with such Allocation Notice.

(c) Irrevocable Deposit. Any deposit made into the Collateral Account hereunder shall, except as otherwise provided herein, be irrevocable, and the amount of such deposit and any money, instruments, investment property or other property on deposit in, carried in or credited to such Collateral Account hereunder and all interest thereon shall be held in trust by the Agent and applied solely as provided herein.

2.13 Maximum Revolving Loan Amount; Exclusive Right to Finance.

(a) At any time that the outstanding principal amount of the Revolving Loan Advances is equal to 80% or more of the then-existing Maximum Revolving Loan Amount, Agent and the Lenders that are Affiliates of the Agent may, in their sole discretion, elect to provide Borrower one or more increases to the Maximum Revolving Loan Amount up to an aggregate amount after giving effect to all such increases equal to $250,000,000 with additional Revolving Loan Commitments from Lenders that are Affiliates of the Agent or new Revolving Loan Commitments from Persons acceptable to Agent, provided, that: (A) unless waived by Agent, in its sole discretion, at the time of any such increase, no Regulatory Trigger Event, Default Trigger Event, First Payment Default Trigger Event, Default or Event of Default has occurred and is continuing; (B) unless waived by each Lender, in its sole discretion, no Lender shall be obligated to participate in any such increase by increasing the amount of its own Revolving Loan Commitment, which decision shall be in the sole discretion of each Lender whose Revolving Loan Commitment is being increased; (C) no such increase shall exceed $25,000,000; (D) Agent and Lenders shall have received any reasonable and documented fees or other amounts required by Agent and Lenders (including, without limitation, the payment (or net funding) of the applicable Increase OID) and (E) all documents reasonably required by Agent to evidence any such increase shall be executed and delivered to Agent on or before the effective date of such increase, including, without limitation, one or more new or replacement Notes.

(b) Reserved.

(c) Except as expressly provided in clause (d) below, Agent and Lenders shall have the exclusive right to finance on a first lien basis all Leases originated, acquired or held by Borrower, Holdings, the Parent Entity (if any) and/or their respective Subsidiaries (it being understood that sales of Defaulted Leases otherwise permitted under this Agreement and the

other Loan Documents shall not be treated as a financing), which Leases are serviced (or sub-serviced) by (x) Borrower, Holdings or any of their respective Subsidiaries (or any Person who performs servicing with respect to such Leases using the employees, facilities, equipment, systems or any other property that is owned by (or was previously owned by) Borrower, Holdings or their respective Subsidiaries) or (y) any third party servicer that is not an Affiliate of Borrower or Holdings on the same terms and conditions set forth in this Agreement. Borrower and Holdings covenant and agree not to form, or consent to or otherwise acquiesce in the formation of, any Affiliate or Subsidiary, or otherwise use any Affiliate or Subsidiary, or participate in any reorganization of or transfer of assets between Borrower or Holdings and any Affiliate or Subsidiary in an effort to circumvent the intent of the covenants, agreements and obligations set forth in this Section 2.13(c).

(d) Subject to Section 6.16 (Right of First Refusal) and notwithstanding clause (c) above, in the event that prior to the Public Company Transition Date (i) the outstanding principal amount of the Revolving Advances is equal to and remains 95% or more of the Maximum Revolving Loan Amount and (ii) the Agent and the Lenders have elected not to increase such Maximum Revolving Loan Amount pursuant to clause (a) above, Borrower, Holdings, Parent Entity and/or any of their Subsidiaries shall be permitted to finance on a non-recourse basis (other than the pledge by a Subsidiary described in the final sentence of this clause (d) of its assets and/or the pledge by Borrower or Holdings of the equity interest in any such Subsidiary), Leases (excluding the Leases pledged as Collateral hereunder) originated, acquired or held by Borrower, Holdings, the Parent Entity and/or their respective Subsidiaries, whether serviced (or sub-serviced) by (x) Borrower, Holdings or any of their respective Subsidiaries or (y) any third party servicer that is not an Affiliate of Borrower or Holdings. In connection with any such financing, Borrower and Holdings may form, or consent to or otherwise acquiesce in the formation of, a Subsidiary, or otherwise use a Subsidiary in connection with any such financing.

III. FEES AND OTHER CHARGES

3.1 Computation of Fees; Lawful Limits

All fees hereunder shall be computed on the basis of a 360-day year consisting of twelve 30-day months. In no contingency or event whatsoever, whether by reason of acceleration or otherwise, shall the interest and other charges paid or agreed to be paid to Agent, for the benefit of itself and the other Lenders, for the use, forbearance or detention of money hereunder exceed the Maximum Rate permissible under Applicable Law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. If, due to any circumstance whatsoever, fulfillment of any provision hereof, at the time performance of such provision shall be due, shall exceed any such limit, then the obligation to be so fulfilled shall be reduced to such lawful limit, and, if Agent or Lenders shall have received interest or any other charges of any kind which might be deemed to be interest under Applicable Law in excess of the Maximum Rate, then such excess shall be applied first to any unpaid fees and charges hereunder, then to unpaid principal balance owed by Borrower hereunder, and if the then remaining excess interest is greater than the previously unpaid principal balance, Agent and Lenders shall promptly refund such excess amount to Borrower and the provisions hereof shall be deemed amended to provide for such permissible rate. The terms and provisions of this Section 3.1 shall control to the extent any other provision of any Loan Document is inconsistent herewith.

3.2 Default Rate of Interest

Upon the occurrence and during the continuation of a Default or an Event of Default, the Applicable Rate of interest then in effect at such time with respect to the Obligations shall be increased by three percent (3.0%) per annum (subject to the Maximum Rate) (the "**Default**

Rate"). Interest at the Default Rate shall accrue from the initial date of such Default or Event of Default until such Default or Event of Default is waived or ceases to continue, and shall be payable upon demand.

3.3 Increased Costs; Capital Adequacy

(a) If any Change in Law shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (other than a Non-Funding Lender) and the result of any of the foregoing shall be to increase the cost (other than for Indemnified Taxes, Excluded Taxes or Other Taxes) to such Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise), then Borrower will pay to such Lender on demand (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to Agent) such additional amount or amounts as will compensate Lender for such additional costs incurred or reduction suffered.

(b) If any Lender (other than a Non-Funding Lender) determines that any Change in Law regarding capital requirements (other than in respect of Taxes) 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 or the Loans made by such Lender to a level materially below that which such Lender or such Lender's holding company, as applicable, 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, as applicable, with respect to capital adequacy), then from time to time Borrower will pay to such Lender on demand (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to Agent) such additional amount or amounts as will compensate such Lender's or such Lender's holding company, as applicable, for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or such Lender's holding company, as the case may be, as specified in Sections 3.3(a) and (b), shall be delivered to Borrower and shall be conclusive absent manifest error. Borrower shall pay such Lender on demand the amount shown as due on any such certificate pursuant to Section 2.4 of this Agreement.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section 3.3 shall not constitute a waiver of such Lender's right to demand such compensation; provided that Borrower shall not be required to compensate a Lender pursuant to this Section 3.3 for any increased costs or reductions incurred more than 180 days prior to the date such Lender notifies Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(e) Each Lender shall promptly notify Borrower and Agent of any event of which it has actual knowledge which will result in, and will use reasonable commercial efforts available to it (and not, in such Lender's sole judgment, otherwise disadvantageous to such Lender) to mitigate or avoid, (i) any obligation by Borrower to pay any amount pursuant to Sections 3.3(a) or (b) or (ii) the occurrence of any circumstances described in Sections 3.3(a) or (b) (and, if any Lender has given notice of any such event described in clause (i) or (ii) above

and thereafter such event ceases to exist, such Lender shall promptly so notify Borrower and Agent).

3.4 Administration Fee

Borrower hereby agrees to pay to Agent, solely for the account of Agent, an administration fee (the "**Administration Fee**") in the sum of Twelve Thousand Five Hundred and No/100 Dollars ($12,500), which fee shall be payable on the Closing Date and on the first Payment Date of each calendar quarter thereafter, in advance, for such calendar quarter.

3.5 Original Issue Discount

(a) In connection with the initial Revolving Loan Advance, Borrower agrees that the funded amount of such initial Revolving Loan Advance shall be reduced by an original issue discount of $250,000.00 (the "**Closing Date OID**"), which Closing Date OID shall be retained by the Agent, for the benefit of the Lenders, provided, that for the avoidance of doubt, Borrower agrees that, notwithstanding such deduction from the funded amount of the initial Revolving Loan Advance, Borrower remains liable to pay (a) the full principal amount of such Revolving Loan Advance (inclusive of such Closing Date OID), without giving effect to such deduction, which shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date and (b) accrued interest shall be payable on the full outstanding principal amount of such Revolving Loan Advance (inclusive of such Closing Date OID), without giving effect to such deduction.

(b) In connection with each Revolving Loan Advance made after the initial Revolving Loan Advance hereunder, until the sum of the Closing Date OID and Post-Closing OID (as defined below) equals $500,000.00, Borrower agrees that the funded amount of such Revolving Loan Advance shall be reduced by an original issue discount equal to the product of (x) 1.50% and (y) the amount of such Revolving Loan Advance (the "**Post-Closing OID**"), which OID shall be retained by the Agent, for the benefit of the Lenders, provided, that for the avoidance of doubt, Borrower agrees that, notwithstanding such deduction from the funded amount of the initial Revolving Loan Advance, Borrower remains liable to pay (a) the full principal amount of such Revolving Loan Advance (inclusive of such Post-Closing OID), without giving effect to such deduction, which shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date and (b) accrued interest shall be payable on the full outstanding principal amount of such Revolving Loan Advance (inclusive of such Post-Closing OID), without giving effect to such deduction. For the avoidance of doubt, if the sum of the Closing Date OID and the Post-Closing OID does not equal $500,000.00 by the date that is eighteen (18) months following the Closing Date, the difference shall be immediately earned by Agent, for the benefit of Lenders, and shall be withheld from the first Advance made to or on account of the Borrower following such date.

(c) In connection with each increase of the Maximum Revolving Loan Amount pursuant to Section 2.13(a)(i) hereof, Borrower agrees that the funded amount of the initial Revolving Loan Advance after giving effect to each such increase shall be reduced by an original issue discount equal to one percent (1.00%) of the aggregate Revolving Loan Commitments being added on such date (the "**Increase OID**"), which Increase OID shall be retained by the Agent, for the benefit of the Lenders, provided, that for the avoidance of doubt, Borrower agrees that, notwithstanding such deduction from the funded amount of any such Revolving Loan Advance, Borrower remains liable to pay (a) the full principal amount of such Revolving Loan Advance (inclusive of such Increase OID), without giving effect to such deduction, which shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date and (b) accrued interest shall be payable on the full outstanding

principal amount of such Revolving Loan Advance (inclusive of such Increase OID), without giving effect to such deduction.

(d) On the Initial Term Loan Funding Date, Borrower agrees that the funded amount of the Term Loan shall be reduced by an original issue discount of $800,000.00 (the "**Term Loan OID**"), which Term Loan OID shall be retained by the Agent, for the benefit of the Class B Lenders, provided, that for the avoidance of doubt, Borrower agrees that, notwithstanding such deduction from the funded amount of the Term Loan, Borrower remains liable to pay (a) the full principal amount of such Term Loan (inclusive of such Term Loan OID), without giving effect to such deduction, which shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date and (b) accrued interest shall be payable on the full outstanding principal amount of such Term Loan (inclusive of such Term Loan OID), without giving effect to such deduction.

The parties hereto agree to treat such Closing Date OID, Post-Closing OID and Increase OID as original issue discount under the Code and to account for the annual income and expense for such original issue discount consistently and as required by the Code.

3.6 Additional Interest.

(a) On each Payment Date prior to the last day of the Revolving Credit Period, as well as on the Payment Date immediately following the expiration of the Revolving Credit Period, Borrower shall pay to Agent, for the benefit of Lenders, with respect to the Due Period occurring since the immediately prior Payment Date (or, with respect to the first Payment Date, for the Due Period occurring since the Closing Date and, with respect to the Payment Date immediately following the expiration of the Revolving Credit Period, for the Due Period up to and including the last day of the Revolving Credit Period, as additional interest (the "Unused Additional Interest") an amount equal to the product of (A) one-half of one percent (0.50%) multiplied by (B) the difference between the then-applicable Maximum Revolving Loan Amount and the average daily principal balance of the Obligations for such period multiplied by (C) the number of days in the applicable Due Period, divided by (d) 360.

(b) In addition to the above, if, as of any Payment Date prior to the last day of the Revolving Credit Period, as well as on the Payment Date immediately following the expiration of the Revolving Credit Period, the Utilization Ratio is less than the Minimum Utilization Ratio for the correlative time period, Borrower shall pay to Agent, for the benefit of Lenders, with respect to the Due Period occurring since the immediately prior Payment Date (or, with respect to the first Payment Date, for the Due Period occurring since the Closing Date and, with respect to the Payment Date immediately following the expiration of the Revolving Credit Period, for the Due Period up to and including the last day of the Revolving Credit Period, as additional interest an amount equal to (a) the Revolving Calculated Rate multiplied by (b) the total amount of additional principal balance of the Revolving Advances that would have needed to be outstanding in order to cause the Utilization Ratio to be equal to Minimum Utilization Ratio for the correlative time period (the "Minimum Utilization Additional Interest" and together with the Unused Additional Interest, collectively, the "Additional Interest"). For the avoidance of doubt, if the Minimum Utilization Additional Interest is paid on any Payment Date, the Borrower shall not be required to pay any Unused Additional Interest solely with respect to the total amount of additional principal balance of the Loan that would have needed to be outstanding in order to cause the Utilization Ratio to be equal to Minimum Utilization Ratio for the correlative time period.

(c) Upon the repayment in full of the principal amount of the Loans and the termination of all of the Revolving Loan Commitments or all of the Term Loan Commitments, in each case pursuant to (i) voluntary prepayment under Section 2.5, (ii) mandatory prepayment

under Section 2.6, (iii) the occurrence of the Maturity Date under Section 2.1, or (iv) Agent's acceleration of the Obligations or termination of its obligations hereunder, Borrower shall pay to Agent upon the occurrence thereof, for the benefit of Lenders, exit additional interest in the amount of (a) with respect to the Revolving Loan Commitment, $281,250, and (b) with respect to the Term Loan Commitment, $200,000 (collectively, the "Exit Additional Interest") without set-off, counterclaim or deduction of any kind.

IV. CONDITIONS PRECEDENT

4.1 Conditions to Closing

The obligations of Agent and Lenders to consummate the transactions contemplated herein and the obligations of Lenders to make the initial Revolving Advance under the Loan are subject to the satisfaction (or waiver), in the sole judgment and discretion of Agent, of the following:

(a) Borrower shall have delivered to Agent (i) a Note payable to each Lender in an aggregate amount up to such Lender's Revolving Loan Commitment, (ii) the other Loan Documents to which it or any Guarantor is a party, each duly executed by a Responsible Officer of Borrower and the Guarantors parties thereto, and (iii) a Borrowing Base Certificate for the initial Revolving Advances, executed by a Responsible Officer of Borrower;

(b) all in form and substance satisfactory to Agent in its Permitted Discretion, Agent shall have received (i) a report of UCC financing statement, bankruptcy, tax and judgment lien searches performed with respect to Borrower and each Guarantor in each jurisdiction determined by Agent in its Permitted Discretion, and such report shall show no Liens on the Collateral (other than Permitted Liens), (ii) each document (including, without limitation, any UCC financing statement) required by any Loan Document or under law or requested by Agent to be filed, registered or recorded to create, in favor of Agent, for the benefit of itself and the other Lenders, a first priority and perfected security interest upon the Collateral, and (iii) evidence of each such filing, registration or recordation and of the payment by Borrower of any necessary fee, tax or expense relating thereto;

(c) Agent shall have received (i) the Charter and Good Standing Documents of Borrower and each Guarantor (to the extent applicable), all in form and substance acceptable to Agent in its Permitted Discretion, (ii) a certificate of the secretary or assistant secretary of Borrower and each Guarantor in his or her capacity as such and not in his or her individual capacity dated the Closing Date, as to the incumbency and signature of the Persons executing the Loan Documents on behalf of such Person in form and substance acceptable to Agent in its Permitted Discretion, and (iii) a certificate executed by an authorized officer of Borrower, which shall constitute a representation and warranty by Borrower as of the Closing Date that the conditions contained in this Agreement have been satisfied;

(d) Agent shall have received the written (i) legal opinion of Borrower's outside legal counsel regarding certain customary closing matters, (ii) true-sale opinion of Borrower's outside counsel and (iii) non-consolidation opinion of Borrower's outside counsel, each in form and substance satisfactory to Agent;

(e) Agent shall have received a certificate of the chief financial officer (or, in the absence of a chief financial officer, the chief executive officer) of Borrower, in his or her capacity as such and not in his or her individual capacity, in form and substance satisfactory to Agent in its Permitted Discretion (each, a "**Solvency Certificate**"), certifying the solvency of Borrower, after giving effect to the transactions and the Indebtedness contemplated by the Loan Documents;

(f) Agent shall have completed examinations, the results of which shall be satisfactory in form and substance to Agent, in its Permitted Discretion, of Borrower and each Guarantor, including, without limitation, (i) an examination of background checks with respect to the chief executive officer, chief financial officer and chief operating officer of Holdings and (ii) an examination of the Collateral and the Underwriting Guidelines, and Borrower shall have demonstrated to Agent's satisfaction, in its Permitted Discretion, that (x) the forms of Portfolio Documents used by Borrower and Holdings comply, in all respects deemed material by Agent, in its Permitted Discretion, with all Applicable Law and (y) no operations of Borrower or Holdings are the subject of any governmental investigation, evaluation or any remedial action which would be reasonably expected to result in it being unable to perform its obligations in connection with these transactions, and (z) Borrower has no liabilities or obligations (whether contingent or otherwise), other than the Obligations, that are deemed material by Agent, in its Permitted Discretion;

(g) Agent shall have received (or is satisfied that it will receive simultaneously with the funding of the initial Revolving Advance) all fees, charges and expenses due and payable to Agent and Lenders on or prior to the Closing Date pursuant to the Loan Documents;

(h) all in form and substance satisfactory to Agent, in its Permitted Discretion, Agent shall have received such consents, approvals and agreements from such third parties as set forth on Schedule 4.1 hereto;

(i) all corporate and other proceedings, documents, instruments and other legal matters of Borrower and any Guarantor (to the extent applicable) in connection with the transactions contemplated by the Loan Documents (including, but not limited to, those relating to corporate and capital structures of the Borrower) shall be satisfactory to Agent in its Permitted Discretion;

(j) the making of the Loans shall not contravene in any material respects any Applicable Laws and there shall exist no Material Adverse Effect;

(k) each Lender shall have received all required internal approvals;

(l) Agent shall have received duly executed copies of the Ivy Management Loan Agreement and the documents, agreements, instruments and certificates executed in connection therewith, which shall evidence a minimum principal commitment amount of no less than $12,000,000;

(m) Agent shall have received a duly executed copy of the Convertible Note;

(n) Agent shall have received evidence that the VPC Bridge Notes have been extended to at least December 31, 2021;

(o) Agent shall have received evidence of release and termination of, or Agent's authority to release and terminate, any and all Liens and/or UCC financing statements in, on, against or with respect to any of the Collateral (other than Permitted Liens);

(p) Backup Servicer shall have received the Verification Deliverables with respect to each Pledged Lease, and shall have issued and delivered to Agent the initial Verification Certificate (without any exceptions noted thereon unless otherwise waived by Agent) provided for in the Backup Servicing Agreement, all in form and substance acceptable to Agent;

(q) Agent shall have received evidence to the effect that Borrower, and Servicer have caused the portions of the computer files relating to the Pledged Leases and other Collateral pledged to the Agent on the Closing Date to be clearly and unambiguously marked to indicate that such Leases constitute part of the Collateral pledged by the Borrower in accordance with the terms of the Loan Documents;

(r) Agent shall have received a copy of the Purchase and Sale Agreement, together with a certificate of the Secretary of Borrower certifying such document as being a true, correct and complete copy thereof;

(s) Parent Entity shall have received not less than $5,000,000 from the issuance of Series C stock on terms substantially similar to those set forth in the Series C Convertible Preferred Stock Purchase Agreement attached hereto as Exhibit K; and

(t) Agent shall have received evidence that Borrower has deposited an amount of not less than $75,000 into the Interest Reserve Account.

4.2 Conditions to Initial Revolving Advances and Subsequent Revolving Advances

The obligations of Lenders to make any Revolving Advance under the Loan are subject to the satisfaction (or waiver), in the sole judgment and discretion of Agent, of the following:

(a) Borrower shall have delivered to Agent, not later than 12:59 p.m. (Eastern Standard Time) two (2) Business Days prior to the proposed date for such requested Revolving Advance, a request for advance in the form of Exhibit F hereto (a "**Request for Revolving Advance**"), and a Borrowing Base Certificate for such Revolving Advance with necessary supporting documentation executed by a Responsible Officer of Borrower, which shall constitute a representation and warranty by Borrower as of the date of such Revolving Advance that the conditions contained in this Section 4.2 have been satisfied;

(b) Borrower shall own or, after payment of the purchase price pursuant to the Purchase and Sale Agreement, will have the unconditional right to purchase from Holdings, the Leases to be financed by such Revolving Advance and the Inventory related to such Leases free and clear of any Liens, encumbrances or other rights of third parties, with respect to any of the Leases or other Collateral sold to Borrower pursuant to the Purchase and Sale Agreement, and Agent shall have received evidence satisfactory to Agent that all such Liens have been released and UCC Financing Statements terminated or partially released and filed;

(c) each of the representations and warranties made by Borrower or any Affiliate of the Borrower in or pursuant to the Loan Documents shall be accurate in all material respects before and after giving effect to the making of such Revolving Advance (except for those representations and warranties made as of a specific date) and no Default or Event of Default shall have occurred or be continuing or would exist after giving effect to the requested Revolving Advance on such date;

(d) immediately after giving effect to the requested Revolving Advance, the aggregate outstanding principal amount of Advances under the Loan shall not exceed the lesser of (i) the Maximum Revolving Loan Amount and (ii) the Borrowing Base;

(e) Agent shall have received all fees, charges and expenses to the extent due and payable to Agent and Lenders on or prior to such date pursuant to the Loan Documents;

(f) there shall not have occurred any Material Adverse Effect; and

(g) Backup Servicer shall have received the Verification Deliverables with respect to each Lease to be pledged pursuant to such Revolving Advance, and shall have issued and delivered to Agent a Verification Certificate (without any exceptions noted thereon unless otherwise waived by Agent) provided for in the Backup Servicing Agreement, all in form and substance acceptable to Agent at its Permitted Discretion.

4.3 Conditions to Initial Term Loan Funding Date

The obligations of Lenders to make the Term Loan under the Loan are subject to the satisfaction (or waiver), in the sole judgment and discretion of Agent, of the following:

(a) Borrower shall have delivered to Agent (i) if requested by a Lender, a Note payable to such Lender in an aggregate amount up to such Lender's Term Loan Commitment and (ii) the other Loan Documents to which it or any Guarantor is a party, including, without limitation, the Payment Guaranty, each duly executed by a Responsible Officer of Borrower and the Guarantors parties thereto;

(b) all in form and substance satisfactory to Agent in its Permitted Discretion, Agent shall have received (i) a report of UCC financing statement, bankruptcy, tax and judgment lien searches performed with respect to Borrower and each Guarantor in each jurisdiction determined by Agent in its Permitted Discretion, and such report shall show no Liens on the Collateral (other than Permitted Liens), (ii) each document (including, without limitation, any UCC financing statement) required by any Loan Document or under law or requested by Agent to be filed, registered or recorded to create, in favor of Agent, for the benefit of itself and the other Lenders, a first priority and perfected security interest upon the Collateral, and (iii) evidence of each such filing, registration or recordation and of the payment by Borrower of any necessary fee, tax or expense relating thereto;

(c) Agent shall have received (i) the Charter and Good Standing Documents of Borrower and each Guarantor (to the extent applicable), all in form and substance acceptable to Agent in its Permitted Discretion, (ii) a certificate of the secretary or assistant secretary of Borrower and each Guarantor in his or her capacity as such and not in his or her individual capacity dated the Closing Date, as to the incumbency and signature of the Persons executing the Loan Documents on behalf of such Person in form and substance acceptable to Agent in its Permitted Discretion, and (iii) a certificate executed by an authorized officer of Borrower, which shall constitute a representation and warranty by Borrower as of the Initial Term Loan Funding Date that the conditions contained in this Agreement have been satisfied and the Credit Parties are in compliance with the covenants set forth herein;

(d) Agent shall have received the written legal opinion of Borrower's outside legal counsel regarding certain customary closing matters;

(e) Agent shall have received (or is satisfied that it will receive simultaneously with the funding of the Term Loan) all fees, charges and expenses due and payable to Agent and Lenders on or prior to the Initial Term Loan Funding Date pursuant to the Loan Documents;

(f) all in form and substance satisfactory to Agent, in its Permitted Discretion, Agent shall have received such consents, approvals and agreements from such third parties as set forth on Schedule 4.1 hereto;

(g) all corporate and other proceedings, documents, instruments and other legal matters of Borrower and any Guarantor (to the extent applicable) in connection with the transactions contemplated by the Loan Documents (including, but not limited to, those relating to

corporate and capital structures of the Borrower) shall be satisfactory to Agent in its Permitted Discretion;

(h) the making of the Term Loan shall not contravene in any material respects any Applicable Laws and there shall exist no Material Adverse Effect;

(i) Agent shall have received evidence of release and termination of, or Agent's authority to release and terminate, any and all Liens and/or UCC financing statements in, on, against or with respect to any of the Collateral (other than Permitted Liens);

(j) each of the representations and warranties made by any Credit Party or any Affiliate of such Credit Party in or pursuant to the Loan Documents shall be accurate in all material respects before and after giving effect to the making of such Term Loan (except for those representations and warranties made as of a specific date) and no Default or Event of Default shall have occurred or be continuing or would exist after giving effect to the Term Loan on such date;

(k) except as disclosed and consented to by Agent in its sole discretion, no Credit Party shall have any Indebtedness other than the Obligations hereunder and under the other Loan Documents;

(l) the Warrants shall have been issued and delivered on the Ninth Amendment Effective Date;

(m) the date that the Term Loan is funded hereunder shall not be later than December 4, 2020; and

(n) Agent shall have received (a) a certificate of the chief financial officer (or, in the absence of a chief financial officer, the chief executive officer) of Borrower, in his or her capacity as such and not in his or her individual capacity, in form and substance satisfactory to Agent in its Permitted Discretion (each, a "**Closing Certificate**"), certifying that after giving effect to the transactions and the Term Loan the requirements of clause (j) above have been met and attaching a true, correct and complete calculation of the financial covenants set forth in Section 6.19 evidencing pro forma compliance therewith and (b) a Borrowing Base Certificate, executed by a Responsible Officer of Borrower.

V. REPRESENTATIONS AND WARRANTIES

Borrower and, from and after the Initial Term Loan Funding Date, each other Credit Party represents and warrants, as of the Closing Date and as of the date of any Request for Revolving Advance and the making of each Advance, as follows:

5.1 Organization and Authority

Borrower is a limited liability company, duly organized, validly existing and in good standing under the laws of its state of organization. Each Guarantor is a corporation, duly organized, validly existing and in good standing under the laws of its state of organization. Each Credit Party (a) has all requisite power and authority to own its properties and assets (including, without limitation, the Collateral) and to carry on its business as now being conducted and as contemplated in the Loan Documents, and (b) is duly qualified to do business in each jurisdiction in which failure to so qualify could reasonably be likely to have or result in a Material Adverse Effect. Each Credit Party has all requisite power and authority (i) to execute, deliver and perform the Loan Documents to which it is a party, (ii) with respect to Borrower, to acquire the Pledged Leases and other Collateral under the Purchase and Sale Agreement, (iii) to consummate

the transactions contemplated under the Loan Documents to which it is a party, and (iv) to grant the Liens with regard to the Collateral pursuant to the Security Documents to which it is a party. Borrower has all requisite power and authority to borrow hereunder. No Credit Party is an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, nor controlled by such an "investment company." No transaction contemplated in this Agreement or the other Loan Documents requires compliance with any bulk sales act or similar law.

5.2 Loan Documents

The execution, delivery and performance by each Credit Party of the Loan Documents to which it is a party, and the consummation by such parties of the transactions contemplated thereby, (a) have been duly authorized by all requisite action of such parties and have been duly executed and delivered by such parties; (b) do not violate any provisions of (i) any Applicable Law, (ii) any order of any Governmental Authority binding on any such party or any of their respective properties, or (iii) the limited liability company agreement (or any other equivalent governing agreement or document) of any such party, or any agreement between any such party and its equity owners or among any such equity owners; (c) are not in conflict with, and do not result in a breach or default of or constitute an event of default, or an event, fact, condition or circumstance which, with notice or passage of time, or both, would constitute or result in a conflict, breach, default or event of default under, any indenture, agreement or other instrument to which any such party is a party, or by which the properties or assets of such party are bound, the effect of which could reasonably be expected to be, have or result in a Material Adverse Effect; (d) except as set forth herein or therein, will not result in the creation or imposition of any Lien of any nature upon any of the properties or assets of such party, and (e) except for filings in connection with the perfection of Agent's Liens, do not require the consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority or any other Person that has not been obtained. When executed and delivered, each of the Loan Documents will constitute the legal, valid and binding obligation of each party signatory thereto (other than Agent and the Lenders), enforceable against such parties in accordance with its terms, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors' rights generally and to the effect of general principles of equity (whether in a proceeding at law or in equity). The Purchase and Sale Agreement is the only agreement pursuant to which the Borrower purchases the Pledged Leases and the related Collateral. The Borrower has furnished to the Agent a true, correct and complete copy of the Purchase and Sale Agreement. The purchase by the Borrower under the Purchase and Sale Agreement constitutes a true sale at a fair market valuation enforceable against creditors of Holdings and is not merely a financing or extension of credit.

5.3 Subsidiaries, Capitalization and Ownership Interests

Borrower has no Subsidiaries as of the Closing Date. 100% of the outstanding Equity Interest in the Borrower is directly owned (both beneficially and of record) by Holdings. The outstanding ownership or voting interests of Borrower have been duly authorized and validly issued. Schedule 5.3 lists the managers or managing members or directors of each Credit Party as of the Ninth Amendment Effective Date. Borrower does not (i) own any Investment Property or (ii) own any interest or participate or engage in any joint venture, partnership or similar arrangements with any Person. Borrower will only purchase Leases and other Collateral pursuant to the Purchase and Sale Agreement with Holdings.

5.4 Properties

Borrower is the lawful owner of, and has good title to, each Pledged Lease, free and clear of any Liens (other than the Lien of this Agreement and any Permitted Liens).

5.5 Other Agreements

No Credit Party is (a) a party to any judgment, order or decree or any agreement, document or instrument, or subject to any restriction, which would have a Material Adverse Effect its ability to execute and deliver, or perform under, any Loan Document or to pay the Obligations or (b) in default in the performance, observance or fulfillment of any obligation, covenant or condition contained in any agreement, document or instrument to which it is a party or to which any of its properties or assets are subject, which default, if not remedied within any applicable grace or cure period, could reasonably be expected to be, have or result in a Material Adverse Effect, nor is there any event, fact, condition or circumstance which, with notice or passage of time or both, would constitute or result in a conflict, breach, default or event of default under, any of the foregoing which, if not remedied within any applicable grace or cure period could reasonably be expected to be, have or result in a Material Adverse Effect.

5.6 Litigation

(a) No Credit Party is a party to any material pending or, to the knowledge of Borrower or Holdings, threatened action, suit, proceeding or investigation related to its respective business that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (b) there is no pending or, to the knowledge of any Credit Party, threatened action, suit, proceeding or investigation against any such Credit Party that could reasonably be expected to prevent or materially delay the consummation by such Credit Party of the transactions contemplated herein, (c) no Credit Party is a party or subject to any order, writ, injunction, judgment or decree of any Governmental Authority and (d) there is no action, suit, proceeding or investigation initiated by any Credit Party currently pending that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.7 Tax Returns; Taxes

Each Credit Party has timely filed or caused to be timely filed all federal, state, local and foreign tax returns which are required to be filed by such Credit Party, has paid or caused to be paid all taxes shown thereon to be due and owing by it, and Borrower has paid or caused to be paid all property taxes due and owing by it with respect to any Inventory related to Pledged Leases except for (i) any taxes or assessments, the validity of which are being contested in good faith by appropriate proceedings timely instituted and diligently pursued and with respect to which such Credit Party has set aside adequate reserves on its books in accordance with GAAP and which proceedings have not given rise to any Lien or (ii) any taxes or assessments which could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.8 Financial Statements and Reports

All financial statements and financial information relating to Borrower, Holdings or Parent Entity that have been or may hereafter be delivered to Agent by Borrower, Holdings or Parent Entity (a) are consistent with the books of account and records of Borrower, Holdings or Parent Entity, (b) have been prepared in accordance with GAAP, on a consistent basis throughout the indicated periods, except that the unaudited financial statements contain no footnotes or year-end adjustments, and (c) present fairly in all material respects the financial condition, assets and liabilities and results of operations of Borrower, Holdings and Parent Entity at the dates and for the relevant periods indicated in accordance with GAAP on a basis consistently applied. Neither Borrower, Holdings nor Parent Entity has any material obligations or liabilities of any kind required to be disclosed therein that are not disclosed in such financial statements, and since the date of the most recent financial statements submitted to Agent pursuant to Section 6.1, there has not occurred any Material Adverse Effect.

5.9 Compliance with Law

Each Credit Party (a) is in compliance with all Applicable Laws, and (b) is not in violation of any order of any Governmental Authority or other board or tribunal, except, in the case of both (a) and (b), where noncompliance or violation could not reasonably be expected to be, have or result in a Material Adverse Effect. No Credit Party has received any written notice that such Credit Party is not in material compliance in any respect with any of the requirements of any of the foregoing. No Credit Party has established or maintains or contributes (or has an obligation to contribute) to, or otherwise has any liability (including any liability as an ERISA Affiliate of another entity) with respect to any "employee benefit plan" that is covered by Title IV of ERISA or Section 412 of the Code. Each Credit Party has maintained in all material respects all records required to be maintained by any applicable Governmental Authority, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect. Since its formation, Borrower has not engaged, directly or indirectly, in any business other than the activities set forth herein and in the Purchase and Sale Agreement and the Loan Documents.

5.10 Intellectual Property

Other than as provided on Schedule 5.10, as of the Ninth Amendment Affective Date, no Credit Party owns any patents or trademarks that are registered with the United States Patent and Trademark Office or any copyrights that are registered with the United States Copyright Office. No Credit Party is in breach of or default under the provisions of any license agreement, domain name registration or other agreement related to intellectual property, nor is there any event, fact, condition or circumstance which breach or default would reasonably be expected to be, have or result in a Material Adverse Effect.

5.11 Licenses and Permits; Labor

Each Credit Party is in compliance with and have all Permits necessary or required by Applicable Law or any Governmental Authority for the operation of their respective businesses as presently conducted and as proposed to be conducted except where noncompliance, violation or lack thereof could not reasonably be expected to be, have or result in a Material Adverse Effect. All Permits necessary or required by Applicable Law or Governmental Authority for the operation of each Credit Party's businesses are in full force and effect and not in known conflict with the rights of others, except where such conflict or lack of being in full force and effect could not reasonably be expected to be, have or result in a Material Adverse Effect. No Credit Party has been involved in any labor dispute, strike, walkout or union organization which could reasonably be expected to be, have or result in a Material Adverse Effect.

5.12 No Default; Solvency

There does not exist any Default or Event of Default. Each Credit Party is and, after giving effect to the transactions and the Indebtedness contemplated by the Loan Documents, will be solvent and able to meet its obligations and liabilities as they become due, and the assets of the each Credit Party, at a Fair Valuation, exceed the total liabilities (including contingent, subordinated, unmatured and unliquidated liabilities) of such Credit Party, and no unreasonably small capital base exists with respect to such Credit Party.

5.13 Disclosure

No Loan Document nor any other agreement, document, certificate, or statement furnished to Agent and Lenders and prepared by or on behalf of any Credit Party in connection with the transactions contemplated by the Loan Documents, nor any representation or warranty made by any Credit Party in any Loan Document, contains any untrue statement of material fact

or omits to state any fact necessary to make the factual statements therein taken as a whole not materially misleading in light of the circumstances under which it was furnished. There is no fact known to any Credit Party which has not been disclosed to Agent in writing which could reasonably be expected to be, have or result in a Material Adverse Effect.

5.14 Existing Indebtedness; Investments, Guarantees and Certain Contracts

No Credit Party (a) has any outstanding Indebtedness, except Indebtedness under the Loan Documents or (b) owns or holds any equity or long-term debt investments in, or have any outstanding advances to or any outstanding guarantees for, the obligations of, or any outstanding borrowings from, any other Person, except as permitted under Section 7.3.

5.15 Affiliated Agreements

Except for the Loan Documents, the Charter and Good Standing Documents of the Borrower and those set forth on Schedule 5.15, (i) there are no existing or proposed agreements, arrangements, understandings or transactions between Borrower, on the one hand, and Borrower's members, managers, managing members, investors, officers, directors, stockholders, other equity holders, employees, or Affiliates or any members of their respective families, on the other hand, and (ii) to Borrower's knowledge, none of the employees or officers of the Parent Entity or its Subsidiaries are directly or indirectly, indebted to or have any direct or indirect ownership or voting interest in any Person with which Borrower has a business relationship or which competes with Borrower (except that any such Person may own Equity Interests in any publicly traded company that may compete with Borrower.

5.16 Insurance

As of the Closing Date, Borrower has in full force and effect such insurance policies as are listed on Schedule 5.16.

5.17 Names; Location of Offices, Records and Collateral; Deposit Accounts and Investment Property

No Credit Party nor any of its predecessors has conducted business under or used any name (whether corporate, partnership or assumed) other than as shown on Schedule 5.17A. Each Credit Party is (or such Credit Party's predecessors were) the sole owner(s) of all of its names listed on Schedule 5.17A, and any and all business done and invoices issued in such names are such Credit Party's (or any such predecessors') sales, business and invoices. Each Credit Party maintains its respective places of business and chief executive offices only at the locations set forth on Schedule 5.17B or, after the Closing Date, as additionally disclosed to Agent in writing, and all Leases of Borrower arise, originate and are located, and all of the Collateral and all books and records in connection therewith or in any way relating thereto or evidencing the Collateral are located and shall be only, in and at such locations (other than (i) Deposit Accounts, and (ii) Collateral in the possession of Agent or the Backup Servicer). All of the Collateral is located only in the continental United States. Schedule 5.17C lists all of Borrower's Deposit Accounts and Investment Property as of the Closing Date.

5.18 Non-Subordination

Other than with respect to the payment priorities of the Class A Loans and the Class B Loans set forth herein, none of the Obligations are subordinated in any way to any other obligations of Borrower, any other Credit Party or to the rights of any other Person.

5.19 Leases

With respect to each Pledged Lease, Borrower continuously warrants and represents to Agent and Lenders that until the Maturity Date and so long as any of its Obligations remain unpaid: (i) as of the Closing Date and each date any Revolving Advance is made, each of the Pledged Leases set forth in the Borrowing Base Certificate delivered in connection therewith constitutes an Eligible Lease and (ii) in determining which Leases are "Eligible Leases," Lender may rely upon all statements or representations made by Borrower.

5.20 Servicing

Borrower has entered into the each Servicing Agreement with Servicer pursuant to which Borrower has engaged each Servicer, as servicer and as Borrower's agent, to monitor, manage, enforce and collect the Pledged Leases and disburse any collections in respect thereof as provided by the applicable Servicing Agreement, subject to this Agreement. Borrower acknowledges that each Servicer has the requisite knowledge, experience, expertise and capacity to service the Pledged Leases.

5.21 Legal Investments; Use of Proceeds

No Credit Party is engaged in the business of extending credit for the purpose of purchasing or carrying any "margin stock" or "margin security" (within the meaning of Regulations T, U or X issued by the Board of Governors of the Federal Reserve System), and no proceeds of the Loan will be used to purchase or carry any margin stock or margin security or to extend credit to others for the purpose of purchasing or carrying any margin stock or margin security.

5.22 Broker's or Finder's Commissions

No broker's, finder's or placement fee or commission will be payable to any broker or agent engaged by Borrower or any of its officers, directors or agents with respect to the Loan or the transactions contemplated by this Agreement. Each Credit Party, jointly and severally, agree to indemnify Agent and each Lender and each of their respective Affiliates and hold Agent and each Lender and each of their respective Affiliates harmless from and against any and all claims, demands, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel, but limited, in the case of legal fees and expenses, to the reasonable and documented fees, disbursements and expenses of one regulatory counsel and one other firm of outside counsel to Agent and each Lender and each of their respective Affiliates taken as a whole and, solely in the case of an actual or potential conflict of interest, one additional firm of outside counsel to each group of similarly situated Persons)), which may be imposed on, incurred by or asserted against Agent, any Lender or any of their respective Affiliates with respect to or arising out of, or in any litigation, proceeding or investigation instituted or conducted by any Person with respect to broker's, finder's or placement fees or similar commissions, whether or not payable by such Credit Party or their respective Affiliates, alleged to have been incurred in connection with such transactions, other than any broker's or finder's fees payable to Persons engaged by Agent and/or Lenders or their respective Affiliates without the knowledge of the such Credit Party. Agent and each Lender, jointly and severally, agree to indemnify Credit Parties and each of their respective Affiliates and hold Credit Parties and each of their respective Affiliates harmless from and against any and all claims, demands, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel, but limited, in the case of legal fees and expenses, to the reasonable and documented fees, disbursements and expenses of one firm of outside counsel to

Credit Parties and each of their respective Affiliates taken as a whole and, solely in the case of an actual or potential conflict of interest, one additional firm of outside counsel to each group of similarly situated Persons) which may be imposed on, incurred by or asserted against any Credit Party or any of their respective Affiliates with respect to or arising out of, or in any litigation, proceeding or investigation instituted or conducted by any Person with respect to broker's, finder's or placement fees or similar commissions, whether or not payable by the Agent, any Lender or their respective Affiliates, alleged to have been incurred in connection with such transactions, other than any broker's or finder's fees payable to Persons engaged by any Credit Party or their respective Affiliates without the knowledge of the Agent or Lenders.

5.23 Anti-Terrorism; OFAC

(a) (i) Neither Borrower, Holdings nor any Guarantor nor any Person controlling or controlled by Borrower, Holdings or any Guarantor, nor any Person for whom Borrower, Holdings or any Guarantor is acting as agent or nominee in connection with this transaction ("Transaction Persons") (1) is a Person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (2) engages in any dealings or transactions prohibited by Section 2 of such executive order, or is otherwise associated with any such Person in any manner violative of Section 2 of such executive order, or (3) is a Person on the list of Specially Designated Nationals and Blocked Persons or is in violation of the limitations or prohibitions under any other OFAC regulation or executive order.

(b) No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

(c) Borrower acknowledges by executing this Agreement that Agent has notified Borrower and each Guarantor that, pursuant to the requirements of the Patriot Act, Agent is required to obtain, verify and record such information as may be necessary to identify Borrower and each Guarantor (including, without limitation) the name and address of Borrower and each Guarantor) in accordance with the Patriot Act.

5.24 Survival

Borrower hereby makes the representations and warranties contained herein with the knowledge and intention that Agent and Lenders are relying and will rely thereon. All such representations and warranties will survive the execution and delivery of this Agreement, the Closing and the making of any and all Advances.

VI. AFFIRMATIVE COVENANTS

Each Credit Party covenants and agrees that, until the indefeasible payment in full in cash, of all the Obligations (other than indemnity obligations that are not then due and payable or with respect to which no claim has been made) and termination of this Agreement:

6.1 Financial Statements, Reports and Other Information

(a) **Financial Reports**. Borrower shall furnish to Agent (i) as soon as available and in any event within thirty (30) calendar days after the end of each calendar month of Parent Entity, unaudited monthly financial statements of Parent Entity and its Subsidiaries on

a consolidated basis consisting of a balance sheet and statements of income and cash flows as of the end of the immediately preceding calendar month, (ii) as soon as available and in any event within one hundred fifty (150) calendar days after the end of each fiscal year of Parent Entity, audited annual financial statements of Parent Entity on a consolidated and consolidating basis, including the notes thereto, consisting of a balance sheet at the end of such completed fiscal year and the related statements of income, retained earnings, cash flows and owners' equity for such completed fiscal year, which financial statements shall be prepared and certified without qualification by Deloitte & Touche LLP or such other independent certified public accounting firm mutually agreeable to Agent and Borrower and accompanied by related management letters, if available and (iii) no later than thirty (30) days after the beginning of Parent Entity's and Borrower's fiscal years commencing with fiscal year ended December 31, 2019, a month by month projected operating budget and cash flow of Parent Entity and its Subsidiaries for such fiscal year (including an income statement for each month and a balance sheet as at the end of the last month in each fiscal quarter). All such financial statements shall be prepared in accordance with GAAP consistently applied with prior periods (subject, as to interim statements, to lack of footnotes and year-end adjustments). With the quarterly financial statements of Parent Entity, Borrower shall also deliver a compliance certificate of a Responsible Officer of Borrower in the form satisfactory to Agent stating that (A) such person has reviewed the relevant terms of the Loan Documents and the condition of Borrower, (B) no Default or Event of Default has occurred or is continuing, or, if any of the foregoing has occurred or is continuing, specifying the nature and status and period of existence thereof and the steps taken or proposed to be taken with respect thereto and (C) no Material Adverse Effect has occurred since the last delivery of such monthly financial statements.

(b) **Servicing Reports and Information; Borrowing Base Certificates**.

(i) As soon as available, and in any event not later than the fifteenth (15^{th}) of each calendar month or if such day is not a Business Day than on the immediately preceding Business Day (or, upon the request of Agent, at any time following the occurrence and continuance of an Event of Default), Borrower shall cause Servicer to deliver to Agent and Backup Servicer, a Monthly Servicing Report, in computer file form reasonably accessible and usable by Agent and Backup Servicer showing, as of the end of the immediately preceding calendar month, with respect to all Leases, the information contained in the form of Monthly Servicing Report attached hereto as Exhibit C (which Monthly Servicing Report shall include Servicer's calculation of the Current Lease Balance with respect to each Pledged Lease) and such other matters as Agent may from time to time reasonably request, all prepared by Servicer and certified as to being true, correct and complete in all material respects by the Servicer. Together with the Monthly Servicing Report delivered to Agent as set forth above, Borrower shall deliver to Agent, in a form and substance acceptable to Agent, a monthly roll rate report and first payment default report (each in form and substance and with details and reporting information acceptable to Agent), on the entire portfolio of Leases owned by Borrower.

(ii) As soon as available, and in any event not later than each Payment Date (or, upon the request of Agent, at any time following the occurrence and continuance of an Event of Default), Borrower shall cause Servicer to deliver to Backup Servicer, in computer "data tape" form, all of the loan-level data generated by the Servicer with respect to the Leases, (including, but not limited to, data related to collections, defaults, Servicer's calculation of the Current Lease Balance with respect to each Pledged Lease, and such other matters as Agent or Backup Servicer may from time to time reasonably request), all prepared by Servicer and certified as to being true, correct and complete in all material respects by the Servicer.

(iii) As soon as available, and in any event not later than each Payment Date (or, upon the request of Agent, at any time following the occurrence and continuance of an Event of Default), Borrower shall deliver a Borrowing Base Certificate to Agent, without regard

to whether any Revolving Advances have been requested in the calendar week in which such Payment Date (or request) occurs.

(iv) Reserved.

(v) The Borrower shall promptly furnish or cause to be furnished to the Agent any other financial information regarding Borrower and/or the Pledged Leases reasonably requested by the Agent.

(c) **Notices**. Each Credit Party shall promptly, and in any event within five (5) Business Days after the end of each calendar month notify Agent in writing of (i) any notice any Credit Party or any of their respective Subsidiaries received of any material litigation, claims, offsets, protests or disputes asserted by any Account Lessee with respect to the Pledged Leases, (ii) any pending or threatened legal action, litigation, suit, investigation, arbitration, dispute resolution proceeding or administrative or regulatory proceeding brought or initiated or threatened in writing by or against any Credit Party or otherwise affecting or involving or relating to any Credit Party or any of its property or assets in an amount in excess of $500,000, (iii) any Default or Event of Default, which notice shall specify the nature and status thereof, the period of existence thereof and what action is proposed to be taken with respect thereto, (iv) any other development, event, fact, circumstance or condition that could reasonably be expected to be, have or result in a Material Adverse Effect, in each case describing the nature and status thereof and the action proposed to be taken with respect thereto, (v) any matter(s) known to any Credit Party and in existence at any one time materially adversely affecting the value, enforceability or collectability of any material portion of the Collateral, (vi) receipt of any material notice, inquiry, investigation, legal action or proceeding or request from any Governmental Authority, (vii) receipt of any notice or document by any Credit Party regarding any lease of real property of Borrower (and such notice shall include a copy of the notice or document), (viii) any lease of real property entered into by any Credit Party after the Closing Date, (ix) the filing, recording or assessment of any federal, state, local or foreign tax lien against the Collateral or any Credit Party which becomes known to such Credit Party, (x) any action taken or, to Borrower's knowledge, threatened to be taken by any Governmental Authority (or any notice of any of the foregoing) with respect to Borrower which could reasonably be expected to be, have or result in a Material Adverse Effect or with respect to any Collateral, (xi) any change in the corporate name of any Credit Party, and/or (xii) the loss, termination or expiration of any material contract to which such Credit Party is a party or by which its properties or assets are subject or bound.

(d) Notwithstanding the foregoing, Agent may, upon written notice to Parent Entity, temporarily waive the reporting requirements of Parent Entity and its Subsidiaries under this Section 6.1 until such date as indicated by Agent in a subsequent written notice provided to Parent Entity.

6.2 Payment of Obligations

Borrower shall make full and timely indefeasible payment in cash of the principal of and interest on the Loan and all other Obligations when due and payable (other than indemnity obligations that are not then due and payable or with respect to which no claim has been made), provided, however, that to the extent the Agent has indicated in any Allocation Notice that amounts on deposit in the Collateral Account are to be applied as of any applicable Payment Date to the amounts due and owing pursuant to Section 2.4, and such application is actually made on such Payment Date, or in the event Agent, in breach of this Agreement, fails to make such application, Borrower shall be deemed to have made all such payments as of the Payment Date.

6.3 Conduct of Business and Maintenance of Existence and Assets

Each Credit Party shall (a) maintain all of its tangible Collateral used or useful in its business in good repair, working order and condition (normal wear and tear excepted and except as may be disposed of in the ordinary course of business and in accordance with the terms of the Loan Documents), except in each case where the failure to do so individually or in the aggregate could not reasonably be expected to be, have or result in a Material Adverse Effect, (b) maintain and keep in full force and effect its existence and all material Permits and qualifications to do business and good standing in its jurisdiction of formation and each other jurisdiction in which the ownership or lease of property or the nature of its business makes such Permits or qualification necessary and in which failure to maintain such Permits or qualification could reasonably be expected to be, have or result in a Material Adverse Effect; (c) remain in good standing and maintain operations in all jurisdictions in which currently located, except where the failure to remain in good standing or maintain operations could not reasonably be expected to be, have or result in a Material Adverse Effect, and (d) maintain, comply with and keep in full force and effect its existence and all intellectual property and Permits necessary to conduct its business, except in each case where the failure to maintain, comply with or keep in full force and effect could not reasonably be expected to be, have or result in a Material Adverse Effect.

6.4 Compliance with Legal and Other Obligations

Each Credit Party shall (a) comply with all Applicable Law except where any failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (b) pay all taxes, assessments, fees, governmental charges, claims for labor, supplies, rent and all other obligations or liabilities of any kind when due and payable, except in each case liabilities being contested in good faith and against which adequate reserves have been established in accordance with GAAP consistently applied, (c) perform in accordance with its terms each contract, agreement or other arrangement to which it is a party or by which it or any of the Collateral is bound except where any failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and (d) properly file all reports required to be filed by such Credit Party with any Governmental Authority, except under clauses (a), (b), (c), and/or (d) where the failure to comply, pay, file or perform would not reasonably be expected to be, have or result in a Material Adverse Effect.

6.5 Insurance

Each Credit Party shall keep all of its insurable properties and assets adequately insured in all material respects against losses, damages and hazards as are customarily insured against by businesses of similar size engaging in similar activities or lines of business or owning similar assets or properties and at least the minimum amount required by this Agreement, Applicable Law and any agreement to which any such Person is a party or pursuant to which such Person provides any services; all such insurance policies and coverage levels shall (a) be satisfactory in form and substance to Agent in its Permitted Discretion (it being understood that the insurance policies of the Credit Parties provided to Agent shall be deemed satisfactory to the Agent until the Agent provides notice to the Credit Parties to the contrary), (b) name Agent, for the benefit of itself and the other Lenders, as a loss payee or additional insured thereunder, as applicable, and (c) expressly provide that such insurance policies and coverage levels cannot be altered, amended or modified in any manner which is adverse to Agent and/or Lenders, or canceled or terminated without thirty (30) calendar days prior written notice to Agent, and that they inure to the benefit of Agent and Lenders, notwithstanding any action or omission or negligence of or by any Credit Party, or any insured thereunder.

6.6 True Books

Each Credit Party shall (or, with respect to Borrower, at all times that Servicer is an Affiliate of Borrower, shall cause Servicer to, on its behalf) (a) keep true, complete and accurate (in accordance with GAAP, except for the omission of footnotes and year-end adjustments in interim financial statements) books of record and account in accordance with commercially reasonable business practices in which true and correct entries are made of all of its dealings and transactions in all material respects; and (b) set up and maintain on its books such reserves as may be required by GAAP with respect to doubtful accounts and all taxes, assessments, charges, levies and claims and with respect to its business.

6.7 Inspection; Periodic Audits; Quarterly Review

Each Credit Party shall permit, and shall cause the Servicer to permit, the representatives of Agent and each Lender, at, in the case of Agent only, the expense of Credit Parties (which expenses must be reasonably incurred), from time to time during normal business hours upon reasonable notice, to (a) visit and inspect Servicer's offices, Credit Parties' offices or properties or any other place where Collateral is located to inspect the Collateral and/or to examine and/or audit all of Borrower's and Servicer's books of account, records, reports and other papers (provided, however, that at all times, Credit Parties shall be responsible for the costs and expenses of all such visits) (b) make copies and extracts therefrom, and (c) discuss Credit Parties' business, operations, prospects, properties, assets, liabilities, condition and/or Pledged Leases with its officers and independent public accountants (and by this provision such officers and accountants are authorized to discuss the foregoing); provided, however, so long as an Event of Default has occurred and is continuing, no such notice shall be required; provided, further that, so long as no Event of Default has occurred and is continuing not more than four (4) such visits shall take place annually. Additionally, Borrower shall cause Servicer to permit Agent to have online access to Servicer's internal electronic reporting system, including without limitation tracking of collections on the Pledged Leases and agings of the same, and summaries for each of the Pledged Leases. Borrower shall cause Servicer's officers to meet with Agent at least once per quarter, if requested by Agent (which meeting may take place telephonically if requested by Agent), to review the Servicer's operations, prospects, properties, assets, liabilities, condition and/or Pledged Leases.

6.8 Further Assurances; Post Closing

(a) At Credit Parties' cost and expense, each Credit Party shall (a) within five (5) Business Days (or such longer period in the case of actions involving third parties as determined by Agent in its Permitted Discretion) after Agent's written demand, take such further actions, obtain such consents and approvals and shall duly execute and deliver such further agreements, assignments, instructions or documents as Agent may request in its Permitted Discretion in order to ensure the validity and effectiveness of this Agreement and the Loan Documents and the consummation of the transactions contemplated thereby, whether before, at or after the performance and/or consummation of the transactions contemplated hereby or the occurrence and during the continuation of a Default or Event of Default, (b) without limiting and notwithstanding any other provision of any Loan Document, execute and deliver, or cause to be executed and delivered, such agreements and documents, and take or cause to be taken such actions, and otherwise perform, observe and comply with such obligations, as are set forth on Schedule 6.8, and (c) upon the exercise by Agent, any Lender or any of its Affiliates of any power, right, privilege or remedy pursuant to any Loan Document or under Applicable Law or at equity following the occurrence and during the continuance of an Event of Default which requires any consent, approval, registration, qualification or authorization of such Person (including, without limitation, any Governmental Authority), execute and deliver, or cause the

execution and delivery of, all applications, certificates, instruments and other documents that may be so required for such consent, approval, registration, qualification or authorization.

(b) Borrower shall within thirty (30) days of the Ninth Amendment Effective Date deliver a trademark security agreement in form and substance satisfactory to Agent in its sole discretion with respect to the trademark identified on Schedule 5.10.

(c) Borrower shall within five (5) Business Days of the Ninth Amendment Effective date deliver to Agent (i) a deposit account control agreement duly executed by Holdings, Agent and Silicon Valley Bank and (ii) a deposit account control agreement duly executed by Parent Entity, Agent and Silicon Valley Bank.

6.9 Payment of Indebtedness

Except as otherwise prescribed in the Loan Documents, each Credit Party shall pay, discharge or otherwise satisfy when due and payable (subject to applicable grace periods and, in the case of trade payables, to ordinary course of payment practices) all of its obligations and liabilities to the extent that the failure to pay, discharge or otherwise satisfy such obligations or liability could reasonably be expected have or result in a Material Adverse Effect, except when the amount or validity thereof is being contested in good faith by appropriate proceedings and such reserves shall have been made in accordance with GAAP consistently applied.

6.10 Other Liens

If Liens with respect to any Credit Party or its assets (other than Permitted Liens) exist, such Credit Party immediately shall take all actions, and execute and deliver all documents and instruments necessary to promptly release and terminate such Liens. Immediately upon discovery of any Lien other than a Permitted Lien, Borrower shall notify Agent.

6.11 Use of Proceeds

Borrower shall use the proceeds from each Advance under the Loan only for (a) the purposes set forth in the recitals to this Agreement, (b) for the purposes set forth in Section 2.4(b) or as otherwise expressly authorized herein or in the other Loan Documents, (c) to pay the Term Loan OID on the Initial Term Loan Funding Date and (d) to pay other fees, costs and expenses approved by Agent in connection with the Ninth Amendment.

6.12 Collateral Documents; Security Interest in Collateral

On demand of Agent, Credit Parties shall (or, at all times that Servicer is an Affiliate of Borrower, shall cause Servicer to) make available to Agent copies of any and all documents, instruments, materials and other items that relate to, secure, evidence, give rise to or generate or otherwise involve Collateral, including, without limitation, the Leases to the extent Credit Parties or Servicer has access to such documents, instruments, materials and other items. Each Credit Party shall (or, at all times that Servicer is an Affiliate of Borrower, shall cause Servicer to) (i) execute, obtain, deliver, file, register and/or record any and all financing statements, continuation statements, stock powers, instruments and other documents, or cause the execution, filing, registration, recording or delivery of any and all of the foregoing, that are necessary or required under law or otherwise requested by Agent, in its Permitted Discretion, to be executed, filed, registered, obtained, delivered or recorded to create, maintain, perfect, preserve, validate or otherwise protect such Credit Party's interest in the Collateral and the pledge of the Collateral to Agent's perfected first priority (other than with respect to property or assets covered by Permitted Liens) Lien on the Collateral (and each Credit Party irrevocably grants Agent the right, at Agent's option, to file any or all of the foregoing), (ii) maintain, or cause to be maintained, at

all times, the pledge of the Collateral to Agent and Agent's perfected first priority (other than with respect to property or assets covered by Permitted Liens) perfected Lien on the Collateral, and (iii) defend the Collateral and Agent's first priority (other than with respect to property or assets covered by Permitted Liens) perfected Lien thereon against all claims and demands of all Persons at any time claiming the same or any interest therein adverse to Agent, and pay all costs and expenses (including, without limitation, in-house documentation and diligence fees and expenses and reasonable attorneys' fees and expenses) in connection with such defense, which may, at Agent's discretion, be added to the Obligations. Borrower acknowledges and agrees that Agent is authorized, pursuant to the power of attorney granted to Agent by Borrower pursuant to Section 2.10 of this Agreement, to perform any or all of the obligations or duties of Borrower pursuant to this Section 6.12 following the occurrence and during the continuance of an Event of Default.

6.13 Servicing Agreement; Backup Servicer

(a) Borrower shall enter into a Backup Servicing Agreement as of the Closing Date. From and after the Closing Date, Borrower and Servicer shall be required to provide the Monthly Servicing Report in computer "data tape" form to Backup Servicer and Agent in a manner reasonably acceptable to Agent as described in Section 6.1(b) hereof. Borrower shall cause Servicer to promptly provide Agent with true and complete copies of all written notices concerning defaults, amendments, waivers notice information or other matters that are material to a Pledged Lease sent or received by any Servicer under any Servicing Agreement. Borrower shall cause Servicer to service all Pledged Leases in accordance with, in all material respects, the terms of each Servicing Agreement, Borrower shall comply, in all material respects, with the provisions, terms and conditions set forth in such Servicing Agreement and Borrower shall not terminate any Servicing Agreement without Agent's prior written consent at its sole discretion.

(b) Borrower agrees not to, and will cause Servicer not to, interfere with Backup Servicer's performance of its duties under any Backup Servicing Agreement or to take any action that would be inconsistent in any way with the terms of such Backup Servicing Agreement. Borrower covenants and agrees to, and will cause Servicer to, provide any and all information and data requested by Agent (in its Permitted Discretion) to be provided promptly to Backup Servicer in the manner and form so requested by Agent. Upon the occurrence and during the continuance of any Event of Default, Agent shall have the right to immediately substitute Backup Servicer, Agent or an Affiliate of Agent or another third party servicer acceptable to Agent for Servicer in all of Servicer's roles and functions as contemplated by the Loan Documents and the Servicing Agreements. In connection with any substitution of Backup Servicer, Agent, Affiliate of Agent or another third party servicer for Servicer, Borrower shall (and, at all times that Servicer is an Affiliate of Borrower, shall cause Servicer to) cooperate with Agent and Backup Servicer in connection with such substitution and to take such further actions, obtain such consents and approvals, to deliver such documents and to duly execute and deliver such further agreements, assignments, instructions or documents as each of Agent or Backup Servicer may request in its Permitted Discretion in order to effectuate such substitution, in each case, at no cost or expense to Agent or any Lender.

6.14 [RESERVED]

6.15 Collections

Borrower and Servicer each agree and covenant that it shall:

(a) Instruct or cause all Account Lessees to be instructed to either:

(i) send all Scheduled Payments directly to the Collateral Account; or

(ii) in the alternative, make Scheduled Payments by way of pre-authorized debits from a deposit account of such Account Lessee pursuant to a PAC or from a credit card of such Account Lessee pursuant to a Credit Card Account from which Scheduled Payments shall be electronically transferred to the Collateral Account.

(b) In the case of funds transfers pursuant to a PAC or Credit Card Account, take, or cause each of the Servicer, the Collateral Account Bank and/or the Agent to take, all necessary and appropriate action to ensure that each such pre-authorized debit or credit card payments is credited directly to the Collateral Account;

(c) If the Borrower or Servicer shall receive any collections or other proceeds of the Collateral, hold such collections or proceeds in trust for the benefit of the Agent and deposit such collections into the Collateral Account within two (2) Business Days after such amounts so received and held by Borrower or Servicer equals or exceeds $25,000; and

(d) Prevent the deposit into the Collateral Account of any funds other than collections from Leases or other funds to be deposited into the Collateral Account under this Agreement or the other Loan Documents (provided that, this covenant shall not be breached to the extent that such other funds are inadvertently or mistakenly deposited into the Collateral Account if Borrower or Servicer promptly requests that such funds be segregated and removed from the Collateral Account in accordance with Section 2.12(b)).

(e) Notwithstanding anything to the contrary in this Section 6.15, Borrower hereby authorizes Agent, at any time after the occurrence of an Event of Default, to send directions to each Account Lessee to make payments directly to the Collateral Account.

6.16 Right of First Refusal

Subject to the last sentence of this paragraph, in addition to the rights granted to Agent and the Lenders pursuant to Section 2.13 hereof, Borrower, Holdings and Parent Entity hereby agree that, if at any time prior to the date that all of the Revolving Advances, all accrued and unpaid, costs, fees and expenses relating to the Revolving Advances, and all accrued and unpaid interest (including any Revolving Advance Prepayment Additional Interest and Additional Interest) relating to the Revolving Advances have been indefeasibly paid in full in cash and the Revolving Loan Commitments terminated, Borrower, Holdings or any Subsidiary of Borrower, Holdings or Parent Entity shall have obtained a bona fide third-party offer (the "**Third-Party Offer**") (for the avoidance of doubt, a bonafide, fully negotiated and executed term sheet delivered by the applicable lender to Borrower, Holdings or any Subsidiary of Borrower, Holdings or Parent Entity, as applicable, together with a commitment letter, if any, shall qualify as a "Third-Party Offer" hereunder) for any refinancing of the Revolving Loans or any similar ABL or borrowing base (however described) revolving financing (including in the form of a repurchase agreement transaction) of Leases to be originated, acquired or otherwise held by Holdings, Borrower, Parent Entity or any Subsidiary of Borrower, Holdings or Parent Entity that is formed for the purpose of originating Leases, Borrower, Holdings or Parent Entity shall, in writing within five (5) Business Days of receipt of such offer, promptly inform Agent (such writing to Agent is referred to herein as the "**First Refusal Offer**") of such Third-Party Offer and the terms and conditions of such Third-Party Offer (and, if such Third-Party Offer is in writing, shall attach a copy of such Third-Party Offer to such First Refusal Offer) and, in such First Refusal Offer, shall offer to Agent a right of first refusal in respect of such financing or refinancing. Agent's right of first refusal shall grant Agent the right to, within fifteen (15) days after the receipt of such First Refusal Offer, deliver a writing to Borrower, Holdings and Parent Entity (the "**Acceptance**") stating that Agent and Lenders agree to extend such financing on Material Terms which shall be the same or more favorable (taken as a whole) to the applicable borrower than the Material Terms of financing under such Third-Party Offer (as such Material

Terms were communicated to Agent by Borrower, Holdings or Parent Entity or such Affiliate), it being agreed and understood that, with respect to any such Third-Party Offer, the (i) aggregate principal amount, (ii) pricing (including, without limitation, interest rate, closing, commitment, structuring, arrangement or similar fees and original issue discount) and payment and prepayment terms and conditions, (iii) term and/or duration, (iv) financial covenants, borrowing base or availability, (v) events of default, (vi) material conditions to closing and borrowing, (vii) operational covenants, including as to debt, liens, investments, prepayments and repayments of other debt, use of proceeds, dividends and distributions, reporting, access to cash, and (viii) collateral and transaction structure (with respect to any financing, such material terms are referred to as "**Material Terms**"). Upon receipt of the Acceptance by Borrower, Holdings or Parent Entity, Agent and one or more of the Lenders or their respective Affiliates, on the one hand, and Borrower, Holdings, Parent Entity or the applicable Subsidiary, on the other hand, shall, in good faith negotiate an agreement for such financing on the terms set forth in such Acceptance (subject to the satisfaction of appropriate conditions in respect of due diligence, documentation and other customary and commercial conditions precedent set forth in (or incorporated by reference) in the Acceptance). If Agent shall have declined to exercise its right under such First Refusal Offer, or shall have failed to timely respond within fifteen (15) Business Days to such First Refusal Offer or shall have offered a counterproposal to Borrower, Holdings or Parent Entity in respect of such First Refusal Offer, Borrower, Holdings, Parent Entity or such applicable Subsidiary shall be free to close such Third-Party Offer within one hundred twenty (120) days of the date of such First Refusal Offer on terms substantially similar to the terms thereof set forth in such Third-Party Offer (as communicated to Agent). If Borrower, Holdings, Parent Entity or such applicable Subsidiary shall have failed to so close such financing within said one hundred twenty (120) days or if the material terms of such financing are modified from the description of such terms in the Third-Party Offer, then a new right of first refusal for the benefit of Agent with respect to such financing shall immediately arise. Borrower, Holdings and Parent Entity agree to inform any Person making a Third-Party Offer of Agent's and Lender's rights under this Section 6.16 in respect thereof. Notwithstanding the foregoing, the rights granted to Agent and the Lenders pursuant this Section 6.16 shall not apply following the Public Company Transition Date with respect to any Third-Party Offer for a bond issuance, public securitization or a syndicated corporate credit facility. For the avoidance of doubt, any refinancing of the Class A Obligations with a financing similar in nature to the terms of this Agreement shall be subject to a right of first refusal under this Section 6.16.

Borrower and Holdings covenant and agree not to form, or consent to or otherwise acquiesce in the formation of, any Affiliate, or otherwise use any Subsidiary existing on the Closing Date, to originate, acquire or finance any Leases in circumvention of the intent of the covenants, agreements and obligations set forth in this Section 6.16.

6.17 Reserved.

6.18 Board of Directors; Observer Rights.

Effective as of the Closing Date until the Public Company Transition Date, Agent (or its designee) shall have the right to designate two (2) representatives (each, a "Designee") to: (a) receive prior written notice of all meetings (both regular and special) of Parent Entity's or Holdings' board of directors and each committee thereof (such notice to be delivered or mailed as specified in Section 12.5 at the same time as notice is given to the members of such board and/or committee) held or to be held prior to the Public Company Transition Date; (b) be entitled to attend (or, at the option of such representatives, monitor by telephone) all such meetings at the Designee's sole cost and expense; (c) until the Public Company Transition Date, receive all notices, information and reports which are furnished or made available to the members of such board (solely in their capacity as a "board member") and/or committee at the same time and in the same manner as the same is furnished or made available to such members; (d) until the Public

Company Transition Date, be entitled to participate in all discussions conducted at such meetings; and (e) until the Public Company Transition Date, receive (to the extent and when so provided to the members of any such board) copies of the minutes of all such meetings. If any action is proposed to be taken after the Closing Date until the Public Company Transition Date by such board and/or committee by written consent in lieu of a meeting, Parent Entity or Holdings, as applicable, will provide a copy of such consent to such Designees, which shall be delivered or mailed as specified in Section 12.5 at the same time as notice is given to the members of such board and/or committee. Until the Public Company Transition Date, Parent Entity or Holdings, as applicable, will furnish or cause to be furnished such Designees with a copy of each such written consent promptly after it has become effective. Such Designees shall not constitute a member of such board and/or committee and shall not be entitled to vote on any matters presented at meetings of such board and/or committee or to consent to any matter as to which the consent of any such board and/or committee shall have been requested. The parties hereto agree that the Designees shall have no fiduciary duties or any other duties or responsibilities to Borrower, Parent Entity, Holdings or any of their respective Affiliates.

6.19 Financial Covenants.

(a) Tangible Net Worth of Parent Entity. As of the end of each fiscal month, the Tangible Net Worth of Parent Entity and its Subsidiaries, on a consolidated basis, shall be greater than or equal to the sum of (i) $(32,500,000) plus the total aggregate (a) net expenses associated with Warrant adjustments on the income statement of Parent Entity on a consolidated basis since the Fifteenth Amendment Effective Date, (b) debt issuance costs recognized on the income statement of Parent Entity and its Subsidiaries since the Fifteenth Amendment Effective Date, and (c) the aggregate debt extinguishment costs since the Fifteenth Amendment Effective Date, and (ii) the greater of (x) zero dollars and (y) fifty percent (50%) of all aggregate Parent Consolidated Net Income since April 1, 2023 (as determined in accordance with GAAP).

(b) Liquidity. As of any date of determination, Parent Entity agrees that it shall not permit Liquidity to be less than $10,000,000.

(c) Total Advance Rate. As of the end of each fiscal month and as of the making of each Advance hereunder (before and after giving effect to such Advance), the Total Advance Rate shall not exceed (i) from the period beginning on the Fifteenth Amendment Effective Date to June 30, 2024, 130%, (ii) from the period beginning on July 1, 2024 to December 31, 2024, 125%, and (ii) at all times thereafter, 120%. If at any time during which there is a Total Advance Rate Reserve Account, the Total Advance Rate exceeds the applicable rate for any of the foregoing periods, the Borrower may cure such Default by depositing funds in the Total Advance Rate Reserve Account in an amount necessary to reduce the Total Advance Rate to the maximum permitted rate for such period. So long as no Default or Event of Default has occurred and is continuing or would result therefrom, Borrower may submit a written request to the Agent at least two (2) Business Days prior to the proposed distribution, requesting the Agent to approve the transmission from the Total Advance Rate Reserve Account of all or a portion of the funds therein as of such date to the Borrower, which request must be submitted with (i) a Monthly Servicing Report dated as of the date of such distribution and updated with data as of the date immediately preceding the date of such Monthly Servicing Report, which evidences on a pro forma basis that the Borrower will be in compliance with the Total Advance Rate after giving effect to such distribution and (ii) a certification that no Default or Event of Default has occurred or is continuing or will result therefrom, and Borrower shall be in compliance with the covenants set forth in this Section 6.19 both before and after such requested disbursement of funds. Upon satisfaction of such conditions, the Agent shall direct the account bank to transmit the funds from the Total Advance Rate Reserve Account as specified by the Borrower.

(d) Adjusted EBITDA (T3M)/(YTD). As of the end of each fiscal month, either:

(i) Adjusted EBITDA (T3M) shall not be less than: (i) for the three-month period ending on March 31, 2023, ($[***]), (ii) for the three-month period ending on April 30, 2023, ($[***]), (iii) for the three-month period ending on May 31, 2023 and for the three-month period ending on June 30, 2023, ($[***]), (iv) for the three-month period ending on July 31, 2023, ($[***]), (v) for the three-month period ending on August 31, 2023, ($[***]), (vi) for the three-month period ending on September 30, 2023, ($[***]), (vii) for the three-month period ending on October 31, 2023, $0, (viii) for the three-month period ending on November 30, 2023, $[***], (ix) for the three-month period ending on December 31, 2023, $[***], (x) for the three-month period ending on January 31, 2024 and on February 28, 2024, $[***], (xi) for the three-month period ending March 31, 2024 and for the three-month period ending on April 30, 2024, $[***], (xii) for the three-month period ending on May 31, 2024 and for the three-month period ending on June 30, 2024, $[***], and (xiii) for the three-month period ending on July 31, 2024 and for the three-month period ending on the last day of each fiscal month thereafter, $[***]; or

(ii) Adjusted EBITDA (YTD) shall not be less than: (i) for the YTD Period ending on March 31, 2023, ($[***]), (ii) for the YTD Period ending on April 30, 2023, ($[***]), (iii) for the YTD Period ending on May 31, 2023, ($[***]), (iv) for the YTD Period ending on June 30, 2023, ($[***]), (v) for the YTD Period ending on July 31, 2023, ($[***]), (vi) for the YTD Period ending on August 31, 2023, ($[***]), (vii) for the YTD Period ending on September 30, 2023, ($[***]), (viii) for the YTD Period ending on October 31, 2023, ($[***]), (ix) for the YTD Period ending on November 30, 2023, ($[***]), (x) for the YTD Period ending on December 31, 2023, ($[***]), (xi) for the YTD Period ending on January 31, 2024, $[***], (xii) for the YTD Period ending on February 29, 2024, $[***], (xii) for YTD Period ending on March 31, 2024, $2,500,000, (xiii) for the YTD Period ending on April 30, 2024, $[***], (xiv) for the YTD Period ending on May 31, 2024, $[***], (xv) for the YTD Period ending on June 30, 2024, $[***], (xvi) for the YTD Period ending on July 31, 2024 and July 31st of each fiscal year after the 2024 fiscal year, $[***], (xvii) for the YTD Period ending on August 31, 2024 and on August 31st of each fiscal year after the 2024 fiscal year, $[***], (xviii) for the YTD Period ending on September 30, 2024 and on September 30th of each fiscal year after the 2024 fiscal year, $[***], (xix) for the YTD Period ending on October 31, 2024 and on October 31th of each fiscal year after the 2024 fiscal year, $[***], (xx) for the YTD Period ending on November 30, 2024 and on November 30th of each fiscal year after the 2024 fiscal year, $[***], (xxi) for the YTD Period ending on December 31, 2024 and on December 31th of each fiscal year after the 2024 fiscal year, $[***], (xxii) for the YTD Period ending on January 31, 2025 and on January 31st of each fiscal year after the 2025 fiscal year, $[***], (xxiii) for the YTD Period ending on the last day of February, 2025 and on the last day of February of each fiscal year after the 2025 fiscal year, $[***], (xxiv) for the YTD Period ending on March 31, 2025 and on March 31st of each fiscal year after the 2025 fiscal year, $[***], (xxv) for the YTD Period ending on April 31, 2025 and on April 31st of each fiscal year after the 2025 fiscal year, $[***], (xxvi) for the YTD Period ending on May 30, 2025 and on May 30th of each fiscal year after the 2025 fiscal year, $[***], and (xxvii) for the YTD Period ending on June 30, 2025 and on June 30th of each fiscal year after the 2025 fiscal year, $[***].

6.20 Preemptive Rights.

At any time prior to a Public Company Transition Date, except in connection with any initial public offering, a SPAC Transaction or any transaction that would result in a Change of

Control or as otherwise expressly contemplated by this Agreement, Parent Entity and Holdings shall not issue any Equity Interests unless such issuance is in compliance with the following procedures:

(a) Prior to the date of a proposed issuance of any Equity Interests, Parent Entity or Holdings shall deliver notice of such proposed issuance (an "Issuance Notice") to Agent. The Issuance Notice shall specify (i) the number of Equity Interests and class of Equity Interests which Parent Entity or Holdings proposes to issue, the consideration to be received therefor and the date on which such consideration for such Equity Interests shall be paid (which date shall be no less than thirty (30) days from the date of delivery of the Issuance Notice); (ii) all of the material terms and conditions, including the terms and conditions of payment, upon which Parent Entity or Holdings proposes to issue such Equity Interests; (iii) the proportionate number of such Equity Interests that Agent shall have the option to purchase under this Section 6.20, which proportionate number shall be no less than ten percent (10%) of the number of Equity Interests which Parent Entity or Holdings proposes to issue (such proportionate number for Agent, its "Pro-Rata-Share"); and (iv) where the proposed purchasers of such Equity Interests are known, the identities of such proposed purchasers.

(b) Upon delivery of an Issuance Notice, Agent shall have the right (exercisable by delivery to Parent Entity or Holdings, as applicable, of written notice within the thirty (30) day period following the date of delivery of the Issuance Notice), to purchase its Pro-Rata-Share of the offering at the price and on the terms and conditions contained therein. The foregoing preemptive rights shall be deemed waived by Agent if it does not exercise its preemptive right and pay for the Equity Interests within the period of time prescribed by the Issuance Notice in accordance with this Section 6.20.

(c) Notwithstanding anything to the contrary contained in this Section 6.20, if the consideration to be received by Parent Entity or Holdings, as applicable, with respect to the issuance of Equity Interests specified in the Issuance Notice is other than cash to be paid upon the issuance of the Equity Interests (that is, if the consideration would constitute so-called "in-kind" property, such as membership interests or other Equity Interests), or if security is to be provided to secure the payment of any deferred portion of the purchase price, then Agent may purchase such Equity Interests by making a cash payment at the time of the closing specified in the offer, in the amount of the reasonably equivalent value of the "in-kind" property specified in the Issuance Notice and/or may provide reasonably equivalent security to that provided in the Issuance Notice.

6.21 Federal Securities Laws. Each Credit Party shall promptly notify Agent in writing if any such Credit Party or any of their Subsidiaries (i) is required to file periodic reports under the Exchange Act, (ii) registers any securities under the Exchange Act or (iii) files a registration statement under the Securities Act.

6.22 Government Receivables. Take all steps necessary to protect Agent's interest in the Collateral under the Federal Assignment of Claims Act, the Uniform Commercial Code and all other applicable state or local statutes or ordinances and deliver to Agent appropriately endorsed, any instrument or tangible chattel paper connected with any receivable arising out of any contract between any Credit Party and the United States, any state or any department, agency or instrumentality of any of them.

VII. NEGATIVE COVENANTS

Each Credit Party covenants and agrees that, until the indefeasible payment in full in cash, of all the Obligations under the Loan Documents (other than indemnity obligations under

the Loan Documents that are not then due and payable or with respect to which no claim has been made) and termination of this Agreement:

7.1 Indebtedness

No Credit Party shall create, incur, assume or suffer to exist any Indebtedness, except Permitted Indebtedness.

7.2 Liens

No Credit Party shall create, incur, assume or suffer to exist any Lien upon, in or against, or pledge of, any of the Collateral, whether now owned or hereafter acquired, except the following (collectively, "**Permitted Liens**"): (a) Liens under the Loan Documents or otherwise arising in favor of Agent, for the benefit of itself and the other Lenders and (b) any Lien or right of set-off granted in favor of any financial institution in respect of Deposit Accounts opened and maintained in the ordinary course of business or pursuant to the requirements of this Agreement covering fees, expenses and overdrafts with respect to such Deposit Accounts; provided, that with respect to any such Deposit Account, other than an Excluded Deposit Account, Agent has a perfected Lien thereon and control thereof, in form, scope and substance satisfactory to Agent in its Permitted Discretion.

7.3 Investments; Investment Property; New Facilities or Collateral; Subsidiaries

No Credit Party shall, directly or indirectly, (a) merge with, purchase, own, hold, invest in or otherwise acquire any obligations or Equity Interests or securities of, or any other interest in, all or substantially all of the assets of, any Person or any joint venture other than Permitted Investments (as defined below), (b) purchase, own, hold, invest in or otherwise acquire any Investment Property (except (i) those set forth on Schedule 5.17C as of the Closing Date), (ii) Permitted Loans and any other investments in a Subsidiary formed by any Credit Party, (iii) investments constituting Permitted Indebtedness, (iv) Deposit Accounts with financial institutions in the ordinary course of business or as required by this Agreement; provided, that with respect to any such Deposit Accounts (other than an Excluded Account), Agent has a perfected Lien thereon and control thereof, in form, scope and substance satisfactory to Agent in its Permitted Discretion, (v) investments in Cash Equivalents, (vi) accounts payable, (vi) the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business and (vii) a SPAC Transaction (the investments described in clauses (i) through (vii) being "Permitted Investments") or (c) make or permit to exist any loan, advances or guarantees to or for the benefit of any Person or assume, guarantee, endorse, contingently agree to purchase or otherwise become liable for or upon or incur any obligation of any Person other than Permitted Investments. No Credit Party shall purchase, lease, own, operate, hold, invest in or otherwise acquire any property or asset or any Collateral that is located outside of the continental United States. Borrower shall not have any Subsidiaries.

Other than as contemplated by Section 2.13(d), no Credit Party shall form any Subsidiary unless (i) such Subsidiary, (x) expressly joins in this Agreement as a borrower and becomes jointly and severally liable for the obligations of Borrower hereunder and under any other agreement between Borrower and Lenders, or (y) becomes a Guarantor with respect to the Obligations and executes a guaranty and security agreement in favor of Agent, and (ii) Agent shall have received all documents, including without limitation, legal opinions and appraisals it may reasonably require to establish compliance with each of the foregoing conditions in connection therewith.

7.4 Dividends; Redemptions; Equity

Notwithstanding any provision of any Loan Document, Parent entity shall not (i) declare, pay or make any dividend or distribution on any Equity Interests or other securities or ownership interests, (ii) apply any of its funds, property or assets to the acquisition, redemption or other retirement of any Equity Interests or other securities or interests or of any options to purchase or acquire any of the foregoing, (iii) otherwise make any payments, dividends or distributions to any member, manager, managing member, stockholder, director or other equity owner in such Person's capacity as such, (iv) make any payment of any management, service or related or similar fee to any Affiliate or holder of Equity Interests of Borrower unless, in each case and before and after giving effect thereto, (x) the Tangible Net Worth to Term Loan Ratio is greater than 1.00 to 1.00 and (y) no Default or Event of Default shall have occurred and be continuing and the cumulative amount of distributions under this Section 7.4 (other than with respect to clauses (A) and (B) below) has not exceed the Distributable Amounts Limit; provided, however, notwithstanding the foregoing, Holdings and Parent Entity shall be permitted to (A) subject to Section 2.6(a), exchange any shares in connection with an initial public offering of the shares of the Parent Entity or a SPAC Transaction and (B) repurchase shares pursuant to Article VI of the bylaws of Parent Entity as in effect on the Ninth Amendment Effective Date in connection with the rights of first refusal of Parent Entity provided therein, Section 2.2 of the Parent Entity Co-Sale Agreement as in effect on the Ninth Amendment Effective Date in connection with the rights of first refusal of Parent Entity provided therein or in connection with Section 6.16 hereof (all such share repurchases being collectively referred to as "ROFR Share Repurchases") or otherwise (collectively in an aggregate amount not to exceed $10,000,000 during the term hereof), in each case, so long as no Default or Event of Default has occurred and is continuing.

7.5 Transactions with Affiliates

No Credit Party shall enter into or consummate any transaction of any kind with any of its Affiliates other than (i) the transactions contemplated hereby and by the other Loan Documents and (ii) to the extent not otherwise prohibited under this Agreement, other transactions upon fair and reasonable terms materially no less favorable to such Credit Party than would be obtained in a comparable arms-length transaction with a Person not an Affiliate.

7.6 Charter Documents; Fiscal Year; Dissolution; Use of Proceeds; Insurance Policies; Disposition of Collateral; Trade Names

No Credit Party shall (a) except in connection with a SPAC Transaction or to permit the Parent Entity to issue additional shares following the Public Company Transition Date, amend, modify, restate or change its certificate of formation, limited liability company agreement or similar charter or governance documents in a manner that would adversely affect the rights of the Agent or Lenders under the Loan Documents, (b) change its state of formation or change its name without thirty (30) calendar days prior written notice to Agent, (c) change its fiscal year, (d) amend, alter, suspend, terminate or make provisional in any material way, any Permit, the suspension, amendment, alteration or termination of which would reasonably be expected to be, have or result in a Material Adverse Effect without the prior written consent of Agent, (e) other than a SPAC Transaction, wind up, liquidate or dissolve (voluntarily or involuntarily), effectuate any Division or commence or suffer any proceedings seeking or that would result in any of the foregoing, (f) use any proceeds of any Loan for "purchasing" or "carrying" "margin stock" as defined in Regulations T, U or X of the Board of Governors of the Federal Reserve System for any use not contemplated or permitted by this Agreement, (g) amend, modify, restate or change any insurance policy in a manner adverse to Agent or Lenders in any material respect, (h) engage, directly or indirectly, in any business other than as set forth herein, (i) establish new or additional trade names without providing not less than thirty (30) days advance written notice to Agent or (j) certificate, or cause to have certificated, any equity ownership interest in

Borrower that is not evidenced by a certificate as of the Closing Date that is Collateral subject to this Agreement, without Agent's prior written consent.

7.7 Transfer of Collateral; Amendment of Pledged Leases

(a) No Credit Party shall sell, lease, transfer, pledge, encumber, assign or otherwise dispose (a "Disposition") of any Collateral, except:

(i) the repurchase of Leases by Holdings as otherwise provided in Section 2.11,

(ii) the Disposition of surplus, obsolete or worn out property in the ordinary course of business;

(iii) disbursements of cash not otherwise prohibited under this Agreement or any other Loan Document;

(iv) any Disposition by such Person to another Credit Party;

(v) any Disposition permitted under Sections 7.2, 7.3, 7.4 and 7.5;

(vi) any sale of inventory (other than Leases) in the ordinary course of business;

(vii) any sale, trade-in or other Disposition of used equipment for value in the ordinary course of business;

(viii) licenses of technology in the ordinary course of business;

(ix) the surrender, modification, release or waiver of contract rights to the extent not otherwise prohibited under this Agreement.

(b) Except for the purpose of granting payment discounts to Account Lessees in the ordinary course of business consistent in all material respects with the Underwriting Guidelines and Servicing Policy or in connection with the payment in full of such Pledged Lease, Borrower shall not extend, amend, waive or otherwise modify the terms of any Pledged Lease or permit the rescission or cancellation of any Pledged Lease, whether for any reason relating to a negative change in the related Account Lessee's creditworthiness or inability to make any payment under the Pledged Lease or otherwise, except in accordance with the Underwriting Guidelines and the Servicing Policy.

(c) Except in connection with the payment in full of such Pledged Lease or settlements of a Defaulted Lease in accordance with the Servicing Policy, Borrower shall not terminate or reject any Pledged Lease prior to the end of the term of such Lease, whether such rejection or early termination is made pursuant to an Applicable Law, unless prior to such termination or rejection, such Pledged Lease and any related Collateral have been released from the Lien created by this Agreement.

7.8 Contingent Obligations and Risks

Except for the Loan Documents, the Purchase and Sale Agreement and as otherwise expressly permitted by this Agreement, no Credit Party shall enter into any Contingent Obligations with respect to Indebtedness for borrowed money or assume, guarantee, endorse, contingently agree to purchase or otherwise become liable for or upon or incur any Indebtedness

for borrowed money of any Person other than another Credit Party (other than indemnities to officers and directors of such Person to the extent permitted by Applicable Law) or indemnity guarantees in connection with Indebtedness permitted under Section 2.13(d); provided, however, that nothing contained in this Section 7.8 shall prohibit any Credit Party from endorsing checks in the ordinary course of its business.

7.9 Truth of Statements

No Credit Party shall furnish to Agent any certificate or other document prepared by or on behalf of such Credit Party with respect to which the representations and warranties set forth in Section 5.13 would not be true if made at the time such certificate or other document were so furnished to Agent.

7.10 Modifications of Agreements

No Credit Party shall make, or agree to make, any modification, amendment or waiver of any of the terms or provisions of any Material Agreement, without the prior written consent of Agent. Borrower shall not make, or agree to make, any Material Modification with respect to any Lease, without the prior written consent of Agent.

7.11 Anti-Terrorism; OFAC

No Credit Party shall, nor shall any Credit Party permit any of its Subsidiaries to, (a) be or become a Person whose property or interests in property are blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit or Support Terrorism (66 Fed. Reg. 49079 (2001)), (b) engage in any dealings or transactions prohibited by Section 2 of such executive order, or otherwise be associated with any such Person in any manner violative of Section 2 of such executive order, or (c) otherwise become a Person on the list of Specially Designated Nationals and Blocked Persons in violation of the limitations or prohibitions under any other OFAC regulation or executive order.

7.12 Deposit Accounts and Payment Instructions

(a) No Credit Party shall open a Deposit Account (other than those listed on Schedule 5.17C as amended from time to time) without the prior written consent of Agent.

(b) Borrower shall not make any change in the instructions to any Servicer with respect to the deposits of collections regarding Leases to the Collateral Account in accordance with this Agreement and the applicable Servicing Agreement.

(c) Borrower shall not, and shall cause Servicer to not, make any change in the instructions to any Account Lessee on any Lease with respect to any instructions to such Account Lessees regarding payment to be made to the Collateral Account or any Servicer Physical Payment Address.

7.13 Servicing Agreement

Borrower shall not:

(a) amend, modify or terminate (or permit or cause Servicer to amend, modify or terminate) any Servicing Agreement without the prior written consent of Agent (which consent may be provided in Agent's Permitted Discretion), provided, that with respect to

termination of any Servicing Agreement or material amendments thereto, Agent's consent may be granted in Agent's sole discretion;

(b) except in connection with (i) the replacement of the Servicer by the Backup Servicer or third party servicer acceptable to Agent after the occurrence and during the continuance of an Event of Default and/or (ii) the delegation by the Servicer of certain duties to any of the Persons set forth on Schedule 7.13(b) the delegation by the Servicer to third-party collection agencies the enforcement of Defaulted Leases or the delegation of certain duties to such other Persons, in each case, consistent with the Servicing Policy, if any, as Agent may approve from time to time (which approval may be provided in Agent's Permitted Discretion), transfer or delegate (or allow Servicer to transfer or delegate) any of its duties or functions under any Servicing Agreement to any Person, or otherwise engage any such Person to perform any such duties or functions for or on behalf of the Servicer or Borrower, provided, that any delegation of duties under any Servicing Agreement by Servicer pursuant to clause (ii) of this Section 7.13(b) shall (x) be terminable without the payment of any fee or penalty upon not more than thirty (30) calendar days prior notice and (y) not relieve Servicer of any of its rights, duties or obligations under the applicable Servicing Agreement and Servicer agrees that it shall remain liable to Agent and the Lenders for any breach in the performance of the same, whether such breach is by the Servicer or its delegate; or

(c) except in connection with the replacement of the Servicer by the Backup Servicer, Agent, an Affiliate of Agent or a third party servicer acceptable to Agent after an Event of Default, transfer or delegate (or allow the Servicer to transfer or delegate) the duties and functions of the Servicer under any Servicing Agreement to any other Persons.

7.14 ERISA.

No Credit Party shall sponsor, maintain or contribute to any "employee benefit plan" that is covered by Title IV of ERISA or Section 412 of the Code.

7.15 Restrictive Agreements.

No Credit Party will directly or indirectly, enter into, incur or permit to exist any agreement (other than its Charter and Good Standing Documents or, in the case of the Parent Entity, any agreements with its shareholders) that prohibits, restricts or imposes any condition upon (a) the ability of such Credit Party or any such Subsidiary to create, incur or permit any Lien upon any of its assets or properties, whether now owned or hereafter acquired, or (b) the ability of any of the Subsidiaries to pay dividends or other distributions with respect to capital stock, to make or repay loans or advances to such Credit Party or any other Subsidiary or to transfer any of its property or assets to such Credit Party or any other Subsidiary thereof.

7.16 Sale and Leaseback Transactions. No Credit Party will, and no Credit Party will permit any Subsidiary to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred**.**

7.17 Hedging Transactions. No Credit Party will, and no Credit Party will permit any Subsidiary to, enter into any Hedging Transaction, other than Hedging Transactions entered into

in the ordinary course of business to hedge or mitigate risks to which the Credit Parties or any of their Subsidiaries is exposed in the conduct of its business or the management of its liabilities. Solely for the avoidance of doubt, the Credit Parties acknowledge that a Hedging Transaction entered into for speculative purposes or of a speculative nature (which shall be deemed to include any Hedging Transaction under which any Credit Party or any Subsidiary of a Credit Party is or may become obliged to make any payment (a) in connection with the purchase by any third party of any capital stock or any Indebtedness or (b) as a result of changes in the market value of any capital stock or any Indebtedness) is not a Hedging Transaction entered into in the ordinary course of business to hedge or mitigate risks.

7.18 Loans. No Credit Party shall make advances, loans or extensions of credit to any Person (other than another Credit Party). For the avoidance of doubt, this Section 7.18 shall not be construed to prohibit the Leases.

7.19 Borrower Purpose. Borrower shall not engage in any business or activity other than the acquisition, ownership, operation and maintenance of the Leases and the other Collateral, and activities incidental thereto.

VIII. EVENTS OF DEFAULT

The occurrence of any one or more of the following shall constitute an "**Event of Default**":

(a) Any Credit Party shall fail to pay any amount on the Obligations or provided for in any Loan Document when due (in all cases, whether on any payment date, at maturity, by reason of acceleration, by notice of intention to prepay, by required prepayment or otherwise) and such failure shall continue or not be cured within a period of two (2) Business Days;

(b) any representation, statement or warranty made by any Credit Party in any Loan Document or in any other certificate, document, report or opinion delivered in conjunction with any Loan Document to which it is a party, shall not be true and correct in all material respects (except to the extent already qualified by materiality, in which case it shall be true and correct in all respects) except those made as of a specific date;

(c) Borrower, any Guarantor or any other party hereto, other than Agent or any Lender, shall be in violation, breach or default of, or shall fail to perform, observe or comply with any covenant, obligation or agreement set forth in this Agreement and such violation, breach or failure (only if reasonably susceptible to being cured) shall not be cured within a period of thirty (30) days after such violation, breach or default or such other applicable period set forth in this Agreement (other than any violation, breach or default in the covenants set forth in Section 6.17 or Article VII of this Agreement or in Article VIII(a) above or the misappropriation of any funds to be delivered to the Collateral Account pursuant to Section 2.3 and applied pursuant to Section 2.4 of this Agreement, for which there shall be no cure period or Section 6.20;

(d) Borrower, any Guarantor or any other party thereto, other than Agent, Backup Servicer or any Lender, shall be in violation, breach or default of, or shall fail to perform, observe or comply with any covenant, obligation or agreement set forth in, or any event of default occurs under, any Loan Document other than this Agreement and such violation, breach, default, event of default or failure shall not be cured within the applicable period set forth in the applicable Loan Document and such violation, breach or failure (only if reasonably capable of being cured) shall not be cured within a period of thirty (30) days after such;

(e) (i) any of the Loan Documents ceases to be in full force and effect (other than in accordance with its terms), or (ii) any Lien created under any Loan Document ceases to constitute a valid first priority (other than with respect to property or assets covered by Permitted Liens) perfected Lien on the Collateral in accordance with the terms thereof, except with respect to Collateral that is released from the Lien of Agent as permitted under the Loan Documents or the Security Documents;

(f) one or more judgments or decrees is rendered against any of Borrower or any Guarantor in an amount in excess of $1,000,000 individually or $1,000,000 in the aggregate (excluding judgments to the extent covered by insurance of such Person), which is/are not satisfied, stayed, vacated or discharged of record within sixty (60) calendar days of being rendered;

(g) (i) any default or breach occurs, which is not cured within any applicable grace period or waived in writing to the satisfaction of Agent, in the payment of any amount with respect to any Indebtedness (other than the Obligations) of any of Borrower, Parent Entity or Holdings in excess of $1,000,000 individually or $1,000,000 in the aggregate, or (ii) any Indebtedness of Borrower, Parent Entity or Holdings in excess of $1,000,000 individually or $1,000,000 in the aggregate is declared to be due and payable and that has been accelerated by the holder of such Indebtedness or is required to be prepaid (other than by a regularly scheduled payment or a payment due on the voluntary termination of a capital lease) prior to the stated maturity thereof;

(h) any of Borrower or any Guarantor shall (i) be unable to pay its debts generally as they become due, (ii) file a petition under any insolvency statute, (iii) make a general assignment for the benefit of its creditors, (iv) commence a proceeding for the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or any substantial part of its property or shall otherwise be dissolved or liquidated, or (v) file a petition seeking reorganization or liquidation or similar relief under any Debtor Relief Law or any other Applicable Law or statute;

(i) (i) a court of competent jurisdiction shall (A) enter an order, judgment or decree appointing a custodian, receiver, trustee, liquidator or conservator of any of Borrower or any Guarantor or the whole or any substantial part of any of Borrower's or such Guarantor's properties, which shall continue unstayed and in effect for a period of sixty (60) calendar days, (B) shall approve a petition filed against any of Borrower or any Guarantor seeking reorganization, liquidation or similar relief under the any Debtor Relief Law or any other Applicable Law or statute, which is not dismissed within sixty (60) calendar days or, (C) under the provisions of any Debtor Relief Law or other Applicable Law or statute, assume custody or control of any of Borrower or any Guarantor or of the whole or any substantial part of Borrower's or any Guarantor's properties, which is not irrevocably relinquished within sixty (60) calendar days, or (ii) there is commenced against any of Borrower or any Guarantor any proceeding or petition seeking reorganization, liquidation or similar relief under any Debtor Relief Law or any other Applicable Law or statute, which (A) is not unconditionally dismissed within sixty (60) calendar days after the date of commencement, or (B) is with respect to which any of Borrower or any Guarantor takes any action to indicate its approval of or consent;

(j) (i) any Material Adverse Effect occurs or (ii) Borrower or any Guarantor ceases any material portion of its business operations as conducted at the Closing Date, in the case of clause (ii), without the prior written consent of Agent;

(k) Servicer shall fail at any time to use Advensus as a sub-servicer with respect to at least twenty-five percent (25%) of the Pledged Leases defined by the percentage of inbound calls;

(l) Reserved;

(m) the occurrence and continuance of one or more Default Trigger Events;

(n) the occurrence of a First Payment Default Trigger Event:

(o) the occurrence of one or more Level Two Regulatory Trigger Events;

(p) the occurrence of a Specified Regulatory Change;

(q) the occurrence of a Servicer Default;

(r) the occurrence of a Key Man Trigger Event; or

(s) any formal enforcement order or criminal complaint relating to financial crimes or major felonies is brought by a Governmental Authority against any Credit Party, which has not been dismissed or satisfied or of which the applicable Credit Party has not been found not guilty within sixty (60) days of the filing of such order or complaint, *provided*, *however*, that no Event of Default under this clause (s) shall be deemed to be continuing if at any time the applicable Credit Party is found not guilty under such order or complaint.

In the case of any such Event of Default, notwithstanding any other provision of any Loan Document, (I) Agent may (and, at the request of Requisite Lenders (x) with respect to any Event of Default occurring under Article VIII(m), may and (y) with respect to any other Event of Default described in this Article VIII, shall), by notice to Borrower (i) terminate the commitment to make Advances hereunder, whereupon the same shall immediately terminate, (ii) substitute immediately Backup Servicer or any other third party servicer acceptable to Agent, in its sole discretion, for Servicer in all of Servicer's roles and functions as contemplated by the Loan Documents and the Servicing Agreements and any fees, costs and expenses of, for or payable to Backup Servicer or other third party servicer acceptable to Agent, in its sole discretion, shall be at Borrower's sole cost and expense, (iii) with respect to the Collateral, (A) terminate any Servicing Agreement and service the Collateral, including the right to institute collection, foreclosure and other enforcement actions against the Collateral; (B) enter into modification agreements and make extension agreements with respect to payments and other performances; (C) release Account Lessees and other Persons liable for performance; (D) settle and compromise disputes with respect to payments and performances claimed due, all without notice to Borrower or Guarantors, and all in Agent's sole discretion and without relieving Borrower or Guarantors from performance of the obligations hereunder; (E) receive, collect, open and read all mail of Borrower, Servicer or Guarantors for the purpose of obtaining all items pertaining to the Collateral and any collateral described in any Loan Document; (F) collect all Scheduled Payments (both voluntary and mandatory), and other amounts of any and every description payable by or on behalf of any Account Lessee pursuant to any Pledged Lease, the related Portfolio Documents, or any other related documents or instruments directly from such Account Lessee; and (G) apply all amounts in or subsequently deposited in the Collateral Account to the payment of the unpaid Obligations or otherwise as Agent in its sole discretion shall determine; and (iv) declare all or any of the Loan and/or Notes, all interest thereon and all other Obligations to be due and payable immediately (except in the case of an Event of Default under clauses (h) or (i) of this Article VIII in which event all of the foregoing shall automatically and without further act by Agent or Lenders be due and payable and Agent's or Lenders' obligations hereunder shall terminate, in each case without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower and (II) effective immediately upon receipt of notice from Agent (unless specifically prohibited and provided for in Article VII, in which case effective immediately upon an Event of Default without any action of Agent or any Lender), no action permitted to be taken under Article VII hereof may be taken.

IX. RIGHTS AND REMEDIES AFTER DEFAULT

9.1 Rights and Remedies

(a) In addition to the acceleration provisions set forth in Article VIII above, upon the occurrence and during the continuation of an Event of Default, Agent shall have the right to (and at the request of Requisite Lenders, shall) exercise any and all rights, options and remedies provided for in any Loan Document, under the UCC or at law or in equity, including, without limitation, the right to (i) apply any property of Borrower held by Agent to reduce the Obligations, (ii) foreclose the Liens created under the Loan Documents, (iii) realize upon, take possession of and/or sell any Collateral, with or without judicial process, (iv) exercise all rights and powers with respect to the Collateral as Borrower might exercise, (v) collect and send notices regarding the Collateral, with or without judicial process, (vi) by its own means or with judicial assistance, enter any premises at which Collateral are located, or render any of the foregoing unusable or dispose of the Collateral on such premises without any liability for rent, storage, utilities, or other sums, and Borrower shall not resist or interfere with such action, (vii) at Borrower's expense, require that all or any part of the Collateral be assembled and made available to Agent at any place designated by Agent in its sole discretion, (viii) reduce or otherwise change the Maximum Revolving Loan Amount and/or any component of the Maximum Revolving Loan Amount and/or (ix) relinquish or abandon any Collateral or securities pledged or any Lien thereon. Notwithstanding any provision of any Loan Document, Agent, in its sole discretion, shall have the right, at any time that Borrower fails to do so, after an Event of Default, without prior notice, to: (A) obtain insurance covering any of the Collateral to the extent required hereunder; (B) pay for the performance of any of the Obligations; (C) discharge taxes, levies and/or Liens on any of the Collateral that are in violation of any Loan Document; and (D) pay for the maintenance, repair and/or preservation of the Collateral. Such expenses and advances shall be deemed Advances hereunder and shall be added to the Obligations until reimbursed to Agent, for its own account and for the benefit of the other Lenders, and shall be secured by the Collateral, and such payments by Agent, for its own account and for the benefit of the other Lenders, shall not be construed as a waiver by Agent or Lenders of any Event of Default or any other rights or remedies of Agent or Lenders.

(b) Borrower and Holdings each agree that notice received at least ten (10) calendar days before the time of any intended public sale, or the time after which any private sale or other disposition of Collateral is to be made, shall be deemed to be reasonable notice of such sale or other disposition. If permitted by Applicable Law, any perishable Collateral which threatens to speedily decline in value or which is sold on a recognized market may be sold immediately by Lender without prior notice to Borrower or Holdings. At any sale or disposition of Collateral or securities pledged, Agent may (to the extent permitted by Applicable Law) purchase all or any part thereof free from any right of redemption by Borrower which right is hereby waived and released. Borrower and Holdings each covenant and agree not to interfere with or impose any obstacle to Agent's exercise of its rights and remedies with respect to the Collateral. In dealing with or disposing of the Collateral or any part thereof, Agent shall not be required to give priority or preference to any item of Collateral or otherwise to marshal assets or to take possession or sell any Collateral with judicial process.

9.2 Application of Proceeds

Notwithstanding any other provision of this Agreement (including, without limitation, Section 2.4 hereof), in addition to any other rights, options and remedies Agent and Lenders have under the Loan Documents, the UCC, at law or in equity, all lease payments, dividends, interest, rents, issues, profits, fees, revenues, income and other proceeds collected or received from collecting, holding, managing, renting, selling, or otherwise disposing of all or any part of the Collateral or any proceeds thereof upon exercise of its remedies hereunder upon the occurrence

and continuation of an Event of Default shall be applied in accordance with the provisions of Section 2.4 hereof; provided, that Borrower shall be liable for any deficiency if such proceeds are insufficient to satisfy the Obligations (other than indemnity obligations that are not then due and payable or with respect to which no claim has been made).

9.3 Rights to Appoint Receiver

Without limiting and in addition to any other rights, options and remedies Agent and Lenders have under the Loan Documents, the UCC, at law or in equity, upon the occurrence and continuation of an Event of Default, Agent shall have the right to apply for and have a receiver appointed by a court of competent jurisdiction in any action taken by Agent and/or any Lender to enforce its rights and remedies in order to manage, protect and preserve the Collateral and continue the operation of the business of Borrower and to collect all revenues and profits thereof and apply the same to the payment of all expenses and other charges of such receivership including the compensation of the receiver and to the payments as aforesaid until a sale or other disposition of such Collateral shall be finally made and consummated.

9.4 Attorney-in-Fact

Borrower hereby irrevocably appoints Agent as its attorney-in-fact for the limited purpose of taking any action permitted under the Loan Documents that Agent deems necessary or desirable (in Agent's sole discretion) upon the occurrence and continuation of an Event of Default to protect, foreclose, enforce and realize upon Agent's Lien in the Collateral, including the execution and delivery of any and all documents or instruments related to the Collateral in Borrower's name, and said appointment shall create in Agent a power coupled with an interest.

9.5 Rights and Remedies not Exclusive

Agent shall have the right in its sole discretion to determine which rights, Liens and/or remedies Agent and Lenders may at any time pursue, relinquish, subordinate or modify, and such determination will not in any way waive, compromise, modify or affect any of Agent's or Lenders' rights, Liens or remedies under any Loan Document, Applicable Law or equity. The enumeration of any rights and remedies in any Loan Document is not intended to be exhaustive, and all rights and remedies of Agent and Lenders described in any Loan Document are cumulative and are not alternative to or exclusive of any other rights or remedies which Agent and Lenders otherwise may have. The partial or complete exercise of any right or remedy shall not preclude any other further exercise of such or any other right or remedy.

X. WAIVERS AND JUDICIAL PROCEEDINGS

10.1 Waivers

Except as expressly provided for herein, Borrower hereby waives set off, counterclaim, demand, presentment, protest, all defenses with respect to any and all instruments and all notices and demands of any description, and the pleading of any statute of limitations as a defense to any demand under any Loan Document. Borrower hereby waives any and all defenses and counterclaims it may have or could interpose in any action or procedure brought by Agent to obtain an order of court recognizing the assignment of, or Lien of Agent in and to, any Collateral.

10.2 Delay; No Waiver of Defaults

No course of action or dealing, renewal, release or extension of any provision of any Loan Document, or single or partial exercise of any such provision, or delay, failure or omission

on Agent's part in enforcing any such provision shall affect the liability of Borrower or operate as a waiver of such provision or preclude any other or further exercise of such provision. No waiver by any party to any Loan Document of any one or more defaults by any other party in the performance of any of the provisions of any Loan Document shall operate or be construed as a waiver of any future default, whether of a like or different nature, and each such waiver shall be limited solely to the express terms and provisions of such waiver. Notwithstanding any other provision of any Loan Document, by completing the Closing under this Agreement and/or by making Advances, neither the Agent nor any Lender waives any breach of any representation or warranty of under any Loan Document, and all of Agent's or any Lender's claims and rights resulting from any such breach or misrepresentation are specifically reserved.

10.3 Jury Waiver

(A) EACH PARTY HEREBY (i) EXPRESSLY, KNOWINGLY AND VOLUNTARILY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR INCIDENTAL TO THE DEALINGS OF THE PARTIES WITH RESPECT TO ANY LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AND (ii) AGREES AND CONSENTS THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES TO THE WAIVER OF THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY.

(B) IN THE EVENT ANY SUCH CLAIM OR CAUSE OF ACTION IS BROUGHT OR FILED IN ANY UNITED STATES FEDERAL COURT SITTING IN THE STATE OF CALIFORNIA OR IN ANY STATE COURT OF THE STATE OF CALIFORNIA, AND THE WAIVER OF JURY TRIAL SET FORTH IN SECTION 10.3(A) IS DETERMINED OR HELD TO BE INEFFECTIVE OR UNENFORCEABLE, THE PARTIES AGREE THAT ALL CLAIMS AND CAUSES OF ACTION SHALL BE RESOLVED BY REFERENCE TO A PRIVATE JUDGE SITTING WITHOUT A JURY, PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, BEFORE A MUTUALLY ACCEPTABLE REFEREE OR, IF THE PARTIES CANNOT AGREE, A REFEREE SELECTED BY THE PRESIDING JUDGE OF THE SANTA CLARA COUNTY, CALIFORNIA. SUCH PROCEEDING SHALL BE CONDUCTED IN SANTA CLARA COUNTY, CALIFORNIA, WITH CALIFORNIA RULES OF EVIDENCE AND DISCOVERY APPLICABLE TO SUCH PROCEEDING. IN THE EVENT CLAIMS OR CAUSES OF ACTION ARE TO BE RESOLVED BY JUDICIAL REFERENCE, ANY PARTY MAY SEEK FROM ANY COURT HAVING JURISDICTION THEREOVER ANY PREJUDGMENT ORDER, WRIT OR OTHER RELIEF AND HAVE SUCH PREJUDGMENT ORDER, WRIT OR OTHER RELIEF ENFORCED TO THE FULLEST EXTENT PERMITTED BY LAW NOTWITHSTANDING THAT ALL CLAIMS AND CAUSES OF ACTION ARE OTHERWISE SUBJECT TO RESOLUTION BY JUDICIAL REFERENCE.

10.4 Amendment and Waivers

(a) No waiver of any provision of this Agreement or consent to any departure by Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of an Advance shall not be construed as a waiver of any Default or Event

of Default, regardless of whether Agent or any Lender may have had notice or knowledge of such Default or Event of Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified (except pursuant to an agreement or agreements in writing entered into by Borrower and the Agent), except for an amendment to increase the Maximum Revolving Loan Amount in accordance with Section 2.14 hereof, such amendment to require the consent of Agent and such Lenders so increasing their Revolving Loan Commitment, or by Borrower and Agent with the consent of the Requisite Lenders, without taking into account the Loans held by Non-Funding Lenders; provided that no such agreement shall:

(i) increase the Revolving Loan Commitment or Term Loan Commitment of any Lender without the written consent of such Lender;

(ii) reduce the principal amount of any Loan or reduce the rate of interest thereon (other than a waiver of post-default interest), or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby;

(iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Revolving Loan Commitment or Term Loan Commitment, without the written consent of each Lender directly affected thereby,

(iv) change any of the provisions of this Section or the definition of "Requisite Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

(v) release any Guarantor from its obligations under a Guaranty without the written consent of each Lender; or

(vi) except as otherwise specifically provided in this Agreement, release all or substantially all of the Collateral, without the written consent of each Lender;

provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of Agent hereunder without the prior written consent of Agent.

(c) Notwithstanding the foregoing, this Agreement and any other Loan Document may be amended (or amended and restated) with the written consent of the Requisite Lenders, Agent and Borrower (x) to add one or more credit facilities to this Agreement and to permit extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Loan and the accrued interest and fees in respect thereof and (y) to include appropriately the Lenders holding such credit facilities in any determination of the Requisite Lenders and Lenders.

(d) If, in connection with any proposed amendment, waiver or consent requiring the consent of "each Lender" or "each Lender directly affected thereby," the consent of the necessary Lenders is not obtained (any such Lender whose consent is necessary but not obtained being referred to herein as a "**Non-Consenting Lender**"), then Agent or Borrower may elect to replace a Non-Consenting Lender as a Lender party to this Agreement, provided, that,

concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to Agent shall agree, as of such date, to purchase for cash the principal balance of the Loans due to the Non-Consenting Lender pursuant to an Assignment and Assumption and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non-Consenting Lender to be terminated as of such date and to comply with the requirements of clause (a) of Section 12.2, and (ii) Borrower shall pay to such Non-Consenting Lender in same day funds on the day of such replacement all interest, fees and other amounts then accrued but unpaid to such Non-Consenting Lender by Borrower hereunder to and including the date of termination, including without limitation any indemnity payments due to such Non-Consenting Lender hereunder for which the amount is known.

(e) Notwithstanding anything to the contrary herein Agent may, with the consent of Borrower only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency.

XI. EFFECTIVE DATE AND TERMINATION

11.1 Effectiveness and Termination

Subject to Agent's right to accelerate the Loan and terminate the Revolving Loan Commitments and cease making and funding Advances upon the occurrence and during the continuation of any Event of Default, this Agreement shall continue in full force and effect until the earlier of the Maturity Date and the date on which the Revolving Loan Commitments are terminated pursuant to Section 2.5(b). All of the Obligations shall be immediately due and payable upon the earlier of (i) the Maturity Date, (ii) the date on which Agent accelerates the Loan following the occurrence and during the continuance of an Event of Default or (iii) the Prepayment Date stated in the notice of prepayment delivered by Borrower pursuant to Section 2.5(b), as applicable (the "**Termination Date**"). Notwithstanding any other provision of any Loan Document, no termination of this Agreement shall affect Agent's or any Lender's rights or any of the Obligations under the Loan Documents existing as of the effective date of such termination, and the provisions of the Loan Documents shall continue to be fully operative until the Obligations under the Loan Documents (other than indemnity obligations of Borrower under the Loan Documents that are not then due and payable or with respect to which no claim has been made) have been indefeasibly paid in cash in full. The Liens granted to Agent, under the Security Documents and the financing statements filed pursuant thereto and the rights and powers of Agent shall continue in full force and effect until all of the Obligations (other than indemnity obligations of Borrower under the Loan Documents that are not then due and payable or with respect to which no claim has been made) have been fully performed and indefeasibly paid in full in cash.

11.2 Survival

Unless expressly provided herein, all obligations, covenants, agreements, representations, warranties, waivers and indemnities made by Borrower in any Loan Document shall survive the execution and delivery of the Loan Documents, the Closing, the making and funding of the Loan and any termination of this Agreement until all Obligations under the Loan Documents (other than indemnity obligations under the Loan Documents that are not then due and payable or with respect to which no claim has been made) are indefeasibly paid in full in cash. The obligations and provisions of Sections 3.1, 3.2, 3.3, 3.4, 3.5, 10.1, 10.3, 11.1, 11.2, 12.1, 12.3, 12.4, 12.7, 12.9, 12.10, 12.11, 12.13 and 13.8 shall survive termination of the Loan Documents and any payment, in full or in part, of the Obligations.

XII. MISCELLANEOUS

12.1 Governing Law; Jurisdiction; Service of Process; Venue

(A) THE LOAN DOCUMENTS, PURSUANT TO NEW YORK GENERAL OBLIGATIONS LAW SECTION 5-1401, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ITS CHOICE OF LAW PROVISIONS THAT WOULD RESULT IN THE APPLICATION OF THE LAWS OF A DIFFERENT JURISDICTION.

(B) BY EXECUTION AND DELIVERY OF EACH LOAN DOCUMENT TO WHICH IT IS A PARTY, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT 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 FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY 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 OR, TO THE EXTENT PERMITTED BY 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 SHALL AFFECT ANY RIGHT THAT AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(C) BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (A) OF THIS SECTION 12.1. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(D) EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF PROCESS AND AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 12.5. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

12.2 Successors and Assigns; Assignments and Participations

(a) Subject to Sections 12.2(c) and (d), a Lender may at any time assign all or a portion of its rights and delegate all or a portion of its obligations under this Agreement and the other Loan Documents (including all its rights and obligations with respect to the Loan) to one or more Persons other than the Borrower or any Affiliate of the Borrower (subject to the following proviso, each, a "**Transferee**"), provided, that unless an Event of Default has occurred and is continuing (in which event no such restriction shall apply), no natural person, Non-Funding

Lender or Affiliate of a Non-Funding Lender, direct competitor of Borrower or Holdings or any Person who is directly engaged in consumer lease financing to big box retail, or is controlled by a Person which is a direct competitor of Borrower or who is directly engaged in consumer lease financing to big box retail, shall constitute a Transferee hereunder and Borrower shall have a right to consent to any Transferee that is not an Approved Fund of a Lender (each such Person that is precluded from being a Transferee pursuant to this proviso, an "**Ineligible Transferee**"). Notwithstanding anything to the contrary in this Agreement, other than restrictions set forth in the definition of "Transferee", there shall be no limitation or restriction on any Lender's ability to assign, pledge or otherwise transfer any Note or other Obligation. The Transferee and such Lender shall execute and deliver for acceptance and recording in the Register, a Lender Addition Agreement, which shall be in form and substance reasonably acceptable to Agent in its Permitted Discretion ("**Lender Addition Agreement**"). Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Lender Addition Agreement, (i) the Transferee thereunder shall be a party hereto and, to the extent provided in such Lender Addition Agreement, have the same rights, benefits and obligations as it would if it were a Lender hereunder, (ii) the assigning Lender shall be relieved of its obligations hereunder with respect to its Advances or assigned portion thereof, as the case may be, to the extent that such obligations shall have been expressly assumed by the Transferee pursuant to such Lender Addition Agreement (and, in the case of a Lender Addition Agreement covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such assigning Lender shall cease to be a party hereto but, with respect to matters occurring before such assignment, shall nevertheless continue to be entitled to the benefits of Sections 12.4 and 12.7). Borrower hereby acknowledges and agrees that any assignment will give rise to a direct obligation of Borrower to the Transferee and that the Transferee shall be considered to be a "Lender" hereunder. Borrower may not sell, assign or transfer any interest in this Agreement, any of the other Loan Documents, or any of its Obligations, or any portion thereof, including Borrower's rights, title, interests, remedies, powers, and duties hereunder or thereunder.

(b) Each Lender may at any time sell participations in all or any part of its rights and obligations under this Agreement and the other Loan Documents (including all its rights and obligations with respect to the Loan) to one or more Persons acceptable to Agent that is not a non direct competitor of Borrower or Holdings or any Person who is directly engaged in consumer lease financing to big box retail, or is controlled by a Person which is a direct competitor of Borrower or who is directly engaged in consumer lease financing to big box retail (each, a "**Participant**" and each Person that is precluded from being a Participant pursuant to this sentence, an "**Ineligible Participant**"). In the event of any such sale by a Lender of a participation to a Participant, (i) such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible for the performance thereof, (iii) such Lender shall remain the holder of any such Loan (and any Note evidencing such Loan) for all purposes under this Agreement and the other Loan Documents, (iv) Borrower and Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents, and (v) all amounts payable pursuant to Section 6.2 by Borrower hereunder shall be determined as if such Lender had not sold such participation. Any agreement pursuant to which any Lender shall sell any such participation shall provide that such Lender shall retain the sole right and responsibility to exercise such Lender's rights and enforce Borrower's obligations hereunder, including the right to consent to any amendment, supplement, modification or waiver of any provision of this Agreement or any of the other Loan Documents; provided, that such participation agreement may provide that such Lender will not agree, without the consent of the Participant, to any amendment, supplement, modification or waiver relating to: (A) any reduction in the principal amount, interest rate or fees or premium payments payable to Lenders with respect to any Loan in which such holder participates; (B) any extension of the Maturity Date or of the scheduled date of expiration of any Revolving Loan Commitment or any reinstatement of any terminated Revolving Loan Commitment; (C) any release of all or

substantially all of the Collateral (other than in accordance with the terms of this Agreement or the Loan Documents); (D) any amendment or modification to the priority of payments or pro rata treatment of payments in connection with the application of any amounts due in respect of the Loan (including, without limitation, as set forth in Section 2.4 hereof), (E) discharging any Credit Party from its respective payment obligations in respect of the Loan except as otherwise may be provided in the Loan and Security Agreement or the other Loan Documents, (F) increasing any fees payable to Agent under this Agreement, (G) waiving any Event of Default arising as a result of a Change of Control or Servicer Default or (H) amending or modifying any of Section 7.4 or 7.13 of this Agreement. Borrower hereby acknowledges and agrees that the Participant under each participation shall, solely for the purposes of Sections 12.4 and 12.7 of this Agreement be considered to be a "Lender" hereunder. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, 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 (x) 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 and (y) that each Lender must notify the Agent of the date and the amount of such participation. 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 Agent (in its capacity as Agent) shall have no responsibility for maintaining a Participant Register.

(c) Agent shall maintain at its address referred to in Section 12.5 a copy of each Lender Addition Agreement delivered to it and a written or electronic register (the "**Register**") for the recordation of the names and addresses of the Lenders and the Advances made by, and the principal amount of the Loan owing to, and the Notes evidencing such Loan owned by, each Lender from time to time. Notwithstanding anything in this Agreement to the contrary, Borrower and the Agent shall treat each Person whose name is recorded in the Register as the owner of the Loan, the Notes and the Advances recorded therein for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Notwithstanding anything in this Agreement to the contrary, no assignment under Section 12.2(a) of any rights or obligations under or in respect of the Loan or the Notes evidencing such Loan shall be effective unless and until Agent shall have recorded the assignment pursuant to Section 12.2(c). Upon its receipt of a Lender Addition Agreement executed by an assigning Lender and a Transferee, Agent shall (i) promptly accept such Lender Addition Agreement and (ii) on the effective date determined pursuant thereto record the information contained therein in the Register and give prompt notice of such acceptance and recordation to the Lender and Borrower. On or prior to such effective date, the assigning Lender shall surrender any outstanding Notes held by it, all or a portion of which are being assigned, and Borrower, at its own expense, shall, upon the request of Agent by the assigning Lender or the Transferee, as applicable, execute and deliver to Agent, within five (5) Business Days of any request, new Notes to reflect the interest held by the assigning Lender and its Transferee.

(e) Except as otherwise provided in this Section 12.2 Agent shall not, as between Borrower and Agent, be relieved of any of its obligations hereunder as a result of any sale, assignment, transfer or negotiation of, or granting of participation in, all or any part of the Loan or other Obligations owed to Agent and Lenders. Agent may furnish any information

concerning Borrower in the possession of Agent from time to time to assignees and participants (including prospective assignees and participants), subject to confidentiality requirements hereunder.

(f) Notwithstanding any other provision set forth in this Agreement, Agent and each Lender may at any time create a security interest in all or any portion of its rights under this Agreement, including, without limitation, the Loan owing to it and the Notes held by it and (solely with respect to the Agent) the other Loan Documents and Collateral.

(g) Borrower agrees to use commercially reasonable efforts to assist Agent and each Lender in assigning or selling participations in all or any part of any Loan made by any Lender to another Person identified by such Lender.

(h) Notwithstanding anything in the Loan Documents to the contrary, (i) Agent and its Affiliates shall not be required to execute and deliver a Lender Addition Agreement in connection with any transfer, assignment or participation transaction involving its Affiliates or lenders, in each case, who, unless an Event of Default has occurred and is continuing, are not Ineligible Transferees, (ii) no lender to or funding or financing source of Agent or its Affiliates shall be considered a Transferee, (iii) there shall be no limitation or restriction on Agent's ability to assign (except to any Ineligible Transferee at such time as no Event of Default has occurred and is continuing), participate or otherwise transfer any Loan Document to any such Affiliate or lender or funding or financing source, (iv) there shall be no limitation or restriction on such Affiliates' or lenders' or financing or funding sources' ability to assign, participate or otherwise transfer any Loan Document, Loan, Note or Obligation (or any of its rights thereunder or interest therein) and (v) no notice shall be required to be delivered to Borrower in connection with any assignment, participation or other transfer described in this Section 12.2(g); provided, however, Agent shall continue to be liable as a "Lender" under the Loan Documents unless such Affiliate or lender or funding or financing source executes a Lender Addition Agreement and thereby becomes a "Lender."

(i) The Loan Documents shall inure to the benefit of Agent, Lenders, Transferee, Participant (to the extent expressly provided herein only) and all future holders of the Notes, the Obligations and/or any of the Collateral, and each of their respective successors and permitted assigns. Each Loan Document shall be binding upon the Persons other than Agent that are parties thereto and their respective successors and assigns, and no such Person may assign, delegate or transfer any Loan Document or any of its rights or obligations thereunder without the prior written consent of Agent. No rights are intended to be created under any Loan Document for the benefit of any third party donee, creditor or incidental beneficiary of Borrower. Nothing contained in any Loan Document shall be construed as a delegation to Agent of any other Person's duty of performance. BORROWER ACKNOWLEDGES AND AGREES THAT AGENT AT ANY TIME AND FROM TIME TO TIME MAY (I) DIVIDE AND REISSUE (WITHOUT SUBSTANTIVE CHANGES OTHER THAN THOSE RESULTING FROM SUCH DIVISION) THE NOTES, AND/OR (II) SELL, ASSIGN OR GRANT PARTICIPATING INTERESTS IN OR TRANSFER ALL OR ANY PART OF ITS RIGHTS OR OBLIGATIONS UNDER ANY LOAN DOCUMENT, NOTE, THE OBLIGATIONS AND/OR THE COLLATERAL TO OTHER PERSONS, IN EACH CASE ON THE TERMS AND CONDITIONS PROVIDED HEREIN. Each Transferee and Participant shall have all of the rights, obligations and benefits with respect to the Obligations, Notes, Collateral and/or Loan Documents held by it as fully as if the original holder thereof; provided, that, notwithstanding anything to the contrary in any Loan Document, Borrower shall not be obligated to pay under this Agreement to any Transferee or Participant any sum in excess of the sum which it would have been obligated to pay to Agent had such participation not been effected. Agent may disclose to any Transferee or Participant all information, reports, financial statements, certificates and documents obtained under any provision of any Loan Document; provided, that Transferees

and Participants shall be subject to the confidentiality provisions contained herein that are applicable to Agent.

(j) Any Lender may assign or pledge all or any portion of the Loans or Notes held by it to any Federal Reserve Bank or the United States Treasury as collateral security to secure obligations of such Lender, including without limitation, any assignment or pledge pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank, provided, that any payment in respect of such assigned Loans or Notes made by Borrower to or for the account of the assigning or pledging Lender in accordance with the terms of this Agreement shall satisfy Borrower's obligations hereunder in respect to such assigned Loans or Notes to the extent of such payment. No such assignment shall release the assigning Lender from its obligations hereunder.

12.3 Application of Payments

To the extent that any payment made or received with respect to the Obligations is subsequently invalidated, determined to be fraudulent or preferential, set aside, defeased or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other Person under any Debtor Relief Law, common law or equitable cause or any other law, then the Obligations intended to be satisfied by such payment shall be revived and shall continue as if such payment had not been received by Agent and the Liens created hereby shall be revived automatically without any action on the part of any party hereto and shall continue as if such payment had not been received by Agent. Any payments with respect to the Obligations received shall be credited and applied in accordance with Section 2.4.

12.4 Indemnity

Borrower shall indemnify Agent, each Lender, each Transferee, each Participant, their respective Affiliates, managers, members, officers, employees, agents, representatives, successors, assigns, accountants and attorneys (collectively, the "**Indemnified Persons**") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including, without limitation, reasonable fees and disbursements of counsel, but limited, in the case of legal fees and expenses, to the reasonable and documented fees, disbursements and expenses of one regulatory counsel to such Indemnified Person and one other firm of outside counsel to such Indemnified Person taken as a whole and, solely in the case of an actual or potential conflict of interest, one additional firm of outside counsel to each group of similarly situated Indemnified Person) which are incurred or actually paid by any Indemnified Person with respect to or arising out of, or in any litigation, proceeding or investigation instituted or conducted by any Person with respect to any aspect of, or any transaction contemplated by, or any matter related to, any act of or omission by Borrower or any of its Affiliates, officers, directors and agents relating to the Loan, this Agreement or any other Loan Document, except to the extent resulting or arising from the applicable Indemnified Person's own gross negligence or willful misconduct. Agent agrees to give Borrower reasonable notice of any event of which Agent becomes aware for which indemnification may be required under this Section 12.4 (provided, that the failure of Agent to give such notice shall not affect the obligation of Borrower or any other Person pursuant to this Section 12.4 unless materially prejudiced thereby) and Agent may elect (but is not obligated) to direct the defense thereof; provided, that the selection of counsel shall be subject to Borrower's consent, which consent shall not be unreasonably withheld or delayed, and Borrower shall be entitled to participate in the defense of any matter for which indemnification may be required under this Section 12.4 and to employ counsel at its own expense to assist in the handling of such matter. Any Indemnified Person may, in its reasonable discretion, take such actions as it deems necessary and appropriate to investigate, defend or settle any event or take other remedial or corrective actions with respect thereto as may be necessary for the protection of such

Indemnified Person or the Collateral, subject to Borrower's prior approval of any settlement, which shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, if any insurer agrees to undertake the defense of an event (an "**Insured Event**"), Agent agrees not to exercise its right to select counsel to defend the event if that would cause Borrower's insurer to deny coverage; provided, however, that Lender reserves the right to retain counsel to represent any Indemnified Person with respect to an Insured Event at its sole cost and expense. To the extent that Agent obtains recovery from a third party other than an Indemnified Person of any of the amounts that Borrower has paid to Lender pursuant to the indemnity set forth in this Section 12.4, then Agent shall promptly pay to Borrower the amount of such recovery. Without limiting any of the foregoing, (a) Borrower indemnifies the Indemnified Persons for all claims for brokerage fees or commissions (other than claims of a broker with whom such Indemnified Person has directly contracted in writing) and (b) Agent indemnifies the Borrower for all claims for brokerage fees or commissions (other than the claims of a broker with whom Borrower or any of its Affiliates has directly contracted in writing), in each case, which may be made in connection with respect to any aspect of, or any transaction contemplated by or referred to in, or any matter related to, any Loan Document or any agreement, document or transaction contemplated thereby.

12.5 Notice

Any notice or request under any Loan Document shall be given to the applicable party to this Agreement at such party's address set forth beneath its signature on the signature page to this Agreement, or at such other address as such party may hereafter specify in a notice given in the manner required under this Section 12.5. Any notice or request hereunder shall be given only by, and shall be deemed to have been received upon (each, a "**Receipt**"): (i) registered or certified mail, return receipt requested, on the date on which such received as indicated in such return receipt, (ii) delivery by a nationally recognized overnight courier, one (1) Business Day after deposit with such courier, or (iii) facsimile or electronic transmission, in each case upon telephone or further electronic communication from the recipient acknowledging receipt (whether automatic or manual from recipient), as applicable.

12.6 Severability; Captions; Counterparts; Facsimile Signatures

If any provision of any Loan Document is adjudicated to be invalid under Applicable Laws or regulations, such provision shall be inapplicable to the extent of such invalidity without affecting the validity or enforceability of the remainder of the Loan Documents which shall be given effect so far as possible. The captions in the Loan Documents are intended for convenience and reference only and shall not affect the meaning or interpretation of the Loan Documents. The Loan Documents may be executed in one or more counterparts (which taken together, as applicable, shall constitute one and the same instrument) and by facsimile transmission, which facsimile signatures shall be considered original executed counterparts. Each party to this Agreement agrees that it will be bound by its own facsimile signature and that it accepts the facsimile signature of each other party.

12.7 Expenses

Borrower shall pay, whether or not the Closing occurs, all out-of-pocket fees, costs and expenses incurred or actually paid by Agent, any Lender, and/or its Affiliates, including, without limitation, documentation and diligence fees and expenses prior to and following the Closing, all search, audit, appraisal, recording, professional and filing fees and expenses and all other charges and expenses (including, without limitation, UCC and judgment and tax lien searches and UCC filings and fees for post-Closing UCC and judgment and tax lien searches and wire transfer fees and audit expenses), and reasonable external attorneys' fees and expenses (including, without limitation, reasonable fees and disbursements of counsel, but limited, in the case of legal fees and

expenses, to the reasonable and documented fees, disbursements and expenses of one regulatory counsel to such Indemnified Person and one other firm of outside counsel to such Indemnified Person taken as a whole and, solely in the case of an actual or potential conflict of interest, one additional firm of outside counsel to each group of similarly situated Indemnified Person), (i) in any effort to enforce, protect or collect payment of any Obligation or to enforce any Loan Document or any related agreement, document or instrument, (ii) in connection with entering into, negotiating, preparing, reviewing and executing the Loan Documents and/or any related agreements, documents or instruments, (iii) arising in any way out of administration of the Obligations or the taking or refraining from taking by Agent of any action requested by Borrower, (iv) in connection with instituting, maintaining, preserving, enforcing and/or foreclosing on Agent's Liens in any of the Collateral or securities pledged under the Loan Documents, whether through judicial proceedings or otherwise, (v) in defending or prosecuting any actions, claims or proceedings arising out of or relating to Agent's or any Lender's transactions with Borrower, (vi) in seeking, obtaining or receiving any advice with respect to its rights and obligations under any Loan Document and any related agreement, document or instrument, (vii) arising out of or relating to any Default or Event of Default or occurring thereafter or as a result thereof, (viii) in connection with all actions, visits, audits and inspections undertaken by Agent or its Affiliates pursuant to the Loan Documents, and/or (ix) in connection with any modification, restatement, supplement, amendment, waiver or extension of any Loan Document and/or any related agreement, document or instrument. All of the foregoing shall be charged to Borrower's account and shall be part of the Obligations. Without limiting the forgoing, Borrower shall pay all Taxes (other than Taxes based upon or measured by Agent's income or revenues or any personal property tax), if any, in connection with the issuance of any Note and the filing and/or recording of any documents and/or financing statements.

12.8 Entire Agreement

This Agreement and the other Loan Documents to which Borrower is a party constitute the entire agreement between Borrower, Agent and Lenders with respect to the subject matter hereof and thereof, and supersede all prior agreements and understandings (including but not limited to the term sheet dated on or about January 29, 2019), if any, relating to the subject matter hereof or thereof. Any promises, representations, warranties or guarantees not herein contained and hereinafter made shall have no force and effect unless in writing signed by Borrower, Agent and Requisite Lenders, as appropriate. Except as set forth in and subject to Section 10.4, no provision of any Loan Document may be changed, modified, amended, restated, waived, supplemented, discharged, canceled or terminated orally or by any course of dealing or in any other manner other than by an agreement in writing signed by Borrower, Agent and Requisite Lenders, provided, that no consent or agreement by Borrower shall be required to amend, modify, change, restate, waive, supplement, discharge, cancel or terminate any provision of Article XIII, so long as no additional duties are required to be assumed by Borrower and there is no adverse effect on Borrower or its rights or duties under this Agreement or any other Loan Document. Each party hereto acknowledges that it has been advised by counsel in connection with the negotiation and execution of this Agreement and is not relying upon oral representations or statements inconsistent with the terms and provisions hereof. The schedules attached hereto may be amended or supplemented by Borrower upon delivery to Agent of such amendments or supplements and, except as expressly provided otherwise in this Agreement, the written approval thereof by Agent.

12.9 Approvals and Duties

Unless expressly provided herein to the contrary, any approval, consent, waiver or satisfaction of Agent with respect to any matter that is subject of any Loan Document may be granted or withheld by Agent, as applicable, in its sole and absolute discretion. Agent shall have no responsibility for or obligation or duty with respect to any of the Collateral or any matter or

proceeding arising out of or relating thereto, including, without limitation, any obligation or duty to collect any sums due in respect thereof or to protect or preserve any rights pertaining thereto.

12.10 Publicity

(a) Borrower agrees, and agrees to cause each of its Affiliates, (i) not to transmit or disclose provision of any Loan Document to any Person (other than to the advisors, managers, directors, officers and employees of the Borrower, Holdings and Parent Entity on a need-to-know basis) without Agent's prior written consent, (ii) to inform all Persons of the confidential nature of the Loan Documents and to direct them not to disclose the same to any other Person and to require each such Person (other than to the advisors, managers, directors, officers and employees of the Borrower, Holdings and Parent Entity) of them to be bound by these provisions. Borrower agrees to submit to Agent and Agent reserves the right to review and approve all materials that Borrower or any of its Affiliates prepares to Persons other than Borrower, Holdings and Parent Entity and their Affiliates and their respective advisors, managers, directors, officers and employees) that contain Agent's or any Lender's name or describe or refer to any Loan Document, any of the terms thereof or any of the transactions contemplated thereby; provided, that Borrower and its Affiliates shall have the right to disclose the Loan Documents to:

(i) Agent, Lenders and their respective Affiliates;

(ii) such Person's investors and prospective investors, rating agencies and their respective directors, officers, trustees, partners, members, managers, employees, agents, advisors, representatives, attorneys, equity owners, professional consultants, portfolio management services and rating agencies (in each case, provided that such Person agrees to be bound by this Section 12.10);

(iii) any Governmental Authority to which the Borrower, Holdings or Parent Entity is subject at the request or pursuant to any requirement of such Governmental Authority, or in connection with an examination of Borrower, Holdings or Parent Entity by any such Governmental Authority; and

(iv) any Person (A) to the extent required by applicable law, (B) in response to any subpoena or other legal process or informal investigative demand, (C) in connection with any litigation, or (D) in connection with the actual or potential exercise or enforcement of any right or remedy under any Loan Document.

(b) The obligations of Borrower, Holdings or Parent Entity and their respective Affiliates under this Section 12.10 shall supersede and replace any other confidentiality obligations to the Agent and Lenders with respect to the Loan Documents agreed to by Borrower, Holdings or Parent Entity or any of their respective Affiliates.

(c) Borrower shall not, and shall not permit any of its Affiliates to, use Agent's or any Lender's name (or the name of any of Agent's or any Lender's Affiliates) in connection with any of its business operations, including without limitation, advertising, marketing or press releases or such other similar purposes, without Agent's prior written consent. Nothing contained in any Loan Document is intended to permit or authorize Borrower or any of its Affiliates to contract on behalf of Agent or any Lender.

(d) Borrower hereby agrees that Agent or any Affiliate of Agent may (i) disclose a general description of transactions arising under the Loan Documents for advertising, marketing or other similar purposes and (ii) use Borrower's or any Borrower Party's name, logo

or other indicia germane to such party in connection with such advertising, marketing or other similar purposes.

(e) Lenders and Agent shall exercise commercially reasonable efforts to maintain in confidence, in accordance with its customary procedures for handling confidential information, all written non-public information of a Borrower Party that any Borrower Party furnishes on a confidential basis ("Confidential Information"), other than any such Confidential Information that becomes generally available to the public or becomes available to Lender or Agent from a source other than Borrower, Holdings, Parent Entity or any of their respective Affiliates (collectively, the "Borrower Parties")that is not known to such recipient to be subject to confidentiality obligations; provided, that each Lender and Agent and their respective Affiliates shall have the right to disclose Confidential Information, in each case, provided that such Person agrees to be bound by this Section 12.10, to:

(i) Borrower or its Affiliates;

(ii) such Person's Affiliates;

(iii) such Person's or such Person's Affiliates' lenders, funding or financing sources;

(iv) such Person's or such Person's Affiliates' directors, officers, trustees, partners, members, managers, employees, agents, advisors, representatives, attorneys, equity owners, professional consultants, portfolio management services and rating agencies;

(v) any Person to whom Agent or a Lender offers or proposes to offer to sell, assign or transfer the Loan or any part thereof or any interest or participation therein (other than an Ineligible Transferee) ;

(vi) any Person that provides statistical analysis and/or information services to a Lender or Agent or any of their respective Affiliates;

(vii) any Governmental Authority to which any Lender or Agent is subject at the request or pursuant to any requirement of such Governmental Authority, or in connection with an examination of any Lender or Agent by any such Governmental Authority; and

(viii) any Person (A) to the extent required by applicable law, (B) in response to any subpoena or other legal process or informal investigative demand, (C) in connection with any litigation, or (D) in connection with the actual or potential exercise or enforcement of any right or remedy under any Loan Document.

In addition, each of the Lenders and Agent agrees at all times upon and following the Public Company Transition Date (i) to use commercially reasonable efforts to insure that no material non-public information provided to it by or on behalf of any Borrower Party will be utilized by such Lender or the Agent or any of their respective affiliates, agents, advisors or representatives to trade any securities of the Parent Entity (or its successors) and (ii) not to use, or cause any of its respective affiliates, agents, advisors or representatives to use, any material non-public information provided to it by or on behalf of any Borrower Party to trade any securities of the Parent Entity (or its successors).

(f) The obligations of Lenders and Agent and their respective Affiliates under this Section 12.10 shall supersede and replace any other confidentiality obligations agreed to by any Lender or Agent or any of their respective Affiliates.

(g) Notwithstanding anything herein to the contrary, each party to this Agreement may disclose without limitation the tax treatment and tax structure of the transactions contemplated by this Agreement.

(h) Any disclosure by Agent or Lenders of any of a Borrower Parties' Confidential Information pursuant to applicable federal, state or local law, regulation or a valid order issued by a court or governmental agency of competent jurisdiction (a "Legal Order") shall be subject to the terms of this paragraph. Prior to making any such disclosure, Agent or Lenders shall make commercially reasonable efforts to provide the Borrower Parties with prompt written notice of such compelled disclosure so that the Borrower Parties may seek a protective order or other remedy and reasonable assistance in opposing such disclosure or seeking a protective order or other limitations on disclosure. If, after providing such notice and assistance as required herein, Agent or Lenders remain subject to a Legal Order to disclose any Confidential Information, Agent or such Lender shall disclose, and, if applicable, shall require its representatives or other persons to whom such Legal Order is directed to disclose, no more than that portion of the Confidential Information which, on the advice of Agent's or such Lender's legal counsel, such Legal Order specifically compels and shall use commercially reasonable efforts to obtain assurances from the applicable court or agency that such Confidential Information will be afforded confidential treatment.

12.11 Release of Collateral

So long as no Default or Event of Default has occurred and is continuing, upon request of Borrower, Agent shall release any Lien granted to or held by Agent upon any Collateral being sold or disposed of in compliance with the provisions of the Loan Documents, as determined by Agent in its sole discretion. Subject to Section 12.3, promptly following indefeasible payment in full in cash of all Obligations (other than indemnity obligations under the Loan Documents that are not then due and payable or with respect to which no claim has been made) and the termination of this Agreement, the Liens created hereby shall terminate and Agent shall execute and deliver such documents, at Borrower's expense, as are necessary to release Agent's Liens in the Collateral and shall return or cause the return of or consent to the return of the Collateral to Borrower; provided, however, that the parties agree that, notwithstanding any such termination or release or the execution, delivery or filing of any such documents or the return of any Collateral, if and to the extent that any such payment made or received with respect to the Obligations is subsequently invalidated, determined to be fraudulent or preferential, set aside, defeased or required to be repaid to a trustee, debtor in possession, receiver, custodian or any other Person under any Debtor Relief Law, common law or equitable cause or any other law, then the Obligations intended to be satisfied by such payment shall be revived and shall continue as if such payment had not been received by Agent and the Liens created hereby shall be revived automatically without any action on the part of any party hereto and shall continue as if such payment had not been received by Agent. Agent shall not be deemed to have made any representation or warranty with respect to any Collateral so delivered except that such Collateral is free and clear, on the date of such delivery, of any and all Liens arising from such Person's own acts. Section 12.9 shall not be applicable to any actions required to be taken by the Agent under this Section.

12.12 Treatment of Fees

The parties hereto agree that all fees due and payable by the Borrower under this Agreement, including, without limitation, pursuant to Article III hereof, shall be deemed to be

and shall be treated as interest in respect of the outstanding principal amount of the Loan; provided, however, that nothing in this Section 12.12 shall in any way modify or reduce the obligations of the Borrower under Sections 2.2 or 3.2 of this Agreement.

12.13 Release; Cooperation

(a) Borrower hereby acknowledges and agrees that as of the date hereof it has no defense, counterclaim, offset, cross-complaint, claim or demand of any kind or nature whatsoever that can be asserted to reduce or eliminate all or any part of its liability to repay the obligations or to seek affirmative relief or damages of any kind or nature from Agent or any Lender. To the extent permitted by applicable law, Borrower hereby voluntarily and knowingly releases and forever discharges Agent and each Lender and each of their respective predecessors, agents, employees, affiliates, attorneys, successors and assigns (collectively, the "**Released Parties**") from all Claims whatsoever, whether known or unknown, anticipated or unanticipated, suspected or unsuspected, fixed, contingent or conditional, or at law or in equity, in any case to the extent originating on or before the date this Agreement is executed that Borrower may now or hereafter have against the Released Parties, if any, irrespective of whether any such claims arise out of contract, tort, violation of law or regulations, or otherwise, and that arise from any of the Loans, the exercise of any rights and remedies under this Agreement or any of the other Loan Documents, and/or the negotiation for and execution of this Agreement, including, without limitation, any contracting for, charging, taking, reserving, collecting or receiving interest in excess of the highest lawful rate applicable. Borrower acknowledges that the foregoing release is a material inducement to each Lender's decision to extend to Borrower the financial accommodations hereunder and has been relied upon by such Lender in agreeing to make the Loan. Borrower hereby further specifically waives any rights that it may have under Section 1542 of the California Civil Code (to the extent applicable), which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR," and further waives any similar rights under applicable laws.

(b) In any litigation, arbitration or other dispute resolution proceeding relating to any Loan Document, Borrower waives any and all defenses, objections and counterclaims it may have or could interpose with respect to (i) any of its directors, officers, employees or agents being deemed to be employees or managing agents of Borrower for purposes of all applicable law or court rules regarding the production of witnesses by notice for testimony (whether in a deposition, at trial or otherwise), (ii) Agent's or any other Lender's counsel examining any such individuals as if under cross-examination and using any discovery deposition of any of them as if it were an evidence deposition, and (iii) using all commercially reasonable efforts to produce in any such dispute resolution proceeding, at the time and in the manner requested by Agent or such other Lender, all Persons, documents (whether in tangible, electronic or other form) and other things under its control and relating to the dispute**.**

XIII. AGENT PROVISIONS; SETTLEMENT

13.1 Agent

(a) **Appointment**. Each Lender hereby designates and appoints Midtown Madison Management LLC as the administrative agent, payment agent and collateral agent under this Agreement and the other Loan Documents, and each Lender hereby irrevocably authorizes Midtown Madison Management LLC, as Agent for such Lender, to take such action or to refrain from taking such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are delegated to Agent by the

terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Agent agrees to act as such on the conditions contained in this Article XIII. The provisions of this Article XIII are solely for the benefit of Agent and Lenders, and Borrower shall have no rights as third-party beneficiaries of any of the provisions of this Article XIII other than the second sentence of Section 13.1(h)(iii). Agent may perform any of its duties hereunder, or under the Loan Documents, by or through its agents, employees or sub-agents.

(b) **Nature of Duties**. In performing its functions and duties under this Agreement, Agent is acting solely on behalf of Lenders, and its duties are administrative in nature, and does not assume and shall not be deemed to have assumed, any obligation toward or relationship of agency or trust with or for Lenders, other than as expressly set forth herein and in the other Loan Documents, or Borrower. Agent shall have no duties, obligations or responsibilities except those expressly set forth in this Agreement or in the other Loan Documents. Agent shall not have by reason of this Agreement or any other Loan Document a fiduciary relationship in respect of any Lender. Each Lender shall make its own independent investigation of the financial condition and affairs of Borrower in connection with the extension of credit hereunder and shall make its own appraisal of the creditworthiness of Borrower. Except for information, notices, reports and other documents expressly required to be furnished to Lenders by Agent hereunder or given to Agent for the account of or with copies for Lenders, Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the Closing Date or at any time or times thereafter. If Agent seeks the consent or approval of any Lenders to the taking or refraining from taking any action hereunder, then Agent shall send prior written notice thereof to each Lender. Agent shall promptly notify each Lender in writing any time that the applicable percentage of Lenders have instructed Agent to act or refrain from acting pursuant hereto.

(c) **Rights, Exculpation, Etc.** Neither Agent nor any of its officers, directors, managers, members, equity owners, employees, attorneys or agents shall be liable to any Lender for any action lawfully taken or omitted by them hereunder or under any of the other Loan Documents, or in connection herewith or therewith; provided that the foregoing shall not prevent Agent from being be liable to the extent of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction on a final and nonappealable basis. Notwithstanding the foregoing, Agent shall be obligated on the terms set forth herein for performance of its express duties and obligations hereunder. Agent shall not be liable for any apportionment or distribution of payments made by it in good faith, and if any such apportionment or distribution is subsequently determined to have been made in error, the sole recourse of any Lender to whom payment was due but not made shall be to recover from the other Lenders any payment in excess of the amount to which they are determined to be entitled (and such other Lenders hereby agree promptly to return to such Lender any such erroneous payments received by them). In performing its functions and duties hereunder, Agent shall exercise the same care which it would in dealing with loans for its own account. Agent shall not be responsible to any Lender for any recitals, statements, representations or warranties made by Borrower herein or for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency of this Agreement or any of the other Loan Documents or the transactions contemplated thereby, or for the financial condition of Borrower. Agent shall not be required to make any inquiry concerning either the performance or observance of any of the terms, provisions, or conditions of this Agreement or any of the Loan Documents or the financial condition of Borrower, or the existence or possible existence of any Default or Event of Default. Agent may at any time request instructions from Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the other Loan Documents Agent is permitted or required to take or to grant, and Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person

for refraining from taking any action or withholding any approval under any of the Loan Documents until it shall have received such instructions from the applicable percentage of Lenders. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting under this Agreement or any of the other Loan Documents in accordance with the instructions of the applicable percentage of Lenders and, notwithstanding the instructions of Lenders, Agent shall have no obligation to take any action if it, in good faith, believes that such action exposes Agent or any of its officers, directors, managers, members, equity owners, employees, attorneys or agents to any personal liability unless Agent receives an indemnification satisfactory to it from Lenders with respect to such action.

(d) **Reliance**. Agent shall be entitled to rely upon any written notices, statements, certificates, orders or other documents or any telephone message or other communication (including any writing, telex, telecopy or telegram) believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Agreement or any of the other Loan Documents and its duties hereunder or thereunder, upon advice of legal counsel, independent accountants and other experts selected by Agent in its sole discretion.

(e) **Indemnification**. Each Lender, severally and not (i) jointly or (ii) jointly and severally, agrees to reimburse and indemnify and hold harmless Agent and its officers, directors, managers, members, equity owners, employees, attorneys and agents (to the extent not reimbursed by Borrower), ratably according to their respective Pro Rata Share in effect on the date on which indemnification is sought under this subsection of the total outstanding Obligations under the Loan Documents (or, if indemnification is sought after the date upon which the Loans shall have been paid in full, ratably in accordance with their Pro Rata Share immediately prior to such date of the total outstanding Obligations), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances, or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against Agent or any of its officers, directors, managers, members, equity owners, employees, attorneys or agents in any way relating to or arising out of this Agreement or any of the other Loan Documents or any action taken or omitted by Agent under this Agreement or any of the other Loan Documents; provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements to the extent resulting from Agent's gross negligence or willful misconduct as determined by a court of competent jurisdiction on a final and non-appealable basis. The obligations of Lenders under this Article XIII shall survive the payment in full of the Obligations and the termination of this Agreement.

(f) **Agent in its Individual Capacity**. With respect to the Loans made by it, if any, Midtown Madison Management LLC and its successors as the Agent shall have, and may exercise, the same rights and powers under the Loan Documents, and is subject to the same obligations and liabilities, as and to the extent set forth in the Loan Documents, as any other Lender. The terms "Lenders" or "Requisite Lenders" or any similar terms shall include Agent in its individual capacity as a Lender. Agent and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of lending, banking, trust, financial advisory or other business with, Borrower or any Subsidiary or Affiliate of Borrower as if it were not acting as Agent pursuant hereto.

(g) **Successor Agent**.

(i) **Resignation**. Agent may resign from the performance of all or part of its functions and duties hereunder at any time by giving at least thirty (30) calendar days' prior written notice to Borrower and Lenders. Such resignation shall take

effect upon the acceptance by a successor Agent of appointment pursuant to clause (ii) below or as otherwise provided below.

(ii) **Appointment of Successor**. Upon any such notice of resignation pursuant to clause (g)(i) of this Section 13.1, Requisite Lenders shall appoint a successor Agent which is not an Ineligible Transferee. If a successor Agent shall not have been so appointed within said thirty (30) calendar day period referenced in clause (g)(i) above, the retiring Agent, upon notice to Borrower, may, on behalf of Lenders, appoint a successor Agent which is not an Ineligible Transferee, who shall serve as Agent until such time as Requisite Lenders appoint a successor Agent as provided above. If no successor Agent has been appointed pursuant to the foregoing within said thirty (30) calendar day period, the resignation shall become effective and Requisite Lenders thereafter shall perform all the duties of Agent hereunder, until such time, if any, as Requisite Lenders appoint a successor Agent as provided above.

(iii) **Successor Agent**. Upon the acceptance of any appointment as Agent under the Loan Documents by a successor Agent which is not an Ineligible Transferee, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and, upon the earlier of such acceptance or the effective date of the retiring Agent's resignation, the retiring Agent shall be discharged from its duties and obligations under the Loan Documents, provided that any indemnity rights or other rights in favor of such retiring Agent shall continue after and survive such resignation and succession. After any retiring Agent's resignation as Agent under the Loan Documents, the provisions of this Article XIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under the Loan Documents.

(h) **Collateral Matters**.

(i) **Collateral**. Each Lender agrees that any action taken by Agent or the Requisite Lenders (or, where required by the express terms of this Agreement, a greater number of Lenders) in accordance with the provisions of this Agreement or of the other Loan Documents relating to the Collateral, and the exercise by Agent or the Requisite Lenders (or, where so required, such greater number of Lenders) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of Lenders and Agent. Without limiting the generality of the foregoing, Agent shall have the sole and exclusive right and authority to (i) act as the disbursing and collecting agent for Lenders with respect to all payments and collections arising in connection herewith and with the Loan Documents in connection with the Collateral; (ii) execute and deliver each Loan Document relating to the Collateral and accept delivery of each such agreement delivered by the Borrower or any Guarantor; (iii) act as collateral agent for Lenders for purposes of the perfection of all security interests and Liens created by such agreements and all other purposes stated therein; (iv) manage, supervise and otherwise deal with the Collateral; (v) take such action as is necessary or desirable to maintain the perfection and priority of the security interests and Liens created or purported to be created by the Loan Documents relating to the Collateral; and (vi) except as may be otherwise specifically restricted by the terms hereof or of any other Loan Document, exercise all right and remedies given to such Agent and Lenders with respect to the Collateral under the Loan Documents relating thereto, Applicable Law or otherwise.

(ii) **Release of Collateral**. Lenders hereby irrevocably authorize Agent, at its option and in its discretion, to release any Lien granted to or held by Agent, for the benefit the of Lenders, upon any Collateral covered by the Loan Documents (A)

upon termination of this Agreement and the indefeasible payment in full in cash of all Obligations under the Loan Documents (other than contingent indemnification Obligations to the extent no claim giving rise thereto has been asserted); (B) constituting Collateral being sold or disposed of if Borrower certifies to Agent that the sale or disposition is made in compliance with the provisions of the Loan Documents (and Agent may rely conclusively on any such certificate, without further inquiry); or (C) constituting Collateral leased to Borrower under a lease which has expired or been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by Borrower to be, renewed or extended.

(iii) **Confirmation of Authority; Execution of Releases**. Without in any manner limiting Agent's authority to act without any specific or further authorization or consent by Lenders (as set forth in Section 13.1(h)(i) and (ii)), each Lender agrees to confirm in writing, upon request by Borrower, the authority to release any property covered by this Agreement or the Loan Documents conferred upon Agent under Section 13.1(h)(ii). So long as no Event of Default exists, upon receipt by Agent of confirmation from the requisite percentage of Lenders of its authority to release any particular item or types of Collateral covered by this Agreement or the other Loan Documents, and upon at least five (5) Business Days' prior written request by Borrower, Agent shall (and hereby is irrevocably authorized by Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to Agent, for the benefit itself and the Lenders, herein or pursuant hereto upon such Collateral; provided, however, that (A) Agent shall not be required to execute any such document on terms which, in Agent's opinion, would expose Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty (other than that such Collateral is free and clear, on the date of such delivery, of any and all Liens arising from such Person's own acts), and (B) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of Borrower or any Subsidiary of Borrower in respect of) all interests retained by Borrower or any Subsidiary of Borrower, including, without limitation, the proceeds of any sale, all of which shall continue to constitute part of the Collateral covered by this Agreement or the Loan Documents.

(iv) **Absence of Duty**. Agent shall have no obligation whatsoever to any Lender or any other Person to assure that the Collateral covered by this Agreement or the other Loan Documents exists or is owned by Borrower or is cared for, protected or insured or has been encumbered or that the Liens granted to Agent, on behalf of the Lenders, herein or pursuant hereto have been properly or sufficiently or lawfully created, perfected, protected, enforced or maintained or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure, or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Agent in this Section 13.1(h) or in any of the Loan Documents; it being understood and agreed that in respect of the Collateral covered by this Agreement or the other Loan Documents, or any act, omission or event related thereto, Agent may act in any manner it may deem appropriate, in its discretion, given Agent's own interest in Collateral covered by this Agreement or the Loan Documents as one of Lenders and Agent shall have no duty or liability whatsoever to any of the other Lenders; provided, that Agent shall exercise the same care which it would in dealing with loans for its own account.

(i) **Agency for Perfection**. Each Lender hereby appoints Agent as agent for the purpose of perfecting Lenders' security interest in Collateral which, in accordance with Article 9 of the UCC in any applicable jurisdiction, can be perfected only by possession. Should any Lender (other than Agent) obtain possession of any such Collateral, such Lender shall hold

such Collateral for purposes of perfecting a security interest therein for the benefit of the Lenders, notify Agent thereof and, promptly upon Agent's request therefor, deliver such Collateral to Agent or otherwise act in respect thereof in accordance with Agent's instructions.

(j) **Exercise of Remedies**. Except as set forth in Section 13.4, each Lender agrees that it will not have any right individually to enforce or seek to enforce this Agreement or any other Loan Document or to realize upon any Collateral security for the Loans or other Obligations; it being understood and agreed that such rights and remedies may be exercised only by Agent in accordance with the terms of the Loan Documents.

13.2 Lender Consent

(a) In the event Agent requests the consent of a Lender and does not receive a written denial thereof within five (5) Business Days after such Lender's receipt of such request, then such Lender will be deemed to have given such consent so long as such request contained a notice stating that such failure to respond within five (5) Business Days would be deemed to be a consent by such Lender.

(b) In the event Agent requests the consent of a Lender in a situation where such Lender's consent would be required and such consent is denied, then Agent may, at its option, require such Lender to assign its interest in the Loans to Agent for a price equal to the then outstanding principal amount thereof due such Lender plus accrued and unpaid interest and fees due such Lender, which principal, interest and fees will be paid to the Lender when collected from Borrower. In the event that Agent elects to require any Lender to assign its interest to Agent pursuant to this Section 13.2 Agent will so notify such Lender in writing within forty-five (45) days following such Lender's denial, and such Lender will assign its interest to Agent no later than five (5) calendar days following receipt of such notice.

13.3 Set-off and Sharing of Payments

In addition to any rights and remedies now or hereafter granted under Applicable Law and not by way of limitation of any such rights, upon the occurrence and during the continuation of any Event of Default, each Lender is hereby authorized by Borrower at any time or from time to time, to the fullest extent permitted by law, with the prior written consent of Agent and without notice to Borrower or any other Person other than Agent (such notice being hereby expressly waived) to set off and to appropriate and to apply any and all (a) balances (general or special, time or demand, provisional or final) held by such Lender at any of its offices for the account of Borrower (regardless of whether such balances are then due to Borrower), and (b) other Collateral at any time held or owing by such Lender to or for the credit or for the account of Borrower, against and on account of any of the Obligations which are not paid when due; provided, that no Lender or any such holder shall exercise any such right without prior written notice to Agent. Any Lender that has exercised its right to set-off or otherwise has received any payment on account of the Obligations shall, to the extent the amount of any such set off or payment exceeds its Pro Rata Share of payments obtained by all of the Lenders on account of such Obligations, purchase for cash (and the other Lenders or holders of the Loans shall sell) participations in each such other Lender's or holder's Pro Rata Share of Obligations as would be necessary to cause such Lender to share such excess with each other Lenders or holders in accordance with their respective Pro Rata Shares; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such purchasing Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery. Borrower agrees, to the fullest extent permitted by law, that (y) any Lender or holder may exercise its right to set-off with respect to amounts in excess of its Pro Rata Share of the Obligations and may sell participations in such excess to other Lenders and holders, and (z) any Lender so purchasing a participation in the Loans made or other Obligations held by other

Lenders may exercise all rights of set-off, bankers' lien, counterclaim or similar rights with respect to such participation as fully as if such Lender were a direct holder of Loans and other Obligations in the amount of such participation.

13.4 Disbursement of Funds

(a) Agent may, on behalf of Lenders, disburse funds to Borrower for the Revolving Advance requested or any other Advance. Each Lender shall reimburse Agent on demand for its Pro Rata Share of all funds disbursed on its behalf by Agent, or if Agent so requests, each Lender shall remit to Agent its Pro Rata Share of any Advance before Agent disburses such Advance to or on account of Borrower. If Agent so elects to require that funds be made available prior to disbursement to Borrower, Agent shall advise each Lender by telephone, telex or telecopy of the amount of such Lender's Pro Rata Share of such Advance no later than one (1) Business Day prior to the funding date applicable thereto, and each such Lender shall pay Agent such Lender's Pro Rata Share of such requested Loan, in same day funds, by wire transfer to Agent's account not later than 2:00 p.m. (New York City time). If Agent shall have disbursed funds to Borrower on behalf of any Lender and such Lender fails to pay the amount of its Pro Rata Share forthwith upon Agent's demand, Agent shall promptly notify Borrower, and Borrower shall immediately repay such amount to Agent. Any repayment by Borrower required pursuant to this Section 13.4 shall be without premium or penalty. Nothing in this Section 13.4 or elsewhere in this Agreement or the other Loan Documents, including, without limitation, the provisions of Section 13.5, shall be deemed to require Agent to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its commitments hereunder or to prejudice any rights that Agent or Borrower may have against any Lender as a result of any default by such Lender hereunder.

(b) As a matter of administrative convenience, as requested from time to time by a Lender, Agent may, either directly, or through one or more of its Affiliates, on behalf of one or more Lenders, disburse funds to Borrower for an Advance that is otherwise required to be funded pursuant to Section 2.1(a) by such Lender by advancing the amount thereof on behalf of such Lender (on terms to be agreed upon between Agent and such Lender (each such advance, an "**Agent Advance**")). With respect to each Agent Advance, Agent or its Affiliate(s) shall have, subject to the agreed upon terms related to such Agent Advance, the right to set off against the amounts of any payments or distributions to be made to such Lender hereunder, the entire amount of such Agent Advance, together with any agreed upon interest or fees thereon, until such Agent Advance is paid in full. For the avoidance of doubt, nothing in this Section 13.4, or elsewhere in this Agreement or the other Loan Documents, including, without limitation, the provisions of this Section 13.4, shall be deemed to require Agent or its Affiliates to advance funds on behalf of any Lender, whether in the form of an Agent Advance, or otherwise, or to relieve any Lender from such Lender's obligation to fulfill its commitments hereunder, or to prejudice any rights that Agent or Borrower may have against any Lender as a result of any default by such Lender hereunder.

13.5 Settlements; Payments; and Information

(a) **Advances; Payments; Interest and Fee Payments**.

(i) The amount of the outstanding Loan may fluctuate from day to day through Agent's disbursement of funds to or on account of, and receipt of funds from, Borrower. In order to minimize the frequency of transfers of funds between Agent and each Lender, notwithstanding terms to the contrary set forth in Section 13.4, Advances and repayments thereof may be settled according to the procedures described in Sections 13.5(a)(ii) and 13.5(a)(iii). Notwithstanding these procedures, each Lender's obligation to fund its Pro Rata Share of any Advances made by Agent to or on account of

Borrower will commence on the date such Advances are made by Agent. Nothing contained in this Agreement shall obligate a Lender to make an Advance at any time any Default or Event of Default exists. All such payments will be made by such Lender without set-off, counterclaim or deduction of any kind.

(ii) Once each week, or more frequently (including daily), if Agent so elects (each such day being a "**Settlement Date**"), Agent will advise each Lender by 1:00 p.m. (New York City time) on a Business Day by telephone, telex or telecopy of the amount of each such Lender's Pro Rata Share of the outstanding Advances. In the event payments are necessary to adjust the amount of such Lender's share of the Advances to such Lender's Pro Rata Share of the Advances, the party from which such payment is due will pay the other party, in same day funds, by wire transfer to the other's account not later than 2:00 p.m. (New York City time) on the Business Day following the Settlement Date.

(iii) On the fifteenth (15^{th}) calendar day of each month (or, if such day shall not be a Business Day, on the next Business Day following such day) (the "**Interest Settlement Date**"), Agent will advise each Lender by telephone or facsimile of the amount of interest and fees charged to and collected from Borrower from and including the prior Interest Settlement Date (but excluding such current Interest Settlement Date) in respect of the Loans. Provided that such Lender has made all payments required to be made by it under this Agreement and provided that Lender has not received its Pro Rata Share of interest and fees directly from Borrower, Agent will pay to such Lender, by wire transfer to such Lender's account (as specified by such Lender on Schedule A of this Agreement as amended by such Lender from time to time after the date hereof pursuant to the notice provisions contained herein or in the applicable Lender Addition Agreement) not later than 2:00 p.m. (New York City time) on the next Business Day following the Interest Settlement Date, such Lender's share of such interest and fees."

(b) **Availability of Lenders' Pro Rata Share**.

(i) Unless Agent has been notified by a Lender prior to any proposed funding date of such Lender's intention not to fund its Pro Rata Share of an Advance, Agent may assume that such Lender will make such amount available to Agent on the proposed funding date or the Business Day following the next Settlement Date, as applicable; provided, however, nothing contained in this Agreement shall obligate a Lender to make an Advance at any time any Default or Event of Default exists. If such amount is not, in fact, made available to Agent by such Lender when due, Agent will be entitled to recover such amount on demand from such Lender without set-off, counterclaim or deduction of any kind.

(ii) Nothing contained in this Section 13.5(b) will be deemed to relieve a Lender of its obligation to fulfill its commitments or to prejudice any rights Agent or Borrower may have against such Lender as a result of any default by such Lender under this Agreement.

(c) **Return of Payments**.

(i) If Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Agent from Borrower and such related payment is not received by Agent, then Agent will be entitled to recover such amount from such Lender without set-off, counterclaim or deduction of any kind.

(ii) If Agent determines at any time that any amount received by Agent under this Agreement must be returned to Borrower or paid to any other Person pursuant to any Debtor Relief Law or otherwise, then, notwithstanding any other term or condition of this Agreement, Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Agent on demand any portion of such amount that Agent has distributed to such Lender, together with interest at such rate, if any, as Agent is required to pay to Borrower or such other Person, without set-off, counterclaim or deduction of any kind.

13.6 Dissemination of Information

Upon request by a Lender, Agent will distribute promptly to such Lender, unless previously provided by Borrower to such Lender, copies of all notices, schedules, reports, projections, financial statements, agreements and other material and information, including, without limitation, financial and reporting information received from Borrower or generated by a third party (and excluding only internal information generated by Midtown Madison Management LLC for its own use as a Lender or as Agent and any attorney-client privileged communications or work product), as provided for in this Agreement and the other Loan Documents as received by Agent. Agent shall not be liable to any of the Lenders for any failure to comply with its obligations under this Section 13.6, except to the extent that such failure is attributed to Agent's gross negligence or willful misconduct and results in demonstrable damages to such Lender as determined, in each case, by a court of competent jurisdiction on a final and non-appealable basis.

13.7 Non-Funding Lender

(a) The failure of any Lender to make any Advance (the "**Non-Funding Lender**") on the date specified therefor shall not relieve any other Lender (each such other Lender, an "**Other Lender**") of its obligations to make such Advance, but neither any Other Lender nor Agent shall be responsible for the failure of any Non-Funding Lender to make an Advance or make any other payment required hereunder. Notwithstanding anything set forth herein to the contrary, a Non-Funding Lender shall not have any voting or consent rights under or with respect to any Loan Document or constitute a "Lender" for any voting or consent rights under or with respect to any Loan Document. In the event that any Lender (other than a Non-Funding Lender) shall fund such Non-Funding Lender's Pro Rata Share of such Advance, in accordance with such Lender's Pro Rata Share (any such funding Lender, a "**Funding Lender**"), then such Non-Funding Lender agrees immediately to pay to each Funding Lender the amount so funded by such Funding Lender, with interest thereon, for each day from and including the date such amount was funded by such Funding Lender to, but excluding, the date of payment to each such Funding Lender, at the rate *per annum* equal to Adjusted Term SOFR plus three percent (3.0%). If, at a later date, such Non-Funding Lender pays the amount of its failed Pro Rata Share of the applicable Advance to the Funding Lenders, together with interest as provided above, then such amount attributable to principal shall constitute such Non-Funding Lender's funding of its Pro Rata Share of the applicable Advance. The failure of any Lender to fund its Pro Rata Share of any Advance shall not relieve any other Lender of its obligation to fund its Pro Rata Share of such Advance.

(b) Non-Funding Lender Commitment Assignment. An Other Lender who is not then an Affiliate of an Non-Funding Lender shall have the right, but not the obligation, to acquire and assume its Pro Rata Share of an Non-Funding Lender's then remaining Revolving Loan Commitment. Immediately upon receiving written notice from such Other Lender that it desires to acquire its Pro Rata Share of such Non-Funding Lender's then remaining Revolving Loan Commitment, the Non-Funding Lender shall assign, in accordance with this Agreement, all

or part, as the case may be, of its Revolving Loan Commitment and other rights and obligations under this Agreement and all other Loan Documents to such Other Lender.

If no Other Lender elects to acquire and assume its Pro Rata Share of such Non-Funding Lender's then remaining Revolving Loan Commitment as set forth in the immediately preceding paragraph within thirty (30) calendar days of such Non-Funding Lender becoming an Non-Funding Lender, then the Borrower may, by notice (a "**Replacement Notice**") in writing to the Agent and the Non-Funding Lender, (i) request such Non-Funding Lender to cooperate with the Borrower in obtaining a Replacement Lender for such Non-Funding Lender (each a "**Replacement Lender**"); or (ii) propose a Replacement Lender. If a Replacement Lender shall be accepted by the Agent who, at the time of determination, is neither an Non-Funding Lender nor an Affiliate of an Non-Funding Lender or an Ineligible Transferee, then such Non-Funding Lender shall assign its then remaining Revolving Loan Commitment and other rights and obligations related to unfunded Revolving Loan Commitments under this Agreement and all other Loan Documents to such Replacement Lender.

In either case, following the consummation of the assignment and assumption of the Non-Funding Lender's remaining Revolving Loan Commitment pursuant to one of the two immediately preceding paragraphs in this Section 13.7, any remaining Revolving Loan Commitment of such Non-Funding Lender shall not terminate, but shall be reduced proportionately to reflect any such assignments and assumptions, and such Non-Funding Lender shall continue to be a "Lender" hereunder with its Revolving Loan Commitment and Pro Rata Share eliminated to reflect such assignments and assumptions. Upon the effective date of such assignment(s) and assumption(s) such Replacement Lender shall, if not already a Lender, become a "Lender" for all purposes under this Agreement and the other Loan Documents. The assignment and assumption contemplated by this paragraph shall modify the ownership of obligations related to unfunded Revolving Loan Commitments only and shall not modify the Non-Funding Lender's rights and obligations, including, without limitation, all indemnity obligations hereunder, with respect to Advances previously funded.

13.8 Taxes

(a) Subject to Section 13.8(g), any and all payments by or on account of any obligations of Borrower to each Lender or Agent under this Agreement or any other Loan Document shall be made free and clear of, and without deduction or withholding for, any and all Taxes, excluding, in the case of each Lender and Agent, (i) such Taxes (including income taxes or franchise taxes) as are imposed on or measured by the net income (however denominated), overall receipts or total capital of such Lender or Agent, respectively, by the jurisdiction in which such Lender or Agent, as the case may be, is organized or maintains a Lending Office or any political subdivision thereof, (ii) such Taxes that are branch profits Taxes imposed by the United States of America, (iii) such Taxes as are imposed by reason of Agent's or such Lender's place of organization or lending office or other present or former connection between Agent or such Lender and the jurisdiction imposing such Tax (other than such connections arising from Agent or such Lender 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) (such connections described in this clause (iii), other than those connections set forth in the parenthetical, being referred to herein as "**Unrelated Connections**") and (iv) such Taxes expressly described in clauses (i)-(iv) of Section 13.8(g) hereof (all such excluded Taxes described in the foregoing clauses (i)-(iv) above being referred to as "**Excluded Taxes**" and such Taxes, levies, imposts, deductions, charges, withholdings and liabilities described above in this Section 13.8(a) other than Excluded Taxes being referred to as "**Indemnified Taxes**" for the purposes of this Agreement).

(b) In addition, Borrower shall pay to the relevant Governmental Authority any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document, except any such Taxes that are imposed as a result of Unrelated Connections and with respect to an assignment(hereinafter referred to as "**Other Taxes**").

(c) Borrower shall indemnify and hold harmless each Lender and Agent for the full amount of any and all Indemnified Taxes or Other Taxes (including any Indemnified Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 13.8) paid or payable by such Lender or Agent and any liability (other than any penalties, interest, additions, and expenses that accrue both after the 120th day after the receipt by Agent or such Lender of written notice of the assertion of such Indemnified Taxes or Other Taxes and before the date that Agent or such Lender provides Borrower with a certificate relating thereto pursuant to Section 13.8(l)) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant Governmental Authority. Payments under this indemnification shall be made within 10 days from the date any Lender or Agent makes written demand therefor.

(d) If Borrower shall be required by Applicable Law to deduct or withhold any Indemnified Taxes or Other Taxes from or in respect of any sum payable hereunder to any Lender or Agent, then:

(i) the sum payable shall be increased to the extent necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 13.8), such Lender or Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made;

(ii) Borrower shall make such deductions; and

(iii) Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law.

(e) Borrower shall furnish to Agent (and the applicable Lender) a receipt evidencing payment by Borrower of Indemnified Taxes or Other Taxes to a Governmental Authority promptly, but in any event within ten (10) Business Days, after obtaining such receipt, or other evidence of payment satisfactory to Agent (and the applicable Lender) within ten (10) Business Days after the date of any payment by Borrower of Indemnified Taxes or Other Taxes to a Governmental Authority.

(f) Each Lender that is not a citizen or resident of the United States of America, a corporation, partnership or other entity created or organized in or under the laws of the United States (or any jurisdiction thereof), or any estate or trust that is subject to United States federal income taxation regardless of the source of its income or is otherwise a "foreign person" within the meaning of Treasury Regulation Section 1.1441-1(c) (a "**Non-U.S. Lender**") shall deliver to Borrower and Agent (or, in the case of an assignment that is not disclosed to Borrower in accordance with the provisions of Section 12.2, solely to the assigning Lender and Agent and not to Borrower) two (2) copies of each applicable U.S. Internal Revenue Service Form W-8BEN, Form W-8BEN-E, Form W-8IMY or Form W-8ECI, or any subsequent versions thereof or successors thereto or other forms prescribed by Applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from United States federal withholding Tax on all payments by Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it

becomes a party to this Agreement. In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. In addition to properly completing and duly executing Forms W-8BEN, W-8BEN-E or W-8IMY (or any subsequent versions thereof or successor thereto), if such Non-U.S. Lender is claiming an exemption from withholding of United States Federal income tax under Section 871(h) or 881(c) of the Code, such Lender hereby represents and warrants that (A) it is not a "bank" within the meaning of Section 881(c) of the Code, (B) it is not subject to regulatory or other legal requirements as a bank in any jurisdiction, (C) it has not been treated as a bank for purposes of any Tax, securities law or other filing or submission made to any governmental securities law or other legal requirements, (D) it is not a "10 percent shareholder" within the meaning of Section 871(h)(3)(B) of the Code of Borrower, (E) it is not a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code and (F) none of the interest arising from this Agreement constitutes contingent interest within the meaning of Section 871(h)(4) or Section 881(c)(4) of the Code and such Non-U.S. Lender agrees that it shall provide Agent, and Agent shall provide to Borrower (or, in the case of an assignment that is not disclosed to Borrower in accordance with the provisions of Section 12.2, solely to the assigning Lender and Agent and not to Borrower), with prompt notice at any time after becoming a Lender hereunder that it can no longer make the foregoing representations and warranties. If a payment made to a Non-U.S. Lender under any Loan Document would be subject to United States federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA, such Lender shall deliver to the Borrower and Agent at the time or times prescribed by Applicable Law and at such time or times reasonably requested by the Borrower or the Agent such documentation prescribed by Applicable Law and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower and the 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, if any, to deduct and withhold from such payment. (Solely for purposes of the foregoing sentence, FACTA shall include all amendments to FACTA after the date of this Agreement.) Each Non-U.S. Lender shall promptly notify Borrower (or, in the case of an assignment that is not disclosed to Borrower in accordance with the provisions of Section 12.2, solely to the assigning Lender and Agent and not to Borrower) at any time it determines that it is no longer in a position to provide any previously delivered form or certificate (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this section, a Non-U.S. Lender shall not be required to deliver any form pursuant to this subsection (other than Form W-8BEN, Form W-8BEN-E, Form W-8IMY or Form W-8ECI, or any subsequent versions thereof or successors thereto, as applicable) 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. Each Lender who makes an assignment pursuant to Section 12.2 shall indemnify and agree to hold Agent, Borrower and the other Lenders harmless from and against any United States federal withholding Tax, interest and penalties that would not have been imposed but for (i) the failure of the Affiliate that received such assignment under Section 12.2 to comply with this Section 13.8(f) or (ii) the failure of such Lender to withhold and pay such tax at the proper rate in the event such Affiliate does not comply with this Section 13.8(f) (or complies with Section 13.8(f) but delivers forms indicating it is entitled to a reduced rate of such tax). Any Lender that is a U.S. Lender shall deliver to Borrower and Agent (i) a properly prepared and duly executed U.S. Internal Revenue Service Form W-9, or any subsequent versions thereof or successors thereto, certifying that such Lender is entitled to receive any and all payments under this Agreement and each other Loan Document free and clear from withholding of United States federal income taxes and (ii) upon Borrower's reasonable request, such other reasonable documentation as will enable Borrower and/or Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Each Person that shall become a Participant pursuant to Section 12.2 shall, on or before the date of the effectiveness of the related transfer, be

required to provide all of the forms, certifications and statements required pursuant to this Section 13.8(f) and Section 13.8(h), and shall make the representations and warranties set forth in clauses (A) – (F) above, provided that the obligations of such Participant, pursuant to this Section 13.8(f) and Section 13.8(h), shall be determined as if such Participant were a Lender except that such Participant shall furnish all such required forms, certifications and statements to the Lender from which the related participation shall have been purchased.

(g) Borrower will not be required to pay any additional amounts in respect of United States federal withholding or income Tax pursuant to Section 13.8(d) to any Lender or Agent or to indemnify any Lender or Agent pursuant to Section 13.8(c) to the extent that (i) the obligation to pay such additional amounts would not have arisen but for a failure by such Lender to comply with its obligations under Section 13.8(f) for any reason; (ii) with respect to a Lender, the obligation to withhold amounts with respect to the United States federal withholding Tax existed on the date such Lender became a party to this Agreement or, with respect to payments to a lending office newly designated by a Lender (a "New Lending Office"), the date such Lender designated such New Lending Office with respect to the applicable Loan; provided that this clause (ii) shall not apply to the extent the additional amounts any Lender (or Transferee) through a New Lending Office, would be entitled to receive (without regard to this clause (ii)) do not exceed the additional amounts that the Person making the transfer, or Lender (or Transferee) making the designation of such New Lending Office, would have been entitled to receive in the absence of such transfer or designation; (iii) such Lender is claiming an exemption from withholding of United States Federal income Tax under Sections 871(h) or 881(c) of the Code but is unable at any time to make the representations and warranties set forth in clauses (A) – (F) of Section 13.8(f) or (iv) any withholding Taxes imposed under FATCA.

(h) Each Non-U.S. Lender agrees to provide Borrower and the Agent, upon the reasonable request of Borrower, such other forms or documents as may be reasonably required under Applicable Law in order to establish an exemption from or eligibility for a reduction in the rate or imposition of Taxes or Other Taxes. If, at any time, Borrower requests any Lender to deliver any such additional forms or other documentation, then Borrower shall, on demand of such Lender through Agent, reimburse such Lender for any out-of-pocket costs and expenses (including reasonable attorneys' fees and expenses) reasonably incurred by such Lender in the preparation or delivery of such forms or other documentation.

(i) If Borrower is required to pay additional amounts to or for the account of any Lender or Agent pursuant to this Section 13.8, then such Lender or Agent shall use its reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document reasonably requested by Borrower or to designate a Lending Office from a different jurisdiction (if such a Lending Office exists) so as to eliminate or reduce any such additional payments by Borrower which may accrue in the future if such filing or changes in the reasonable judgment of such Lender or Agent, would not require such Lender to disclose information such Lender deems confidential and is not otherwise disadvantageous to such Lender or Agent.

(j) If Agent or a Lender, in its reasonable judgment, receives a refund of any Taxes or Other Taxes as to which it has been indemnified by Borrower or with respect to which Borrower has paid additional amounts pursuant to this Section 13.8, it shall promptly pay to Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by Borrower under this Section 13.8 with respect to the Taxes or Other Taxes giving rise to such refund) and any interest paid by the relevant Governmental Authority with respect to such refund, provided, that Borrower, upon the request of Agent or such Lender, shall repay the amount paid over to Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to Agent or such Lender in the event Agent or such Lender is required to repay the applicable refund to such Governmental Authority.

(k) Notwithstanding anything herein to the contrary, if Agent is required by law to deduct or withhold any Taxes or Other Taxes or any other Taxes from or in respect of any sum payable to any Lender by Borrower or Agent, the Agent shall not be required to make any gross-up payment to or in respect of such Lender, except to the extent that a corresponding gross-up payment is actually received by Agent from Borrower.

(l) Any Lender claiming reimbursement or compensation pursuant to this Section 13.8 shall deliver to Borrower (with a copy to Agent) a certificate setting forth in reasonable detail the amount payable to such Lender hereunder and such certificate shall be conclusive and binding on Borrower in the absence of manifest error.

The agreements and obligations of Borrower in this Section 13.8 shall survive the payment of all other Obligations.

13.9 Patriot Act

Each Lender that is subject to the requirements of the Patriot Act and Agent (for itself and not on behalf of any Lender) hereby notifies Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Agent and each Lender to identify Borrower in accordance with the Patriot Act. Borrower shall, promptly following a request by Agent or any Lender, provide all documentation and other information that 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 Patriot Act.

[REMAINDER OF PAGE INTENTIONALLY BLANK; SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, each of the parties has duly executed this Loan and Security Agreement as of the date first written above.

BORROWER:

KATAPULT SPV-1 LLC

By: /s/ Orlando Zayas
Name: Orlando Zayas
Title: Chief Executive Officer

Address:
500 7th Avenue, 8th Floor
New York, New York 10018

HOLDINGS:

KATAPULT GROUP, INC.

By: /s/ Orlando Zayas
Name: Orlando Zayas
Title: Chief Executive Officer

Address:
500 7th Avenue, 8th Floor
New York, New York 10018

PARENT ENTITY:

KATAPULT HOLDINGS, INC.

By: /s/ Orlando Zayas
Name: Orlando Zayas
Title: Chief Executive Officer

Address:
500 7th Avenue, 8th Floor
New York, New York 10018

AGENT:

MIDTOWN MADISON MANAGEMENT LLC

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

Address:
One Rockefeller Plaza, 32nd Floor
New York, NY 10020
Attention: David Aidi
Telephone: 212-201-1912
Facsimile: 917-464-7350
Email: aidi@atalayacap.com

With a copy to:

One Arts Plaza, 1722 Routh Street, Suite 1500
Dallas, Texas 75201
Attention: Matthew Fontane
Phone: 214-964-9454
Email: matthew.fontane@hklaw.com

CLASS A LENDER(S):

ATALAYA SPECIAL OPPORTUNITIES FUND VII LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

CLASS B LENDER(S):

ATALAYA SPECIAL OPPORTUNITIES FUND VII LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA ASSET INCOME FUND IV LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA ASSET INCOME FUND V LP
By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA SPECIAL OPPORTUNITIES FUND (CAYMAN) VII LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA ASSET INCOME FUND (CAYMAN) IV LP

By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

ATALAYA ASSET INCOME FUND (CAYMAN) V LP
By: /s/ David Aidi
Name: David Aidi
Title: Authorized Signatory

Schedule A

Wiring Instructions

Wiring instructions for each Lender as of the Closing Date are on file with Agent.

Schedule B

Revolving Loan Commitments:

Lender	Revolving Loan Commitment
Atalaya Asset Income Fund IV LP	$16,880,000.00
Atalaya Asset Income Fund (Cayman) IV LP	$8,120,000.00
Atalaya Asset Income Fund V LP	$27,670,000.00
Atalaya Asset Income Fund (Cayman) V LP	$22,330,000.00
Total Revolving Loan Commitments:	$75,000,000.00

Term Loan Commitments:

Lender	Term Loan Commitment
Atalaya Special Opportunities Fund VII LP	$13,072,000.00
Atalaya Special Opportunities Fund (Cayman) VII LP	$6,928,000.00
Atalaya Asset Income Fund IV LP	$6,752,000.00
Atalaya Asset Income Fund (Cayman) IV LP	$3,248,000.00
Atalaya Asset Income Fund V LP	$9,388,000.00
Atalaya Asset Income Fund (Cayman) V LP	$10,612,000.00
Total Term Loan Commitments	$50,000,000.00

Schedule 6.8

Post-Closing Obligations

In accordance with and in furtherance of the provisions of Section 6.8 of the Agreement, the following actions, items and deliverables will be completed, taken and/or delivered to Agent's satisfaction in its sole discretion on or before the date specified below. The failure to take, comply with or provide any of the actions or items referred to herein on or before such date shall constitute and be deemed an Event of Default under the Agreement. Nothing in this Schedule 6.8 shall limit the effect of any provision of the Agreement or Borrower's obligations thereunder. Capitalized terms not otherwise defined in this Schedule 6.8 shall have the same meaning as in the Agreement.

Cause Holdings, Agent and Advensus to enter into a multi-party servicing agreement acceptable to Agent in its sole discretion.	Ninety (90) days.
As recommended by Hudson Cook, cause the Portfolio Documents to be amended to provide that the total of payments does not include other changes for Portfolio Documents entered into in the states of Alaska, Arizona, Delaware, Florida, Hawaii, Iowa, Idaho, Kansas, Kentucky, Oregon, South Carolina, South Dakota, Tennessee, Utah, Virginia and Washington and in the District of Columbia.	Ninety (90) days.
As recommended by Hudson Cook, cause the Portfolio Documents to be amended to eliminate return shipping an restocking fees in the states of Connecticut, Georgia and Iowa.	Ninety (90) days.
As recommended by Hudson Cook, cause the Portfolio Documents in the state of California to conform box disclosure to California statutory requirement.	Ninety (90) days.
As recommended by Hudson Cook, cause the Portfolio Documents in the state of Colorado to be amended to (i) require taxes to be paid on each payment, not only on the initial payment, (ii) revise the required state notice to read "for the leased property" instead of "for the lease property" and (iii) revise the disclosure section to set it apart in the agreement in a standalone provision that does not contain any information not directly related to the disclosures.	Ninety (90) days.
As recommended by Hudson Cook, cause the Portfolio Documents in the state of Connecticut to be amended to (i) disclosures to track the statutory requirement exactly and (ii) add the following language at beginning of the "Maintenance, Repairs and Warranty" section: "While we are responsible for maintaining or servicing the property".	Ninety (90) days.
As recommended by Hudson Cook, cause the Portfolio Documents in the state of Indiana to be amended to (i) revise paragraph 8 to accurately reflect lessee's reinstatement rights (120 days) under Indiana law and (ii) break out taxes separately in the itemized payment table.	Ninety (90) days.

As recommended by Hudson Cook, cause the Portfolio Documents in the state of Iowa to be amended to (i) conform the agreement with the Model Form, including to (a) add explanation that this term means the "total dollar amount of lease payments you will have to make to acquire ownership" and (b) break out taxes separately in the itemized payment table and (ii) revise paragraph 10 to state "We may terminate this Agreement if the prospect of payment, performance, or return of the property is materially impaired due to your failure to keep nay of the obligations in this Agreement.".	Ninety (90) days.
As recommended by Hudson Cook, cause the Portfolio Documents in the state of Ohio to be amended to expressly add a statement that the lessee is not required to purchase insurance for the property that is the subject of the lease from the lessor or from any insurer owned or controlled by the lessor.	Ninety (90) days.
As recommended by Hudson Cook, cause the Portfolio Documents in the state of Pennsylvania to be amended to include a statement that the lessee is not required to purchase insurance of liability damage waiver for the property that is the subject of the rental agreement from the lessor or any vendor owned or controlled by the lessor.	Ninety (90) days.
As recommended by Hudson Cook, cause the Portfolio Documents in the state of South Carolina to be amended to include a statement that at any time after the first periodic payment is made, the lessee may acquire ownership of the property by tendering 55% of the difference between the total of scheduled payments and the total amount paid on the account.	Ninety (90) days.
As recommended by Hudson Cook, cause the Portfolio Documents in the state of Vermont to be amended to add (i) a statement that the consumer is not required to purchase any damage waiver or insurance and (ii) the additional required cost disclosures in no less than 10-point, bold-face type on the front of the agreement above the line for the consumer's signature: Total initial payment for rent-to own merchandise (A)$ ____ Amount & total of regular payments: $ _ /week [mo.] x __ weeks [mos.] (B) $ ____ Other charges to acquire ownership (itemize): _____ $ ____ _____ $ ____ Total of "other Charges" (C) $ ____ TOTAL OF PAYMENTS TO ACQUIRE OWNERSHIP (total of A, B & C) (D) $ ____ CASH PRICE (E) $ ____ COST OF RENT-TO-OWN SERVICE (D minus E) $ ____ EFFECTIVE ANNUAL PERCENTAGE RATE (applies only if you acquire ownership by making all rental payments) ____ %	Ninety (90) days.

As recommended by Hudson Cook, cause the Portfolio Documents in the state of West Virginia to be amended to provide the required disclosures on the same page and the same side of the page that the consumer signs, grouped together and in the type that is bolder and larger than the surround type and 90% of the remainder of the printing on the contract.	Ninety (90) days.
Cause Servicer to develop, in consultation with Agent, a Form of Monthly Servicing Report to be attached hereto as Exhibit C.	Thirty (30) days.
Deliver or cause to be delivered insurance endorsements, in form and substance satisfactory to Agent, naming Agent as an additional insured and lender loss payee with respect to the insurance policies that comply with the terms of the Agreement.	Thirty (30) days.

Exhibit H-1

Advance Rate Trigger First Payment Default Ratio (T+30)	**Default Trigger First Payment Default Ratio (T+30)**
9.50%	12.50%

Advance Rate Trigger First Payment Default Ratio (Trailing 3 Months T+30)	**Default Trigger First Payment Default Ratio (Trailing 3 Months T+30)**
8.50%	11.50%

Exhibit H-2

Exhibit H-3

Month	**Advance Rate Trigger Cumulative Cash Collection Percentage Ratio**	**Default Trigger Cumulative Cash Collection Percentage Ratio**
1.	9.48%	8.67%
2.	26.48%	25.70%
3.	43.48%	42.70%
4.	55.48%	53.70%
5.	65.48%	63.70%
6.	75.48%	72.70%
7.	85.48%	81.70%
8.	93.48%	88.70%
9.	102.48%	95.70%
10.	108.48%	101.70%
11.	114.48%	105.70%
12.	119.48%	110.70%
Each Month Thereafter	122.50%	112.53%

Exhibit H-4

Period	**Advance Rate Trigger Charge-off Percentage Ratio**	**Charge-off Trigger Percentage Ratio**
1.	N/A	N/A
2.	N/A	N/A
3.	8.43%	10.43%
4.	15.52%	17.52%
5.	19.41%	21.41%
6.	23.30%	25.43%
7.	25.89%	28.63%
8.	27.96%	31.26%
9.	30.16%	33.92%
10.	31.57%	35.78%
11.	33.02%	37.68%
12.	35.47%	40.57%
Each Month Thereafter	36.93%	43.39%

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Orlando Zayas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Katapult Holdings, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 11, 2023

/s/ Orlando Zayas

Orlando Zayas
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Nancy Walsh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Katapult Holdings, Inc.;

2. Based on my knowledge, this report 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 11, 2023

/s/ Nancy Walsh
Nancy Walsh
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: May 11, 2023

/s/ Orlando Zayas
Orlando Zayas
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

Date: May 11, 2023

/s/ Nancy Walsh

Nancy Walsh
Chief Financial Officer
(Principal Financial Officer)